RESOLUTION AUTHORIZING LA CIENEGA LOMOD, INC. (LOMOD): (I) IN LOMOD'S CAPACITY AS THE SOLE MEMBER OF LOMOD PDS LLC (THE LLC) AND IN THE LLC'S CAPACITY AS THE MANAGING GENERAL PARTNER OF PUEBLO DEL SOL I HOUSING PARTNERS, L.P., AS APPLICABLE, TO HAVE THE LLC ENTER INTO AN AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT AND OTHER TAX CREDIT SYNDICATION DOCUMENTS WITH AN AFFILIATE OF THE GOLDMAN SACHS GROUP, INC.; (II) IN THE LLC'S CAPACITY AS MANAGING GENERAL PARTNER OF THE PARTNERSHIP TO ENTER INTO (A) A DDA AMENDMENT AND ASSOCIATED DOCUMENTS, (B) BOND AND BANK LOAN DOCUMENTS WITH THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES AND CITIBANK, N.A., (C) DOCUMENTS REQUIRED FOR CONVERSION OF THE PROJECT UNDER THE HUD RENTAL ASSISTANCE DEMONSTRATION PROGRAM, AND (D) DOCUMENTS NECESSARY FOR THE RESYNDICATION AND REHABILITATION OF THE PROJECT; (III) IN LOMOD'S CORPORATE CAPACITY, TO ACT AS A LIMITED CO-GUARANTOR OF CERTAIN PARTNERSHIP OBLIGATIONS TO CITIBANK, N.A. AND GOLDMAN SACHS AND TO ENTER INTO A SHARED LIABILITY AGREEMENT WITH THE RELATED COMPANIES, L.P.; AND TO UNDERTAKE VARIOUS ACTIONS IN CONNECTION THEREWITH

Tina Smith-Booth  
President

Lisette Belon  
Secretary

Purpose: To authorize La Cienega LOMOD, Inc. (the "Corporation") in its several capacities as provided above, to enter into the financing and closing documents for the resyndication, bond financing and RAD closing of the Pueblo del Sol Phase I project and to begin work on the rehabilitation.

Regarding: On August 22, 2019, the Board of Directors ("Board") of the Corporation by Resolution No. 2019-01, authorized execution of agreements for the purchase of a limited partnership interest in Aliso Village Housing Partners, L.P. (the "Aliso Partnership"), the current owner of Pueblo Del Sol Apartments, Phase 1; approved the creation of LOMOD PDS LLC with the Corporation as the sole member ("LOMOD PDS LLC"); and authorized execution of Articles of Organization and an Operating Agreement for LOMOD PDS LLC.

On October 31, 2019, the Board of the Corporation, by Resolution 2019-02, authorized the Corporation (i) in its capacity as sole member and manager of LOMOD PDS LLC, to execute a limited partnership agreement, enter into Pueblo del Sol I Housing Partners, L.P. as the managing general partner; and execute a joint development agreement and predevelopment cost sharing agreement with Related/Pueblo del Sol I Development Co., LLC and provide certain predevelopment funding for the Project, (ii) in its capacity as sole member and manager of LOMOD PDS LLC, in its capacity as managing general partner of the PDS I Partnership, to have the PDS I Partnership execute a DDA with the Authority including draft ground lease, acquisition loan documents, and purchase and sale
agreement; and (iii) in its corporate capacity to provide guarantees not to exceed 15% in connection with the Project. The current action updates the previous approval with the final transaction terms.

Issues:

Pueblo Del Sol was originally developed by Related California and McComack Baron & Associates, Inc., on a 34.3-acre former public housing site, known as Aliso Village Public Housing Community. Pueblo Del Sol Phase I ("PDS-I") and Phase II ("PDS-II") comprise the initial two rental phases of the Aliso Village Public Housing redevelopment: PDS-I comprising 201 units and PDS-II comprising 176 units. Both properties have completed their 15-year tax credit compliance period. The Authority has purchased the limited partner interests in both phases of the redevelopment and now serves as the sole limited partner of the Aliso Partnership.

The Authority has completed negotiations with Related CA for the resyndication/rehabilitation of these two phases in a joint public/private partnership. By Resolution 9536 the Authority approved the Disposition and Development Agreements for the Project, including a draft ground lease, acquisition loan documents and purchase and sale agreement.

The Authority has now approved an amendment to the PDS I DDA to update specific deal terms: authorized an interim transfer of the Project (and assignment of Project documents) from the Aliso Partnership to HACLA PDS LLC, a limited liability company of which the Authority is the sole member ("HACLA PDS LLC"), and authorized the subsequent sale of the Project by HACLA PDS LLC to PDS I Partnership to implement the anticipated RAD Conversion, resyndication, and financing of the Project (the "Financial Closing"). The key documents to be signed by the Corporation, LOMOD PDS LLC, and the PDS I Partnership, are described in the summary chart attached to this Board Report as Attachment 2 and attached to this report as Attachments 3.

The Project will be funded through the following sources: the Investor will enter the Partnership as the investor limited partner and provide low income housing tax credit equity funds to the Project in the approximate amount of $18,276,051; Citibank will make a funding loan to the Authority as issuer of a tax-exempt mortgage revenue note, the proceeds of which will be used to fund a construction loan to the PDS I Partnership in an amount not to exceed $31,700,000; HACLA PDS LLC will make an acquisition loan to the PDS I Partnership not to exceed $22,808,000, by taking back a promissory note upon selling the improvements to the PDS I Partnership; and Pueblo Del Sol Phase I will undergo the RAD Conversion, after which the Project will receive RAD Project-Based Section 8 vouchers and non-RAD Project-Based Section 8 vouchers.

Deal Structure

In order to ensure that LOMOD does not need to disaffiliate, to ensure the Authority receives 100% of sales proceeds, and to account for tax structuring purposes, the following mechanism will be utilized for conveyance of the Project: Prior to the Financial Closing, the Aliso Partnership, which includes the Authority as the limited partner, will distribute the rights, titles, and interest in the improvements on the property to HACLA PDS LLC pursuant to a Distribution Agreement. Just prior to this, the Related CA-affiliated entity that is the for-profit administrative general partner will exit the Aliso Partnership under a Redemption Agreement in order for
the transfer of the Project to the PDS I Partnership to qualify for acquisition tax credits. After a short duration of approximately one week, at the Financial Closing, HACLA PDS LLC will sell the improvements to the PDS I Partnership at the appraised price. As noted above, HACLA PDS LLC will also take back a promissory note to evidence its acquisition loan to PDS I Partnership. Simultaneously with this conveyance of the improvements to the PDS I Partnership, the ground lease between HACLA PDS LLC and the Authority will be terminated, and the Authority will enter into a new ground lease with PDS I Partnership.

The PDS I Partnership is structured with LOMOD PDS LLC, a single asset entity comprising La Cienega LOMOD as the sole member, acting as the Managing General Partner ("MGP") and a Related CA affiliate acting as the Administrative General Partner ("AGP"). In addition, an Authority disaffiliated entity, Housing Promise Corporation, a California nonprofit public benefit corporation formerly known as the Aliso Village Housing Corporation, will act as a special limited partner of PDS I Partnership ("SLP"). Currently, the ownership interests of PDS I Partnership are as follows: the MGP has a 0.0001% interest in the PDS I Partnership, the AGP has a .0059% interest in the PDS I Partnership, the SLP has .004% interest in the PDS I Partnership, and a Related affiliate acting as the placeholder limited partner, has a 99.99% interest in the PDS I Partnership.

Guarantees and Shared Liability Letter Agreement
Under the terms of the DDA, guarantees, indemnities will be shared on an 85%-15% basis between the AGP and the MGP, respectively.

The obligations of the Guarantors are further defined in a shared liability letter agreement between the parties, attached to this Board Report as Attachment 3(g) (the "Shared Liability Agreement").

Under the Partnership Agreement, the Related Companies L.P. will be the sole guarantor executing the guaranty agreement in favor of the investor limited partner. However, through the Shared Liability Agreement, the responsibilities of the single guarantor will similarly be shared between TRCLP and LOMOD such that LOMOD shall provide fifteen percent (15%) of the obligations of the Guarantors, and the Related Companies, L.P. shall provide eighty-five percent (85%) of the obligations of the Guarantors, except for matters pertaining to the developer fee, in which Related shall provide 70% of the obligations and LOMOD shall provide 30% of the obligations. The guarantees under the Partnership Agreement include completion (development deficit) guarantee, operating deficit, and tax credit recapture guarantees.

Under the Shared Liability Agreement, each party shall also indemnify the other party for any liability caused solely by that party. In addition, the MGP will be obligated to satisfy certain net worth/liquidity requirements.

Re-syndication
As part of the syndication of the Project, LOMOD PDS LLC as the MGP will execute an amended and restated agreement of limited partnership of PDS I
Partnership. The Corporation will also enter into a development agreement, option agreement and right of first refusal in favor of the Authority and other syndication documents, in various capacities, as provided in more detail in the Resolution.

Debt
As noted above, HACLA PDS LLC will provide an acquisition loan to the project, and the PDS I Partnership will execute a loan agreement, note, and deed of trust regarding same.

In connection with the bond issuance by the Authority and the loan by Citibank, the Partnership will execute a borrower loan agreement, bond regulatory agreement and construction funding agreement, and the Corporation will provide the guarantees noted above.

RAD Conversion
In connection with the RAD Conversion, the Partnership will execute a RAD Use Agreement, HAP contracts, and other documents required by HUD.

Project Documents
Project documents and tenant leases may be assigned to the PDS I Partnership through assignment agreements and other agreements. In addition, the Partnership will enter into a management plan and management agreement, which documents will govern the management of the Project.

The Designated Officers seek Board authorization to enter into the key transaction documents attached to this Board Report as Attachment 3, and subject to legal counsel approval. The requested actions will enable the PDS I Partnership to attain the Financial Closing for the Project.

Funding: No funding is required for this action.

CEQA: HACLA determined in November 2019 that the Project is exempt from the requirements of CEQA pursuant to the following Categorical Exemptions found in the Guidelines for CEQA, California Code of Regulations Title 14, and Chapter 3, each of which is independently sufficient to exempt the entire Project from CEQA.

NEPA: Pursuant to 24 CFR Part 58, the City of Los Angeles, through its Housing and Community Investment Department, served as the environmentally responsible entity for the Project and determined that the Project is Categorically Excluded per 24 CFR 58.35(a), and subject to laws and authorities at 24 CFR 58.5.

Section 3: PDS I Partnership will comply with all Section 3 requirements imposed by the Authority in the DDA, as amended, and Ground Lease, and will ensure that employment and other economic opportunities generated by the HUD financial assistance shall, to the greatest extent feasible and consistent with existing Federal, State, and local laws and regulations, be directed toward qualified low and very low-income persons, and to business concerns which provide economic opportunities to low and very low-income persons and will comply with the implementing regulations at 24 CFR Part 135 or any applicable successor regulations, as well as the terms negotiated in the relevant agreements herein.
Attachments:
  1. Resolution
  2. Summary of Key Documents Chart
  3. Draft key documents
    a. Amended and Restated Agreement of Limited Partnership
    b. DDA Amendment
    c. Construction Funding Agreement
    d. Completion and Repayment Guaranty
    e. Agreement of Environmental Indemnification
    f. Exception to Non-recourse Guaranty
    g. Shared Liability Agreement
    h. Property Management Agreement
RESOLUTION No. ______

RESOLUTION AUTHORIZING LA CIENEGA LOMOD, INC. (LOMOD): (I) IN LOMOD'S CAPACITY AS THE SOLE MEMBER OF LOMOD PDS LLC (THE LLC) AND IN THE LLC'S CAPACITY AS THE MANAGING GENERAL PARTNER OF PUEBLO DEL SOL I HOUSING PARTNERS, L.P., AS APPLICABLE, TO HAVE THE LLC ENTER INTO AN AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT AND OTHER TAX CREDIT SYNDICATION DOCUMENTS WITH AN AFFILIATE OF THE GOLDMAN SACHS GROUP, INC.; (II) IN THE LLC'S CAPACITY AS MANAGING GENERAL PARTNER OF THE PARTNERSHIP TO ENTER INTO (A) A DDA AMENDMENT AND ASSOCIATED DOCUMENTS, (B) BOND AND BANK LOAN DOCUMENTS WITH THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES AND CITIBANK, N.A., (C) DOCUMENTS REQUIRED FOR CONVERSION OF THE PROJECT UNDER THE HUD RENTAL ASSISTANCE DEMONSTRATION PROGRAM, AND (D) DOCUMENTS NECESSARY FOR THE RESYNDICATION AND REHABILITATION OF THE PROJECT; (III) IN LOMOD'S CORPORATE CAPACITY, TO ACT AS A LIMITED CO-GUARANTOR OF CERTAIN PARTNERSHIP OBLIGATIONS TO CITIBANK, N.A. AND GOLDMAN SACHS AND TO ENTER INTO A SHARED LIABILITY AGREEMENT WITH THE RELATED COMPANIES, L.P.; AND TO UNDERTAKE VARIOUS ACTIONS IN CONNECTION THEREWITH

WHEREAS, La Cienega LOMOD, Inc. (the "Corporation") is the sole member and manager of LOMOD PDS LLC, a California limited liability company ("LOMOD LLC or the LLC"), and the LLC is the managing general partner of Pueblo del Sol I Housing Partners, L.P., a California limited partnership, along with Related/Aliso Development Co., LLC, a California limited liability company, who serves as the administrative general partner (the "Partnership");

WHEREAS, in this resolution, when it states that the LOMOD LLC will act or is authorized to act, the Board of Directors of La Cienega LOMOD, Inc. (the "Board") is authorizing such action on behalf of the Corporation, as the sole member and manager of the LLC, and deems such action to be in the best interest of the LLC;

WHEREAS, in this resolution, when it states that the Partnership will act or is authorized to act, the Board is authorizing such action on behalf of the Corporation as the sole member and manager of the LOMOD LLC as the managing general partner of the Partnership and deems such actions to be in the best interest of the Partnership; and

WHEREAS, the Pueblo Del Sol Apartments, Phase I ("PDS-I") and Phase II ("PDS-II") were developed on the 35 acre former public housing site owned by the Housing Authority of the City of Los Angeles (the "Authority"), known as the Aliso Village public housing community, located in the Boyle Heights community east of downtown Los Angeles, with 201 low income rental units in PDS-1 and 176 low income units in PDS-II along with parks, open space, a management office and community center, and were placed into service in 2002 and 2003, after being developed by the current tax credit partnership owners; the real property underlying PDS-1 is the "Property" and the improvements thereon are the "Improvements"; and

WHEREAS, the Partnership desires to acquire a leasehold interest in the Property and a fee interest in the Improvements through the Rental Assistance Demonstration Program ("RAD Program") administered by the United States Department of Housing and Urban Development ("HUD"), and to re-syndicate, rehabilitate, own and operate PDS-1 (the "Project"); and
WHEREAS, GSB LIHTC Investor LLC, or its designee, as an affiliate of the Goldman Sachs Group, Inc. is expected to enter the Partnership as the investor limited partner (the "Investor Limited Partner") and provide low income housing tax credit equity funds to the Project in the approximate amount of $18,276,051, and Related Futures, LLC will withdraw as initial limited partner of the Partnership upon the admittance of the Investor Limited Partner; and

WHEREAS, LOMOD LLC and/or the Partnership, as applicable, desire to enter into any and all documents necessary to admit the Investor Limited Partner into the Partnership and allow Related Futures, LLC to withdraw from the Partnership, including but not limited to an amended and restated limited partnership agreement, a development agreement, an option and right of first refusal agreement, a memorandum of option, securities filings and any and all other documents or certificates necessary to consummate the syndication of the Partnership and the issuance of the limited partner interest to the Investor Limited Partner (the "Syndication Documents");

WHEREAS, the Partnership desires to retain McCormack Baron Management to provide property management services to the Project and desires to enter into a property management agreement with McCormack Baron Management or an affiliate, and to enter into a management agreement, management plan and any and all other agreements, certificates or documents necessary for the provision of property management services to the Project (the "Management Documents");

WHEREAS, Partnership and LOMOD LLC desire to enter into any and all documents necessary to acquire a leasehold interest in the Property and a fee interest in the Improvements, including but not limited to, a disposition development agreement, amendment to disposition development agreement, ground lease, memorandum of ground lease, purchase and sale agreement, grant deed, escrow instructions, preliminary change of ownership reports, and any other title and escrow documents required by the Partnership's title insurance company (collectively, the "Acquisition Documents");

WHEREAS, HACLA PDS LLC, a California limited liability company having the Authority as the sole member (the "HACLA LLC") will acquire the Project for an interim period prior to the Financial Closing;

WHEREAS, the HACLA LLC will sell the Project to the Partnership and provide a loan to the Partnership not to exceed $22,808,000 for the Partnership to acquire a fee interest in the Improvements (the "Acquisition Loan"), in connection with which the Partnership desires to execute a loan agreement, promissory note, deed of trust, subordination agreements, and any and all other agreements, certificates or documents necessary to consummate the Acquisition Loan, which loan the HACLA LLC will assign to the Authority on or immediately after the Financial Closing (collectively, the "Acquisition Loan Documents");

WHEREAS, the Partnership desires to assume certain Project contracts and agreements and tenant leases from the HACLA LLC at the Financial Closing by entering into one or more assignment and assumption agreements (collectively, the "HACLA LLC Assignments");

WHEREAS, it is intended that through the RAD Program the Project will convert 112 of the 201 Project units from public housing units to RAD project-based units and receive RAD Project-Based Section 8 vouchers through a RAD Housing Assistance Payment Contract with the Authority (the "RAD HAP Contract");
WHEREAS, it is intended that through HUD's Project-Based Voucher Program the Project will include Project-Based Section 8 units and receive Project-Based Section 8 vouchers through a non-RAD Housing Assistance Payment Contracts with the Authority (the "PBV HAP Contract");

WHEREAS, as a condition of participation in the HUD RAD Program, HUD will require that a Use Agreement be executed by the Partnership and recorded against the Property (the "RAD Use Agreement"), and that the Partnership execute a RAD Conversion Commitment, as it may be amended (the "RCC"), and other RAD Program documents;

WHEREAS, the Partnership desires to enter into any and all documents necessary to convert the Project to the RAD Program and receive the RAD Project-Based Vouchers and non-RAD Project-Based Vouchers, including but not limited to the RAD HAP Contract, PBV HAP Contract, the RAD Use Agreement, the RCC, subordination agreements, and certifications (collectively, the "RAD Documents");

WHEREAS, Citibank, N.A. ("Citibank") will provide a loan to the Authority in an amount not to exceed $31,700,000 (the "Funding Loan"), pursuant to a Funding Loan Agreement by and among Citibank, HACLA, and U.S. Bank National Association as fiscal agent (the "Funding Loan Agreement"), pursuant to which the Authority will issue and deliver one or more tax exempt multifamily housing revenue notes, in aggregate to be designated as the "Housing Authority of the City of Los Angeles Multifamily Mortgage Revenue Note (Pueblo del Sol Phase I), Series 2020A" in an amount not to exceed $31,700,000 (the "Government Note");

WHEREAS, Citibank, pursuant to the Funding Loan Agreement, has agreed to originate and fund the Funding Loan to the Authority on a draw-down basis, which proceeds of the Funding Loan will be used to fund a loan to the Partnership in an amount not to exceed $31,700,000 (the "Borrower Loan") in corresponding installments pursuant to a Borrower Loan Agreement among the Authority and the Partnership (the "Borrower Loan Agreement");

WHEREAS, in addition to the Funding Loan Agreement and the Borrower Loan Agreement, the Government Note will be evidenced by a Regulatory Agreement and Declaration of Restrictive Covenants between the Authority and the Partnership (the "Bond Regulatory Agreement");

WHEREAS, the Partnership desires to enter into all documents necessary for the Authority to issue the Government Note, including but not limited to the Borrower Loan Agreement, Bond Regulatory Agreement and subordination agreements (collectively, the "Bond Documents");

WHEREAS, the Partnership desires to enter into any and all documents required by Citibank to make the Borrower Loan, including, but not limited to a construction funding agreement, deed of trust, assignment of deed of trust, promissory note, completion and repayment guaranty, exceptions to non-recourse guaranty, completion and repayment guaranty, environmental indemnity agreement, assignment of capital contributions, assignment of equity interests, assignment of construction contract, assignment of architect's agreement, assignment of housing assistance payment contracts and housing assistance payments, assignment of property management agreements, assignment of project documents, assignment and subordination of developer's fees, replacement reserve agreement, deposit account control agreement, authorization to request advances, TCAC standstill agreement, other assignments
and/or consents, incumbency certificates, subordination agreements, and any and all other types of agreements, certificates or documents necessary for the Partnership to consummate the Borrower Loan (collectively, the "Citibank Loan Documents");

WHEREAS, the LLC and Corporation (the "Contract Assignees") may have entered into certain third-party service contracts in furtherance of the development of the Project including but not limited to architect contracts (the "Service Contracts"), and desire to assign their rights, title, interest and obligations relating to the Project under the Service Contracts to the Partnership;

WHEREAS, the Partnership desires to assume all of the Contractor Assignees' rights, interests and obligations under the Service Contracts and enter into any and all documents and certificates, including but not limited to assignment agreements in order to do so (collectively, the "Assignment Documents");

WHEREAS, the LLC and/or the Partnership desire to enter into any other contracts, assignment/assumption agreements, certifications or agreements, or take any actions necessary, to enable the acquisition of the Project, to provide services to the tenants of the Project, and to enable the financing, rehabilitation, and operation of the Project (collectively, the "Third Party Documents");

WHEREAS, as required by Citibank, the Corporation desires to enter into certain guaranties and indemnities as limited co-guarantor on an 85% - 15% basis with the Related Companies, L.P. ("TRCLP") in connection with the Citibank Loan Documents, including a limited completion and repayment guaranty, an agreement of environmental indemnification and an exception to non-recourse guaranty, each with a 15% limitation (the "Citibank Guaranties"); and

WHEREAS, TRCLP will be the sole named guarantor on the Partnership Agreement guaranty agreement as required by the Investor Limited Partner, which will include a completion (development deficit), operating deficit and tax credit recapture guaranty, provided that the Corporation will share in the Partnership guaranties and indemnities (the "LPA Guaranties") on an 85% - 15% basis pursuant to a shared liability letter agreement with TRCLP which shall also cover the Citibank Guaranties (the "Shared Liability Agreement") (the Citibank Guaranties, the LPA Guaranties and the Shared Liability Agreement are collectively referred to as the "Guaranty Documents").

NOW, THEREFORE, BE IT RESOLVED: That the LLC is authorized to enter into the Syndication Documents to which it is a party, in order to assist the Partnership in consummating the syndication;

FURTHER RESOLVED: That the Partnership is authorized to: (i) allow the Related Futures, LLC to withdraw as the initial limited partner of the Partnership; (ii) admit the Investor Limited Partner as the limited partner of the Partnership; (iii) issue the limited partner interest to the Investor Limited Partner; and (iv) enter into the Syndication Documents;

FURTHER RESOLVED: That the Partnership is authorized to enter into the Management Documents;

FURTHER RESOLVED: That the Partnership is authorized to enter into the Acquisition Documents;
FURTHER RESOLVED: That the Partnership is authorized to borrow the Acquisition Loan and enter into the Acquisition Loan Documents;

FURTHER RESOLVED: That the Partnership is authorized to enter into the HACLA LLC Assignments;

FURTHER RESOLVED: That the Partnership is authorized to enter into the RAD Documents;

FURTHER RESOLVED: That the Partnership is authorized to borrow the Funding Loan and enter into the Bond Documents and Citibank Loan Documents; and

FURTHER RESOLVED: That the Contract Assignees are authorized to assign the Service Contracts;

FURTHER RESOLVED: That the Partnership is authorized to enter into the Assignment Documents;

FURTHER RESOLVED: That the LLC and/or the Partnership is authorized to enter into the Third Party Documents;

FURTHER RESOLVED: That the Corporation is authorized to enter into the Guaranty Documents;

FURTHER RESOLVED: That the Board hereby authorizes each Designated Officer, as specified below, or his/her designee, acting alone on behalf of the Corporation, in its capacity as the sole member and manager of the LLC, in its capacity as the general partner of the Partnership, and in its corporate capacity to: (i) execute any and all necessary documents listed in and/or contemplated by this resolution, including but not limited to the Syndication Documents, the Management Documents, the Acquisition Documents, the Acquisition Loan Documents, the HACLA LLC Assignments, the RAD Documents, the Bond Documents, the Citibank Loan Documents, the Service Contracts, the Assignment Documents, the Third Party Documents and the Guaranty Documents; (ii) take any and all other actions contemplated by this resolution and/or necessary to acquire the Improvements, receive the RAD Project-Based Section 8 vouchers, receive the non-RAD Project-Based Section 8 vouchers, assist in the RAD Program conversion, borrow the Acquisition Loan, borrow the Funding Loan, construct, develop, manage and operate the Project, admit the Investor Limited Partner, and issue the limited partner interest to the Investor Limited Partner;

FURTHER RESOLVED: That the Board hereby authorizes each Designated Officer, as specified below, or her designee, acting alone on behalf of the Corporation, in its capacity as the sole member and manager of the LLC, in its capacity as the general partner of the Partnership, to execute any and all necessary documents listed in and/or contemplated by this resolution;

FURTHER RESOLVED: That the Board hereby authorizes each Designated Officer, as specified below, or her designee, acting alone on behalf of the Corporation, in its capacity as the sole member and manager of the LLC, in its capacity as the general partner of the Partnership, to execute any and all necessary documents listed in and/or contemplated by this resolution;

FURTHER RESOLVED: That the Board hereby authorizes each Designated Officer, as specified below, or her designee, acting alone on behalf of the Corporation, in its capacity as the
sole member and manager of the LLC, in its capacity as the general partner of the Partnership to direct the Secretary of the Corporation to execute and certify any other form of resolution required by a lender, investor, regulator or other third party involved in the transaction, so long as that officer and counsel to the Corporation determine that the substance of such resolution does not materially conflict with the substance of this resolution;

FURTHER RESOLVED: That all actions taken by the Designated Officers and the other officers and agents of the Corporation with respect to the foregoing are hereby approved, confirmed and ratified;

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>Patricia Kaitaura</td>
<td>Treasurer</td>
</tr>
<tr>
<td>Lisette Belon</td>
<td>Secretary</td>
</tr>
</tbody>
</table>

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

APPROVED AS TO FORM:
JAMES JOHNSON

BY: __________________________
GENERAL COUNSEL

LA CIENEGA LOMOD, INC.

By: __________________________
CHAIR

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 Corporation at a meeting of said Board held on the aforementioned date, and that said Resolution is in full force and effect.

Dated:______________, 2020

__________________________, Secretary
<table>
<thead>
<tr>
<th>TAB</th>
<th>DOCUMENT/ITEM</th>
<th>SIGNATORIES</th>
<th>RECORDABLE</th>
<th>DESCRIPTION</th>
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<tbody>
<tr>
<td>1.</td>
<td>Syndication</td>
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<tr>
<td>1.</td>
<td>Amended and Restated Agreement of Limited Partnership</td>
<td>Related/Pueblo del Sol I Development Co., LLC, LOMOD PDS LLC, Housing Promise Corporation, GSB LIHTC Investor LLC, Related Futures, LLC</td>
<td>No</td>
<td>This LPA amends and restates the LPA that was executed when Pueblo del Sol I Housing Partners, L.P. (&quot;PDS I Partnership&quot;) was formed. It is the document that admits GSB LIHTC Investor LLC (&quot;Investor&quot;) as a limited partner in PDS I Partnership, and provides for the withdrawal of Related Futures, LLC from the PDS I Partnership. It also provides that Related/Pueblo del Sol I Development Co., LLC is the administrative general partner (&quot;AGP&quot;), LOMOD PDS LLC is the managing general partner, and Housing Promise Corporation is the special limited partner (&quot;HPC&quot;) of PDS I Partnership</td>
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<tr>
<td>2.</td>
<td>Development Agreement</td>
<td>PDS I Partnership, Related Irvine Development Company, LLC, La Cienega LOMOD, Inc.</td>
<td>No</td>
<td>Agreement by which the developer fee will be shared 70% to Related and 30% to La Cienega LOMOD, Inc.</td>
</tr>
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<td>3.</td>
<td>Option and Right of Refusal Agreement</td>
<td>PDS I Partnership, HACLA, Related/Pueblo del Sol I Development Co., LLC, LOMOD PDS LLC, GSB LIHTC Investor LLC</td>
<td>No</td>
<td>This document grants HACLA the option to purchase the Project or purchase the interest of the investor limited partner of the PDS I Partnership, at the end of the tax credit compliance period. HACLA also has the right of first refusal to purchase the project, which means if the PDS I Partnership intends to sell or dispose of the project during a specified time period, then before accepting a third party offer, the PDS I Partnership must notify HACLA of this offer, and HACLA has the right to buy the project.</td>
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<tr>
<td>1.</td>
<td>Project Documents</td>
<td></td>
<td>Yes</td>
<td>This memorandum memorializes the option agreement noted above and is recorded on title.</td>
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<td>Document Description</td>
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<tr>
<td>1.</td>
<td>Amended and Restated Property Management Agreement</td>
<td>McCormack Baron Management Services, Inc., PDS I Partnership</td>
<td>No</td>
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<td></td>
<td>The agreement appoints McCormack Baron Management Services, Inc. as the property managing agent (“MBM”) for the project. The term of the agreement is one year and is renewable at the sole option of PDS I Partnership. The agreement requires MBM to comply with Section 3 requirements, HUD requirements, for RAD and PBV units, and the terms of regulatory agreements. It requires MBM to keep certain books and records and hire personnel to operate the project. It sets forth conditions for use of the operating account and replacement reserve account.</td>
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<td>2.</td>
<td>Management Plan</td>
<td>McCormack Baron Management Services, Inc., PDS I Partnership</td>
<td>No</td>
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<tr>
<td></td>
<td>The agreement sets forth management plan of the project, in more granular detail than the management agreement (summarized above). Among other things it sets out requirements re transfers of residents, unit inspections, and maintenance, and other management details.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Assignment and assumption of project contracts and leases</td>
<td>HACLA PDS LLC, PDS I Partnership</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Through this document, HACLA PDS LLC assigns its project contracts, including services contracts and tenant leases, to PDS I Partnership when PDS I Partnership acquires the improvements (see below for acquisition and conveyance documents).</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Acquisition / Conveyance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Amendment to Development and Disposition Agreement</td>
<td>HACLA, PDS I Partnership</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td></td>
<td>This document amends the DDA (approved by the Board in 2019 and executed) to update specific deal terms and financing. It provides that the project will be transferred from Aliso Village Housing Partners, L.P. (“AVHP Partnership”) not to HACLA, but instead to HACLA PDS LLC (an affiliate of HACLA). It also updates the schedule of performance, changes the ground lease term to 65 years, changes the acquisition loan term to 55 years, and changes the acquisition loan interest rate to 3%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Ground Lease</td>
<td>HACLA, PDS I Partnership</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Conveyance document providing for a lease of the property to the PDS I Partnership for a term of 65 years and subject to, among other things, RAD requirements and a requirement that the PDS I Partnership meet rehabilitation timelines set forth in the DDA. The PDS I Partnership pays HACLA annual rent of $50,000 from net cash flow. This ground lease is an absolute net lease. The PDS I Partnership indemnifies HACLA for all claims arising from the lease and the rehabilitation or operation of the Project.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Memorandum of Ground Lease</td>
<td>HACLA, PDS I Partnership</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Memorializes, in recordable form, the basic terms of the ground lease (summarized above)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Purchase and Sale Agreement / Real Estate Purchase Agreement</td>
<td>HACLA PDS LLC, PDS I Partnership</td>
<td>No</td>
<td>This agreement sets forth conditions for the purchase of the improvements by PDS I Partnership from HACLA PDS LLC</td>
</tr>
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<tr>
<td>II.</td>
<td>Financing Documents</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Construction Funding Agreement</td>
<td>Citibank, PDS I Partnership</td>
<td>No</td>
<td>This agreement sets parameters for advances of disbursement during construction. Among other things, it imposes conditions on initial and later disbursements of the borrower loan and the construction loan; provides for change orders and adjustment of the cost breakdowns; and gives the lenders the right to inspect and receive information/documents regarding construction progress.</td>
</tr>
<tr>
<td>8.</td>
<td>Borrower Loan Agreement</td>
<td>PDS I Partnership, HACLA</td>
<td>No</td>
<td>Through this agreement, HACLA agrees to make a loan to the PDS I Partnership, using the proceeds of the funding loan from Citibank.</td>
</tr>
<tr>
<td>9.</td>
<td>Multifamily note</td>
<td>PDS I Partnership</td>
<td>No</td>
<td>Through this note, the PDS I Partnership promises to repay to HACLA the borrower loan, made in the maximum principal amount of $31,700,000.</td>
</tr>
<tr>
<td>10.</td>
<td>Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing</td>
<td>PDS I Partnership</td>
<td>Yes</td>
<td>Secures the multifamily note and creates a security interest in the property.</td>
</tr>
<tr>
<td>11.</td>
<td>Regulatory Agreement and Declaration of Restrictive Covenants</td>
<td>HACLA, U.S. Bank National Association, and PDS I Partnership</td>
<td>Yes</td>
<td>This agreement restricts the use of the property. Through it PDS I Partnership agrees to operate the property as a multifamily residential rental project; to complete required tax filings; to rent units to low or very low income tenants at specified rents; keep records re tenant income certifications</td>
</tr>
<tr>
<td>12.</td>
<td>Replacement Reserve Agreement</td>
<td>PDS I Partnership, Citibank</td>
<td>No</td>
<td>This agreement provides for the making of a “replacement reserve fund” to be established with Citibank and used to fund capital replacements</td>
</tr>
<tr>
<td>13.</td>
<td>TCAC standstill agreement</td>
<td>PDS I Partnership, Citibank, TCAC</td>
<td>Yes</td>
<td>TCAC agrees not to exercise its remedies under the TCAC regulatory agreement for a period of time following Citibank’s receipt from TCAC of notice of a default</td>
</tr>
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Guarantees (to Investor and Citibank)
<table>
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<th></th>
<th>Description</th>
<th>Parties</th>
<th>Note</th>
<th>Details</th>
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<td>14</td>
<td>Completion and repayment guaranty</td>
<td>The Related Companies, L.P., La Cienega LOMOD, Inc.</td>
<td>No</td>
<td>La Cienega LOMOD, Inc. (&quot;Corporation&quot;) and the Related Companies, L.P. (&quot;TRCLP&quot;) guarantee to HACLA (as issuer) and Citibank that PDS I Partnership will complete construction by a certain date and meet other construction requirements, and that the PDS I Partnership will pay the Borrower Loan when due. The Corporation’s liability under this agreement is limited to 15%.</td>
</tr>
<tr>
<td>15</td>
<td>Agreement of environmental indemnification</td>
<td>The Related Companies, L.P., La Cienega LOMOD, Inc., PDS I Partnership</td>
<td>No</td>
<td>The Corporation and TRCLP agree not to permit the presence or release of hazardous materials on the property for any reason. The Corporation and TRCLP further agree to indemnify HACLA and Citibank from all claims and losses (whether sought by governmental authorities or private parties) arising directly or indirectly from breach of the foregoing. The Corporation’s liability under this agreement is limited to 15%.</td>
</tr>
<tr>
<td>16</td>
<td>Exceptions to non-recourse guaranty</td>
<td>The Related Companies, L.P., La Cienega LOMOD, Inc.</td>
<td>No</td>
<td>The Corporation and TRCLPP guarantee to HACLA and Citibank full and prompt performance and payment when due of all amounts for which PDS I Partnership is personally liable under the multifamily note. The maximum liability of the Corporation under this guaranty is capped and limited to 15%.</td>
</tr>
<tr>
<td>17</td>
<td>Shared liability agreement</td>
<td>La Cienega LOMOD, Inc., Related Companies L.P.</td>
<td>No</td>
<td>TRCLP will be the sole named guarantor on the guaranty that is required by the Investor and that will include a completion (development deficit), operating deficit and tax credit recapture guaranty. This letter provides that the Corporation will share in that guaranty, up to 15%. The letter also covers the Citibank guarantees summarized above.</td>
</tr>
</tbody>
</table>

**Acquisition Loan**

<p>|   | Acquisition Loan Agreement                           | HACLA PDS LLC, PDS I Partnership                             | No                                            | Agreement to provide the PDS I Partnership with a seller take-back loan for the acquisition of the improvements. The loan is in an amount not to exceed $22,808,000 and is non-recourse and secured. The loan is to be paid annually from net cash flow, until fully paid or until the 55th year after permanent loan conversion. |
|   | Acquisition Loan Promissory Note                     | HACLA PDS LLC, PDS I Partnership                             | No                                            | Obliges the PDS I Partnership to pay back the Acquisition Loan to HACLA PDS LLC (note that although HACLA PDS LLC makes the loan, the loan will be assigned from HACLA PDS LLC to HACLA at or shortly after conversion, at which point payments will likely be made directly to HACLA). Establishes the interest rate and terms of payment. |</p>
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<th>Document Type</th>
<th>Responsible Party</th>
<th>Required</th>
<th>Description</th>
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<td>20.</td>
<td>Acquisition Loan Deed of Trust</td>
<td>HACLA PDS LLC, PDS I Partnership</td>
<td>Yes</td>
<td>Secures the acquisition loan and creates a security interest in the property.</td>
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<tr>
<td>21.</td>
<td>RAD Use Agreement</td>
<td>HUD, HACLA, PDS I Partnership</td>
<td>Yes</td>
<td>HUD form applying RAD restrictions and requirements to the project.</td>
</tr>
<tr>
<td>22.</td>
<td>RAD PBV HAP Contract</td>
<td>HACLA, PDS I Partnership</td>
<td>No</td>
<td>HUD form providing for RAD PBV housing assistance payments to the project.</td>
</tr>
<tr>
<td>23.</td>
<td>Non-RAD PBV HAP Contract</td>
<td>HACLA, PDS I Partnership</td>
<td>No</td>
<td>HUD form providing for non-RAD PBV housing assistance payments to the project</td>
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PUEBLO DEL SOL I HOUSING PARTNERS, L.P.
AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP

As of [______________], 2020
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3. Environmental Conditions and Reports
4. Schedule of Investor’s Underwritten Expenses
AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP

This Amended and Restated Agreement of Limited Partnership is made and entered into as of [______________], 2020, by and between Related/Pueblo del Sol I Development Co., LLC, a California limited liability company, as administrative general partner (the “Administrative General Partner”), LOMOD PDS LLC, a California limited liability company, as managing general partner (“Managing General Partner”), Housing Promise Corporation, a California nonprofit public benefit corporation, as special limited partner (“Special Limited Partner”), GSB LIHTC Investor LLC, a Delaware limited liability company (the “Investor Limited Partner”), and Related Futures, LLC, a California limited liability company, as withdrawing limited partner (“Withdrawing Limited Partner”).

WHEREAS, Pueblo del Sol I Housing Partners, L.P. (the “Partnership”) was formed under the California Uniform Limited Partnership Act of 2008 (the “Act”) by the filing of its Certificate of Limited Partnership (the “Original Certificate”) with the Secretary of State of the State of California (the “State”) on November 4, 2019;

WHEREAS, the Administrative General Partner, the Managing General Partner, the Special Limited Partner and the Withdrawing Limited Partner executed an Agreement of Limited Partnership dated as of November 13, 2019 (the “Original Partnership Agreement”) as the sole partners in the Partnership;

WHEREAS, the Partnership has been formed to lease, own (through its leasehold interest in the Ground Lease with HACLA), maintain and operate a 201-unit multifamily apartment complex for rental to low and moderate income families, located within a larger development, known as Pueblo del Sol Phase 1, located at 1400 Gabriel Garcia Marquez Street, Los Angeles, California;

WHEREAS, the Investor Limited Partner wishes to be admitted as a Partner, the Withdrawing Limited Partner wishes to withdraw as a Partner, and the Investor Limited Partner, the Administrative General Partner, the Managing General Partner, and the Special Limited Partner wish to continue the Partnership pursuant to the Act; 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) admit the Investor Limited Partner to the Partnership as a Partner; (iii) memorialize the withdrawal of the Withdrawing Limited Partner as a Partner in the Partnership, and (iv) set forth all of the provisions governing the Partnership from and after the date hereof;

NOW, THEREFORE, in consideration of the foregoing provisions and recitals which are incorporated by reference, 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, as set forth in this Amended and Restated Agreement of Limited Partnership, and to amend and restate the Original Agreement of Limited Partnership in its entirety, as follows:
ARTICLE I

CONTINUATION OF PARTNERSHIP

1.1 Continuation. The undersigned hereby continue the Partnership as a limited partnership under the Act.

1.2 Name. The name of the Partnership is Pueblo del Sol I Housing Partners, L.P.

1.3 Principal Executive Offices; Agent for Service of Process.

(a) The principal executive office of the Partnership shall be and its mailing address is located at 18201 Von Karman Avenue, Suite 900, Irvine, California 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 the Investor Limited Partner 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 at 2730 Gateway Oaks Drive, Suite 100, Sacramento, California 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 the other Partners of any change in the agent for service of process.

1.4 Term. The term of the Partnership commenced as of the date of the filing of the Original Certificate with the State, and shall continue in perpetuity, unless the Partnership is dissolved by law or in accordance with the provisions of this Agreement.

1.5 Recording of Certificate. Upon the execution of this Amended and Restated Agreement of Limited Partnership by the parties hereto, the Administrative 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 State. All fees for filing shall be paid out of the Partnership’s assets. The Administrative 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.

1.6 Admission of Investor Limited Partner. The Investor Limited Partner is hereby admitted as a partner of the Partnership as of the date first above written.

1.7 Withdrawal of Withdrawing Limited Partner. The Withdrawing Limited Partner hereby withdraws as a Partner of the Partnership. The Withdrawing Limited Partner 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. The Withdrawing Limited Partner shall be responsible for paying, on a timely basis, any and all transfer taxes that may be due and payable in connection with its withdrawal from the Partnership and shall indemnify, defend and hold harmless the Partnership
from and against any and all claims, suits, actions, damages, costs, charges, losses, obligations, judgments and expenses of any nature whatsoever (including, without limitation, attorneys’ fees) which may be imposed upon, incurred by or asserted against the Partnership with respect to the failure to timely pay any such transfer taxes. The Withdrawing Limited Partner is joining in the execution of this Agreement solely to evidence its respective agreement to the provisions of this Section 1.5 and Section 5.1(a).

ARTICLE II

DEFINED TERMS

2.1 Defined Terms. In addition to the abbreviations of the parties set forth in the preamble to this Agreement, the following defined terms used in this Agreement shall have the meanings specified below:

“40-60 Set Aside Test” means the Minimum Set Aside Test provided in Code Section 42(g)(1)(B) and (g)(4), whereby at least 40% of the units in the Project must be occupied by individuals with incomes of 60% or less of area median gross income, as adjusted for family size.

“8609 Capital Contribution” has the meaning set forth in Section 5.1(c)(vi).

“8609 Capital Contribution Conditions” are the conditions set forth in Section 5.1(c)(vi).

“Accountants” means (i) Novogradac & Company, or such other firm of independent certified public accountants as may be engaged by the Administrative General Partner, with the Consent of the Investor Limited Partner, to prepare the cost certification for the Project, the Projections, and the Accountant’s Certificate and (ii) Dauby, O’Connor & Zaleski LLC, or such other firm of independent certified public accountants as may be engaged by the Administrative General Partner, with the Consent of the Investor Limited Partner, to prepare Partnership income tax returns and audited financial statements. If requested by the Investor Limited Partner, the Administrative General Partner shall engage accountants that are registered with the Public Company Accounting Oversight Board (“PCAOB”) which shall perform in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits promulgated by the PCAOB and Government Auditing Standards, issued by the Controller General of the United States, and the Accountant’s Certificate shall be performed and certified as having been performed in accordance with the standards of the PCAOB.

“Accountant’s Certificate” means the certificate of the Accountants in the form attached hereto as Exhibit G.

“Act” means the California Uniform Limited Partnership Act of 2008, as such act may be amended from time to time during the term of the Partnership.

“Actual Applicable Fraction” means the percentage of the residential units in the Project (other than one manager’s unit) that are occupied by tenants whose income is no more
than 60% of area median income and that otherwise satisfy the requirements to generate Federal Tax Credits, as determined by the Administrative General Partner with the Consent of the Investor Limited Partner. The Partners intend for there to be 201 Eligible Units and for the applicable fraction to be 100%.

“Actual Federal Credit” means, with respect to any tax year of the Partnership, the total amount of the Federal Tax Credit actually reported by the Partnership on its federal tax return for that tax year and allocated to the Partnership, and not disallowed by any taxing authority, as subsequently adjusted, if applicable, by any Federal Tax Credit recapture amounts, as defined in Section 42(j)(2) of the Code.

“Additional Capital Contributions” means, as of any date, that portion of the Initial Capital Contribution, the Completion Capital Contribution, the Stabilization Capital Contribution and the 8609 Capital Contribution of the Investor Limited Partner that has not been contributed to the Partnership pursuant to Section 5.1(c).

“Adjusted Aggregate Federal Credit Amount” means the product of (i) 99.99% and (ii) the aggregate amount of Federal Tax Credits that are determined by the Accountants to be available to the Project during the Projected Credit Period.

“Adjusted Capital Account Deficit” means, with respect to any Partner, the deficit balance, if any, in the Partner’s Capital Account as of the end of the relevant Taxable Year, after:

(i) crediting to such Capital Account the amounts, if any, which the Partner is obligated to restore pursuant to the provisions of Treasury Regulation Section 1.704-1(b)(2)(ii)(c) or is deemed to be obligated to restore pursuant to the penultimate sentence of Treasury Regulation Section 1.704-2(g)(1) and Treasury Regulation Section 1.704-2(i)(5); and

(ii) debiting from such Capital Account the items described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d), (4), (5), and (6).

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and will be interpreted consistently therewith.

“Adjusted Gross Effective Income” means an amount, with respect to any period, equal to Gross Effective Income for such period reduced to reflect what the amount of Gross Effective Income would have been at a 95% level of economic occupancy if the average economic occupancy of the Project for the period in question was greater than 95%, but shall not be increased if the average economic occupancy of the Project for the period in question was less than 95% and shall include rental subsidies receivable from an Authority which have accrued in such period regardless of whether payment has been made in such period, and shall not include other income from residential tenants and commercial tenants in excess of Investor Limited Partner’s Underwritten Income without the Consent of the Investor Limited Partner.

“Administrative General Partner” means Related/Pueblo del Sol I Development Co., LLC, a California limited liability company.

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“Advance Documents” means any and all documents that will be submitted to a Lender in connection with such Lender’s advance of the Loan proceeds, including, but not limited to, a standard form AIA application for payment requests and related supporting documentation.

“Advance Request” has the meaning set forth in Section 4.1(rr).

“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 the Special Limited Partner, or with another designated person, as the context may require.

“After-Tax Basis” means, with respect to a payment to be received by the Investor Limited Partner, the original amount of such payment supplemented by a further payment or payments so that, after deducting from such total payment an amount calculated by multiplying the then highest marginal tax rate charged to corporations for federal, state and local income tax purposes (assuming for state and local purposes that the Investor Limited Partner is taxable such that 100% of its income and capital are apportioned to New York City, New York) by all taxable income or gain recognized by the Investor Limited Partner for federal, state and local income tax purposes attributable to such payment, the net remaining payment shall be equal to the original payment to be received.

“Agency” means the California Tax Credit Allocation Committee in its capacity as the designated agency of the State to allocate Federal Tax Credits, acting through any authorized representative.

“Agent” means the Investor Limited Partner or an agent of the Investor Limited Partner appointed by the Investor Limited Partner by notice to the Administrative General Partner for the purposes of Section 4.1(rr).

“AGP Parent” means The Related Companies of California, LLC, a California limited liability company.

“Agreement” means this Amended and Restated Agreement of Limited Partnership, as amended from time to time.

“Architect” means Musser: Architects, Inc., a licensed architect or engineer mutually agreed upon by the General Partners and the Investor Limited Partner, which architect will inspect the progress of rehabilitation of the Project and will deliver the Architect’s Certificate as a condition to Substantial Completion.

“Architect’s Certificate” means the certificate substantially in the form attached hereto as Exhibit H.

“Asset Management Fee” means the fee payable to the Investor Limited Partner pursuant to Section 8.24 for the services of such Person in monitoring the operations of the Partnership on behalf of the Investor Limited Partner initially equal to $7,500 per year commencing upon Substantial Completion, and increasing 3% per year, which fee will accrue if not paid.
“Authority” or “Authorities” means any nation or government, any state or commonwealth or other political subdivision thereof, and any agent, representative, or other 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.

“Bankruptcy” or “Bankrupt” as to any Person means the filing of a petition for relief as to any such Person as debtor or bankrupt under federal bankruptcy laws, as now constituted or hereafter amended, or any other federal or state bankruptcy, insolvency or like provision of law (except if such petition is contested by such Person and has been dismissed within 90 days); insolvency of such Person as finally determined by a court proceeding; filing by such Person of a petition or application to accomplish the same or for the appointment of a receiver or a trustee for such Person or a substantial part of his assets; or, commencement of any proceedings relating to such Person under any other reorganization, arrangement, insolvency, adjustment of debt or liquidation law of any jurisdiction, whether now in existence or hereafter in effect, whether by such Person or by another, provided that if such proceeding is commenced by another, such Person indicates his approval of such proceeding, consents thereto or acquiesces therein, or such proceeding is contested by such Person and has not been finally dismissed within 90 days.

“Bonds” means those certain tax-exempt City of Los Angeles Mortgage Revenue Note (Pueblo del Sol Phase I) Series 2020A in the amount of $31,700,000 issued by HACLA.

“Bond Documents” means all of those documents and instruments evidencing or securing the Bonds, including the Funding Loan Documents, the Construction Loan Documents and the Permanent Loan Documents.

“Building” means any structure that is part of the Project and that has its own building identification number for Federal Tax Credit purposes.

“Business Day” means any day on which commercial banks are not authorized or required to close in New York, New York.

“Capital Account” means the capital account of a Partner as described in Section 6.1.

“Capital Contribution” means the total amount of cash and the fair market value of property (as determined by the Administrative General Partner with the concurrence of the Investor Limited Partner) contributed or deemed contributed under Treasury Regulations to the Partnership by a Partner.

“Capital Transaction” means any transaction out of the ordinary course of the business of the Partnership including, without limitation, the sale or other disposition of all or any substantial portion of the assets of the Partnership (the proceeds of which have not been taken into account in connection with funding any expenditures included in the Operating Budget) and any refinancing of any loan, insurance or condemnation proceeds (other than business interruption or similar type of insurance or condemnation proceeds which cover a temporary taking of all or any portion of the Project, after such proceeds are applied to the rebuilding, repair or replacement of the Project (as may be applicable), but excluding the payment of Capital Contributions by the Partners, receipt of proceeds of any amounts funded by a Partner as a
Partner Loan or an Operating Deficit Payment Obligation or receipt of any payments under any guarantees of a Guarantor.

“Carrying Value” means, with respect to any asset, the asset’s adjusted basis for federal income tax purposes, except as follows:

(i) the initial Carrying Value of any asset contributed (or deemed contributed) to the Partnership will be such asset’s fair market value (as determined by the Administrative General Partner with the concurrence of the Investor Limited Partner, without reduction for associated liabilities) at the time of such contribution;

(ii) if the Partnership elects to adjust the Capital Account balances of the Partners to reflect the fair market value of the Partnership’s assets at a given time in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(f), the Carrying Values of all assets of the Partnership will be adjusted to equal their respective fair market values (as determined by the Administrative General Partner with the concurrence of the Investor Limited Partner, without taking into account associated liabilities) at such time; and

(iii) the Carrying Value of the Partnership’s assets shall be increased or decreased to the extent necessary to reflect adjustments under the Partnership Audit Rules; and

(iv) the Carrying Value of an asset that has been determined pursuant to paragraph (i), (ii) or (iii) will thereafter be adjusted as would the asset’s adjusted basis for Federal income tax purposes, except that depreciation and similar deductions will be computed as provided under the definition of Depreciation.

“Certificate of Occupancy” means all necessary temporary or permanent certificates of occupancy (or certificates of occupancy which contain conditions or qualifications which are Consented to by the Investor Limited Partner) or equivalent approval, if any are required, from the applicable Authority necessary to authorize residential occupancy by tenants for 100% of the apartment units in any Building in the Project following completion of the rehabilitation of such Building contemplated by the Plans and Specifications.

“Change in Law” means an amendment to the Code, the regulations promulgated by the IRS thereunder, or any other law, rule or regulation that governs the Project that is effective for any period after the date hereof.

“Closing” means the occurrence of each of the following: (i) the closing and initial funding of the Construction Loan and the Subordinate Loan; (ii) the admission of the Investor Limited Partner as a Partner of the Partnership and the withdrawal of the Withdrawing Limited Partner as a Partner of the Partnership; and (iii) the execution of the Ground Lease and recordation of a memorandum of Ground Lease in the official records of Los Angeles, County.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision or provisions of succeeding law.
“Completion Capital Contribution” has the meaning set forth in Section 5.1(c)(ii).

“Completion Capital Contribution Conditions” are the conditions set forth in Section 5.1(c)(ii).

“Completion Date” means, with respect to the Project, April 30, 2022.

“Completion Guaranty” has the meaning set forth in Section 8.11(a)(i).

“Compliance Period” – When used with respect to a Building, means the period specified in Section 42(i)(1) of the Code with respect to such Building and when used with respect to the Project as a whole, means the period starting with the beginning of the first period under Section 42(i)(1) of the Code to start for any Building and ending with the end of the last period under Section 42(i)(1) of the Code to end for any Building.

“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. With respect to the Investor Limited Partner, such prior written consent may be given or withheld in the sole discretion of the Investor Limited Partner, except as specifically provided in this Agreement.

“Construction Contract” means the guaranteed maximum amount contract (including all exhibits and attachments thereto) entered into as of the date hereof pursuant to which the Partnership has engaged the Contractor to rehabilitate the Project, which contract shall be subject to the Consent of the Investor Limited Partner in accordance with Section 5.1(c)(i)(J).

“Construction Lender” means Citibank, N.A.

“Construction Loan” or “Project Loan” means that certain construction loan to the Partnership from Government Lender made from the proceeds of the Funding Loan in an amount not to exceed $[31,700,000] with a variable interest rate and a term of 24 months, and one 6-month extensions, which Construction Loan shall be assigned to the Construction Lender in accordance with the Bond Documents.

“Construction Loan Documents” means the documents and instruments evidencing and securing the Construction Loan.

“Consumer Price Index” means the revised Consumer Price Index for Urban Wage Earners and Clerical Workers for the geographic area that includes the Project (all items, 1982-84 = 100) promulgated by the Bureau of Labor Statistics of the United States Department of Labor.

“Contractor” means Portrait Construction, Inc., as the construction contractor for the Project, which has been approved by the Investor Limited Partner. Any change in the identity of

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1 Under the Borrower Loan Agreement, HACLA is the lender. Under the loan documents, HACLA then assigns its interest to Citi. This definition should be consistent.
the contractor shall be subject to the Consent of the Investor Limited Partner in accordance with Section 5.1(c)(i)(J).

“Contribution Dispute Notification” has the meaning set forth in Section 5.2(d).

“Conversion” means the time at which all of the following have occurred: (i) the Construction Loan has converted to the Permanent Loan (and the Investor Limited Partner shall have approved and received copies of all Permanent Loan conversion documents), (ii) the Subordinate Loan has been funded in full, (iii) if requested, the Investor Limited Partner shall have received an Estoppel Certificate from the lenders of the Permanent Loans, if customarily given by such lenders, and (iv) any mechanics or materialmen's liens in connection with the rehabilitation of the Project have been released, bonded or insured over.

“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 Administrative 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.

“CPI Percentage” means the percentage equal to the increase in the Consumer Price Index most recently published as of the first day of the year in question over the Consumer Price Index for the immediately preceding year.

“Credit Period” means for each Building comprising the Project, the period of 10 Taxable Years beginning with the Taxable Year in which such rehabilitation portion of the Building is first Placed in Service (or, at the election of the Administrative General Partner with the Consent of the Investor Limited Partner (which shall not be unreasonably withheld, conditioned or delayed), and to the extent permitted under Section 42(f)(1) of the Code, the succeeding Taxable Year) together with the eleventh such Taxable Year immediately following to the extent Federal Tax Credits are allowed for such period.

“Credit Period Put Option” means the provisions of Section 8.5 affording the Investor Limited Partner the option under certain circumstances to cause the Managing General Partner (or its designated Affiliate) to purchase 100% of the Partnership Interest of the Investor Limited Partner.

“DDA” means that certain Disposition and Development Agreement for Pueblo del Sol Phase I dated as of November 13, 2019 by and between HACLA and the Partnership, as amended from time to time.

“Debt Service Coverage Ratio” means for any given consecutive monthly period the ratio that (i) the excess, if any, of (a) Adjusted Gross Effective Income for such period divided by the number of months in such period over (b) an amount (“Expense Amount”) equal to the greater of (A) the total Operating Expenses for such period divided by the number of months in such period or (B) the Investor Limited Partner’s Underwritten Expenses as set forth on Schedule 4 (inclusive of the Reserve Fund for Replacements for each month following the making of the Stabilization Capital Contribution and which projected Investor Limited Partner’s Underwritten
Expenses shall be increased by 3.0% per annum for each year beyond the first year in which the Debt Service Coverage Ratio is being determined) divided by the number of months in such period; provided, however, that actual Operating Expenses will be used for utilities, real estate taxes, and insurance expenses, in each case, exclusive of payments of mandatory debt service for such period and nonrecurring legal and professional fees and expenses not included in the Operating Budget, bears to (ii) mandatory debt service for such period with respect to the Permanent Loans divided by the number of months in such period. For purposes of determining actual Operating Expenses for the Project under this definition, Operating Expenses shall include a ratable portion of all of the annual amount of those seasonal and/or periodic expenses related to utilities, real estate taxes and insurance which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation, for each month in such consecutive monthly period. For purposes of this definition, if the Permanent Loan has not closed or converted to permanent mortgage financing during such period (as applicable), the mandatory debt service shall be deemed to be that under the Construction Loan Documents.

“**Depreciation**” means an amount equal to the depreciation, amortization or other cost recovery deduction allowable for Federal income tax purposes with respect to an asset for each Taxable Year, except that if the Carrying Value of an asset differs from its adjusted basis for Federal income tax purposes at the beginning of such Taxable Year, Depreciation shall be an amount that bears the same ratio to such beginning Carrying Value as the federal income tax depreciation, amortization or other cost recovery deduction for such Taxable Year bears to such beginning adjusted tax basis; provided, however, that if the Federal income tax depreciation, amortization or other cost recovery deduction for such year is zero, Depreciation shall be determined with reference to such beginning Carrying Value using any reasonable method selected by the Administrative General Partner.

“**Developer**” means, collectively, Related Irvine Development Company, LLC, a California limited liability company (“**RIDC**”), and La Cienega LOMOD, Inc., a California nonprofit public benefit corporation (“**La Cienega**”), in their capacity as the developer of the Project.

“**Developer Fee Note**” has the meaning set forth in **Section 8.12(b)**.

“**Development Agreement**” means the 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 B** and all exhibits, amendments and supplements thereto which have received the Consent of the Investor Limited Partner.

“**Development Budget**” means the development budget prepared by the Administrative General Partner, approved by the Managing General Partner, and Consented to by the Investor Limited Partner with respect to the costs and sources of financing for the rehabilitation and development of the Project, attached hereto as **Exhibit C**, which may be amended from time to time by the Administrative General Partner, with the Consent of the Investor Limited Partner.

“**Development Fee**” means the fee payable by the Partnership to the Developer pursuant to the Development Agreement, the Developer Fee Note, and **Section 8.12**.
“Effective Tax Rate” means, with respect to a given year, the combined effective federal, state and local income tax rate that the Accountants determine is applicable to a business corporation doing business such that 100% of its income and capital are apportioned to New York City that is taxable at the highest respective applicable marginal rates for such year.

“Eligible Basis” means the eligible basis of the Project allowable under Section 42(d)(1) of the Code and that the Partnership will use in calculating the eligible basis of the Partnership in the Project for purposes of Section 42 of the Code.

“Eligible Federal Tax Credit Units” means the two hundred one (201) residential units in the Project. The Partnership has agreed to hold such Eligible Federal Tax Credit Units for occupancy in such manner as to qualify such units as low-income units under Code Section 42(i)(3) and in such manner as to comply with the other requirements for the Federal Tax Credits plus any additional units determined by the Accountants to be necessary so that the “qualified basis” (as defined in Code Section 42) of the Project shall be sufficient to produce Federal Tax Credits not less than the Projected Federal Credits.

“Eligible Units” means the Eligible Federal Tax Credit Units.

“Engineering Consultant” means an engineering consultant selected and retained by the Investor Limited Partner (and co-engaged with Construction Lender) to review the Plans and Specifications and determine if the Project has been constructed in accordance herewith and therewith.

“Environmental Laws” has the meaning set forth in Section 4.1(bb).

“Environmental Report” means, collectively, the environmental reports listed on Schedule 3.

“Estoppel Certificate” means an estoppel letter in the form of Exhibit I.

“Excess Development Costs” means, at any date, all costs (including Development Fee) in excess of the actual proceeds of the Loans, deferred Development Fee (not to exceed the amount set forth in the Projections unless the Administrative General Partner is able to demonstrate, to the reasonable satisfaction of the Investor Limited Partner at the time of such proposed deferral, that any increase in the deferred Development Fee is fully repayable from Net Cash Flow by the maturity of the Developer Fee Note), Net Cash Flow prior to Substantial Completion (calculated on a monthly basis), and the Capital Contributions (as adjusted pursuant to this Agreement), in each case that are actually funded or available to be funded as of such date and which are required to complete any and all of the following: (i) rehabilitation of the Project to the extent contemplated by the Plans and Specifications as of such date, including paying all amounts due under and pursuant to the Construction Contract as of such date, and any construction cost overruns and the cost of any change orders (including any Material Change Order as approved by Investor Limited Partner if required hereunder), but not including the Development Fee (except to the extent payments are made or contemplated to be made in the Projections with respect to the cash portion of the Development Fee through and including the Stabilization Capital Contribution; provided, however, that the Administrative General Partner may elect to defer all or a portion of the cash Development Fee but only to the extent that the
Administrative General Partner is able to demonstrate, to the reasonable satisfaction of the Investor Limited Partner at the time of such proposed deferral, that any such increase in the deferred Development Fee is projected to be fully repayable from Net Cash Flow by the maturity of the Developer Fee Note; (ii) achieve Substantial Completion; (iii) correct any latent defects in the rehabilitation of the Project within (a) two (2) years after the issuance of a temporary Certificate of Occupancy for the last unit in the Project or (b) the expiration of any warranty period associated with the rehabilitation work performed and/or materials installed in connection with achieving Substantial Completion of the Project; (iv) cause Conversion to occur prior to the outside date required under the Loan Documents; (v) to repay the Construction Loan (to the extent required pursuant to cause Conversion); and (vi) fund all reserves required to be funded at or prior to Conversion.

“Extended Use Agreement” means the Regulatory Agreement required pursuant to Section 42(h)(6) of the Code to be executed by the Partnership and delivered to the Agency subsequent to the Closing, setting forth certain terms and conditions under which the Project is to be operated and all exhibits, amendments and supplements thereto which have received the Consent of the Investor Limited Partner.

“Federal Tax Credit” means the federal low-income housing tax credit allowed for low-income housing projects pursuant to Section 42 of the Code.

“Federal Tax Credit Recapture/Reduction Event” means in any tax year, the occurrence of any of the following events which results in (i) a recapture of Federal Tax Credits previously allocated to the Investor Limited Partner, (ii) a claim for any tax year of Actual Federal Credits less than, or more than, the Projected Federal Credits, as such Projected Credits are adjusted pursuant to Sections 5.2(a)(ii) and 5.2(b), or (iii) an allocation to the Investor Limited Partner of less than 99.99% of the Projected Federal Credits for such year, as adjusted pursuant to Sections 5.2(a)(ii) and 5.2(b):

(a) the filing of a tax return or any amendment of a tax return by the Partnership;

(b) receipt by the Partnership of Forms 8609 which provide for Federal Tax Credits in an annual amount less than the Projected Federal Credits, as adjusted pursuant to Section 5.2;

(c) an audit by the IRS which results in the assessment of a deficiency by the IRS with respect to any Federal Tax Credits previously claimed in connection with the Project, unless the Partnership shall timely file a petition with respect to such deficiency with the United States Tax Court or any other federal or state court of competent jurisdiction or administrative body and the collection of such assessment shall be stayed pending the disposition of such petition;

(d) a decision by the United States Tax Court or any other federal or state court of competent jurisdiction or administrative body upholding the assessment of such deficiency against the Partnership with respect to any Federal Tax Credits 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;

(e) the decision of a federal court or state court of competent jurisdiction affirming such decision, unless the Partnership shall timely appeal such decision and the collection of such assessment shall be stayed pending the disposition of such appeal; or

(f) settlement by the Partnership of any claim of a deficiency.

“Federal Tax Credit Recapture/Reduction Event Payment” has the meaning set forth in Section 8.11(d).

“Federal Timing Adjustment Target Amounts” has the meaning set forth in Section 5.2(a)(ii).

“Fifty Percent Test” means the requirement imposed pursuant to Section 42(h)(4)(B) of the Code that 50% or more of the aggregate basis of the building and land of the Project be financed with the proceeds of the Tax-Exempt Note. Compliance with the Fifty Percent Test shall be calculated on a direct tracing or cost basis and not on the basis of a per unit or other allocated basis.

“Funding Lender” means the Construction Lender.

“Funding Loan” means that certain funding loan to HACLA from Funding Lender (from the sale of the Bonds which proceeds will be used to fund the Construction Loan) in an amount not to exceed $[31,700,000].

“Funding Loan Documents” means the documents and instruments evidencing and securing the Funding Loan.

“General Partner” means, collectively, the Administrative General Partner and the Managing General Partner.

“General Partner Advance” shall be a loan from a General Partner to the Partnership required by the terms hereof. General Partner Advances shall be unsecured, shall not bear interest, shall be non-recourse to the Partners and shall only be repayable pursuant to Sections 7.3(a) and 7.5.

“Government Lender” means HACLA.

“Gross Effective Income” means the gross income from all sources from the normal operation of the Project, including but not limited to tenant rent and subsidies for the Project from the HAP Contract received on a cash basis (provided, however, that with respect to income from rents, gross income shall only include rents from written leases of 12 months or longer), but excluding (i) tenant security or other deposits (unless forfeited by the tenants), (ii) Capital Contributions and interest thereon, (iii) interest on reserves not available for distribution, (iv) the proceeds of any borrowings, (v) the proceeds of insurance payments, except rental interruption insurance and (vi) any other non-recurring income.
“Ground Lease” means the Ground Lease of even date herewith between HACLA, as landlord, and the Partnership, as tenant.

“Guarantor” means The Related Companies, L.P., a New York limited partnership, as the guarantor of those obligations set forth in the Guaranty.

“Guaranty” means the Guaranty executed by Guarantor in favor of the Investor Limited Partner, attached hereto as Exhibit D.

“HACLA” means the Housing Authority of the City of Los Angeles.

“HAP Contract” means, collectively, the (i) Rental Assistance Demonstration (RAD) PBV Housing Assistance Payments Contract by and between HACLA and the Partnership with respect to 112 residential units commencing on [__________] for a term of not less than 20 years, and (ii) Section 8 Housing Assistance Payment Contract by and between HACLA and the Partnership with respect to 39 residential units commencing on [_______] for a term of not less than 20 years.

“Hazardous Material” shall mean, collectively (A) any substance defined as “waste,” “hazardous waste,” “hazardous substance,” “hazardous material,” “toxic substance,” “pollutant,” “contaminant” in, or which are otherwise specifically subject to regulation under, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. § 9601 et seq.; the Toxic Substance Control Act, 15 U.S.C. § 2601 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 1802; or the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., or any friable asbestos-containing materials (but excluding non-friable asbestos-containing materials), PCBs, formaldehyde foam insulation, or toxic mold; (B) such toxic or hazardous substances, mold, radon, or other materials or wastes that are or may become regulated under any other applicable municipal, county, state or federal law, rule, ordinance, direction, or regulation; and (C) any other substance or material regulated under any applicable municipal, county, state or federal law, rule, ordinance, direction, or regulation because of its dangerous or deleterious effects on human health or the environment.

“HUD” means the U.S. Department of Housing and Urban Development.

“Initial Capital Contribution” has the meaning set forth in Section 5.1(c)(i).

“Initial Capital Contribution Conditions” are the conditions set forth in Section 5.1(c)(i).

“Interest” or “Partnership 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 5.1 as such Partner’s Percentage Interest.
“**Investor Limited Partner**” has the meaning given to it in the *Recitals*.

“**Investor Limited Partner’s Underwritten Expenses**” means the underwritten expenses contemplated at Closing by the Investor Limited Partner as set forth on Schedule 4, which underwritten expenses represent the Operating Expenses for the twelve (12) month period immediately preceding Closing (increasing at 3% per annum).

“**Investor Limited Partner’s Underwritten Income**” means the underwritten income contemplated at Closing by the Investor Limited Partner as set forth on Schedule 4.

“**IRS**” means the U.S. Internal Revenue Service.

“**Land**” means the parcel constituting the real property subject to the Ground Lease and upon which the Project is located, as more fully set forth in Exhibit A.

“**Lender**” means any one or more of the lenders (as the context may require) under any of the Loan Documents.

“**Liquidator**” means the Investor Limited Partner or, if the Investor Limited Partner shall so direct, 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 with the Consent of the Investor Limited Partner 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.

“**Loans**” means, collectively, the Construction Loan, the Permanent Loan, and the Subordinate Loan.

“**Loan Documents**” means, collectively, the Construction Loan Documents, the Permanent Loan Documents, and the Subordinate Loan Documents.

“**Long-Term Applicable Federal Rate**” means the long-term applicable federal rate for an obligation or debt instrument as determined under Section 1274(d) of the Code.

“**Management Agent**” means McCormack Baron Management Services, Inc. or such other management and rental agent for the Project designated pursuant to *Section 8.15*.

“**Management Agreement**” means the agreement between the Partnership and the Management Agent providing for the leasing and management of the Project by the Management Agent and all exhibits, amendments and supplements thereto which have received the Consent of the Investor Limited Partner.

“**Management Documents**” shall have the meaning given in *Section 8.1(c)*.

“**Management Fee**” means the fee payable to the Management Agent, which fee shall not exceed 5.0% of the collected gross income from the Project (inclusive of any fees for leasing, accounting and/or other services).
“Managing General Partner” means LOMOD PDS LLC, a California limited liability company.

“Material Change Order” has the meaning set forth in Section 4.1(ss).

“Material Change Order Documents” has the meaning set forth in Section 4.1(ss).

“MGP Parent” means La Cienega LOMOD, Inc., a California nonprofit public benefit corporation, as the sole member of LOMOD PDS LLC.

“Minimum Set-Aside Test” means the set-aside test selected by the Partnership pursuant to Section 42(g) of the Code. The Partnership has selected or will select the 40-60 Set-Aside Test as the Minimum Set-Aside Test. The Company shall rent no less than 100% of the Eligible Units (other than the manager’s unit) to tenants whose income is not more than 60% of area median income.

“Mortgage” means any mortgage or deed of trust to be given by the Partnership in favor of a Lender, constituting a lien on the Project and securing the Loans and all exhibits, amendments and supplements thereto which have received the Consent of the Investor Limited Partner.

“Net Cash Flow” for any period means the sum of (i) all cash received by the Partnership from rents, rental subsidies, lease payments and all other sources of the Project, but excluding (A) tenant security or other deposits (unless forfeited), (B) Capital Contributions and interest thereon, (C) proceeds from Capital Transactions, (D) proceeds of any Partnership borrowings, and (E) interest on reserves not available for distribution, (ii) the net proceeds of any insurance (including rental interruption insurance), other than fire and extended coverage and title insurance, to the extent not reinvested or applied to repair and restoration of the improvements, (iii) withdrawals from the Operating Reserve at or after the end of the Compliance Period as contemplated by Section 8.21, and (iv) any other funds deemed available for distribution by the Administrative General Partner with the Consent of the Investor Limited Partner and the Lender, (in the case of the Lender, if required), in each case for such period, less the sum of (i) all cash expenditures of the Project (unless paid from a capital source identified in (A) through (E) above to the extent that such expenditures are reflected on the sources and uses of funds or the Consent of the Investor Limited Partner has been obtained), and all expenses unpaid but properly accrued, which have been incurred in the operation of the Partnership’s business, excluding expenditures paid from any Partnership reserve account (whether or not such expenditure is deducted, amortized or capitalized for tax purposes), excluding the Asset Management Fee and the Partnership Management Fee, but including the management fee to the Management Agent (to the extent actually paid), (ii) all payments on account of any loans (including unpaid principal and accrued interest and tax or insurance escrow payments, if applicable) made to the Partnership (whether such loan is made by a Partner pursuant to Section 8.18 or otherwise), but not including any amounts to be paid pursuant to the Development Agreement or on account of General Partner Advances, and (iii) payments due under the Ground Lease, and (iv) any deposits of cash to reserves for working capital, the Reserve Fund for Replacements, the Operating Reserve or other reserves for capital expenditures, repairs, replacements or anticipated expenditures, in such amounts as may be required hereby or by the Lender or may be determined
from time to time by the Administrative General Partner with the Consent of the Investor Limited Partner, and the Lender (in the case of the Lender, if required), to be advisable for the operation of the Partnership, in each case for such period. Net Cash Flow shall be determined separately for each Taxable Year or portion thereof and shall not be cumulative.

“**Net Worth Requirements**” has the meaning set forth in Section 4.1(mmm) of this Agreement.

“**Nonrecourse Deductions**” has the meaning set forth in Treasury Regulation Section 1.704-2(b)(1).

“**Nonrecourse Liability**” has the meaning set forth in Treasury Regulation Section 1.704-2(b)(3).

“**Note**” means the mortgage or deed of trust promissory note given by the Partnership in favor of a Lender, evidencing the applicable Loans and all exhibits, amendments and supplements thereto which have received the Consent of the Investor Limited Partner.

“**Notice**” means a writing containing the information required by this Agreement to be communicated to a Partner and sent by (i) express courier, (ii) electronic mail transmission (provided that such electronic mail transmission shall be immediately followed by a “hard” original of such writing delivered by another method set forth in this definition) or (iii) by registered or certified mail, with postage prepaid and return receipt requested at such Partner’s address as specified pursuant to Section 15.9. The date of receipt of 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) being 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.

“**ODG Cap**” has the meaning set forth in Section 8.11(b).

“**ODG Period**” has the meaning set forth in Section 8.11(b).

“**Operating Budget**” has the meaning set forth in Section 8.19.

“**Operating Deficit**” means, with respect to any period, the amount by which the revenues of the Partnership during such period from rental payments made by tenants of the Project (excluding security deposits until forfeited), rental subsidies and all other revenues of the Partnership (other than proceeds of any loans to the Partnership and investment earnings on funds on deposit in the Reserve Fund for Replacements and any other reserve required by this Agreement) plus any amounts withdrawn from the Operating Reserve (as permitted by Section 8.21) and insurance and tax escrows that are collected on a cash basis for a particular period of time, is exceeded by the sum of all the Operating Expenses, excluding payments for rehabilitation of the Project and fees and other expenses and obligations of the Partnership to be paid solely from Net Cash Flow or surplus cash or from the Capital Contributions of the Investor Limited Partner to the Partnership and disbursements from the Loans pursuant to this Agreement, that are incurred on an accrual basis during the same period of time.
“Operating Deficit Payment Obligation” has the meaning set forth in Section 8.11(b).

“Operating Expenses” mean all costs and expenses incident to the leasing, ownership and operation of the Project, including, without limitation, amounts payable by the Partnership under the Ground Lease, taxes, tax and insurance escrow payments, ordinary capital repairs (net of any releases from the Reserve Fund for Replacements), mortgage and bond insurance premiums, if any, the cost of operations, mandatory debt service payments, maintenance and repairs, the funding of the Reserve Fund for Replacements, and the funding of any other reserves required hereunder (excluding the initial funding of the Operating Reserve and deposits made into reserves solely from Net Cash Flow) and/or required to be maintained by any Lender, but shall not include (i) payments of the Development Fee, (ii) repayments of General Partner Advances, (iii) Partner Loans, (iv) distributions to Partners pursuant to Section 7.3, (v) debt service payments on any Subordinate Loan (but only to the extent that such Subordinate Loans are soft debt obligations), and Rent under the Ground Lease, (vi) the Asset Management Fee, (vii) the Partnership Management Fee, (viii) similar costs and expenses of the Project paid solely from Net Cash Flow or surplus cash of Project, as applicable, or (ix) any Operating Expenses required to be paid by HACLA, as landlord, or any other obligation or expense required to be paid by HACLA under the Ground Lease (but only to the extent such obligations are actually paid or reimbursed by HACLA and not subsequently paid or reimbursed by the Partnership pursuant to the Ground Lease). Operating Expenses shall be determined on an accrual basis.

“Operating Reserve” shall have the meaning set forth in Section 8.21.

“Partner” means any General Partner, Special Limited Partner or Investor Limited Partner, as the context may require.

“Partner Loan” means any loan made by a Partner to the Partnership pursuant to Section 8.18; if a Partner has more than one Partner Loan outstanding at a particular time then all such loans may be referred to collectively as “Partner Loans.”

“Partner Nonrecourse Debt” has the meaning set forth in Treasury Regulation Section 1.704-2(b)(4).

“Partner Nonrecourse Debt Minimum Gain” has the meaning set forth in Treasury Regulation Section 1.704-2(i)(3).

“Partner Nonrecourse Deductions” has the meaning set forth in Treasury Regulation Section 1.704-2(i)(1) for “partner nonrecourse deductions.”

“Partnership” means Pueblo del Sol I Housing Partners, L.P., a California limited partnership.

“Partnership Audit Rules” means Subchapter C of Chapter 63 of Subtitle F of the Code (including under Code Sections 6225, 6226 and 6233) and the Treasury Regulations thereunder.

“Partnership Management Fee” means the fee payable to the Administrative General Partner and the Managing General Partner pursuant to Section 8.23 for the services of such Person in monitoring the operations on behalf of the Partnership initially equal to $25,000 per
year and increasing 3% per year, which fee will accrue if not paid; provided, however, that the aggregate of the Partnership Management Fee and the Management Fee with respect to a particular Taxable Year shall not exceed 12% of the gross revenues of the Partnership for such Taxable Year.

“Partnership Minimum Gain” means “partnership minimum gain” as determined pursuant to Treasury Regulation Sections 1.704-2(d) and 1.704-2(b)(2).

“Payment Date” means the later of the date which is 90 days after the end of the Partnership’s Taxable Year with respect to the preceding Taxable Year or 10 days after the date on which the Administrative General Partner has delivered to all Partners the financial statements and information required to be delivered under Sections 12.4(a)(i) and (ii), or, if permitted by the Lenders, quarterly upon the General Partners’ delivery of certified financial statements and information regarding the Partnership acceptable to the Investor Limited Partner.

“Percentage Interest” means the percentage Interest of each Partner as set forth in Section 5.1.

“Permanent Lender” means Citibank, N.A., or such other lender as approved by Investor Limited Partner.

“Permanent Loan” means, after Conversion, the permanent portion of the Construction Loan in the Permanent Loan Amount pursuant to the Permanent Loan Documents, and on such terms and conditions as approved by Investor Limited Partner, which Permanent Loan shall be assigned to the Permanent Lender in accordance with the Bond Documents.

“Permanent Loan Amount” means a loan of up to $[17,410,000].

“Permanent Loan Documents” means the documents and instruments evidencing and securing the Permanent Loan.

“Permanent Loan Shortfall” has the meaning set forth in Section 8.11(c).

“Person” means any individual, partnership, corporation, trust, limited liability company or other entity.

“Placed in Service” or “Placement in Service” means placed in service for purposes of Section 42 of the Code.

“Plans and Specifications” means the plans and specifications and/or scope of work for the Project stamped with the seal of the Architect, which are described in Exhibit J, as modified from time to time; provided however, that any changes thereto shall be made in accordance with the terms of this Agreement and are subject to the Consent of the Investor Limited Partner.

“Prime Rate” means the prime commercial lending rate as published and adjusted from time to time by the Wall Street Journal.
“Profit” and “Loss” means, for each Taxable Year of the Partnership (or other period for which Profit or Loss must be computed), the Partnership’s taxable income or loss determined in accordance with Code Section 703(a), with the following adjustments:

(i) all items of income, gain, loss, deduction, or credit required to be stated separately pursuant to Code Section 703(a)(1) will be included in computing taxable income or loss;

(ii) any tax-exempt income of the Partnership, not otherwise taken into account in computing Profit or Loss, will be included in computing taxable income or loss;

(iii) any expenditures of the Partnership described in Code Section 705(a)(2)(B) (or treated as such pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(i)) and not otherwise taken into account in computing Profit or Loss, will be subtracted from taxable income or loss;

(iv) if the Carrying Value of any asset of the Partnership is adjusted pursuant to the definition of Carrying Value, the amount of such adjustment, as well as Depreciation claimed with respect to such asset, will be taken into account as gain or loss from the disposition of such asset for purposes of computing Profit or Loss;

(v) in lieu of the depreciation, amortization or cost recovery deductions allowable in computing taxable income or loss, there will be taken into account depreciation computed based upon the Carrying Value of the asset as set forth under the definition of Depreciation;

(vi) gain or loss resulting from any disposition of an asset with respect to which gain or loss is recognized for Federal income tax purposes will be computed by reference to the Carrying Value of the asset disposed of, notwithstanding that the adjusted tax basis of such asset differs from its Carrying Value;

(vii) to the extent that a Code Section 734(b) or 743(b) adjustment is required to be taken into account in determining Capital Accounts, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m), the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset; and

(viii) notwithstanding any other provision of this definition, any items which are specially allocated pursuant to Section 7.7 will not be taken into account in computing Profit or Loss.

“Project” means the leasehold interest in the Land acquired by the Partnership in Los Angeles, California, together with a fee interest in improvements which are comprised of 201-unit multifamily rental housing, in 36 Buildings, and other improvements located on the Land (including any community space and parking), all of which together being known as “Pueblo del Sol Phase I.”
“Project Documents” means and includes the Extended Use Agreement, the Management Agreement, the Guaranty, the Development Agreement, the Construction Contract, the Loan Documents, the RAD Use Agreement, the HAP Contract, the Ground Lease, the DDA, and all other instruments delivered to (or required by) the Lender or the Agency and all other documents relating to the Project, the Loans and by which the Partnership or the Project is bound, as amended or supplemented from time to time.

“Projected Aggregate Federal Credit Amount” means the product of (i) 99.99% and (ii) the aggregate amount of Projected Federal Credits anticipated to be available to the Project during the Projected Credit Period. If, following any determination or re-determination of the Adjusted Aggregate Federal Credit Amount pursuant to Section 5.2, such amount is different than the Projected Aggregate Federal Credit Amount, then, for purposes of any subsequent application of Section 5.2, the term “Projected Aggregate Federal Credit Amount” shall mean the Adjusted Aggregate Federal Credit Amount, provided that any required adjustment(s), payment(s) or Tax Credit Adjustment Payments have been made pursuant to the provisions of Section 5.2 on account of such difference.

“Projected Credit Period” means that period of time during which the Projected Credits are projected to be claimed by the Partnership as set forth on Schedule 1.

“Projected Credits” means the Projected Federal Credits.

“Projected Federal Credits” means and refers to the projected Federal Tax Credits applicable to the Project, as set forth on Schedule 1.

“Projections” means the operating projections with respect to the Partnership attached hereto as Exhibit E provided by the General Partners to the Investor Limited Partner at Closing describing the anticipated economic and tax consequences to the Investor Limited Partner anticipated in good faith to be generated by its investment in the Partnership, based on the Partnership’s acquisition, ownership, maintenance and operation of the Project. The Projections are attached for convenience only and, except as expressly set forth in this Agreement, no Partner guaranties performance of the Partnership or the Project in accordance therewith. The Projections shall have no legal effect on the covenants of the Partners, except to the extent expressly set forth in this Agreement.

“Property Tax Exemption” shall mean the welfare exemption provided by Section 214(g) and related provisions of the California Revenue and Taxation Code, as amended and further defined in the Property Tax Rules.

“Property Tax Rules” has the meaning given in Section 8.25.

“Property Tax Savings” shall mean the savings contemplated by the Property Tax Rules.

“Public Official” means any Person holding an elected or appointed office and any other officer or employee of a government or a department, agency, instrumentality or part thereof (including a state owned or controlled enterprise or joint venture/partnership) or of a public international organization or a political party, in each case in a Relevant Jurisdiction, or any
person exercising a public function or acting in an official capacity for or on behalf of any of the foregoing.

“Purchase Option Agreement” means that certain Purchase Option Agreement of even date herewith by and among the Partnership, HACLA and the Investor Limited Partner affording HACLA (or its permitted designee) the option under certain circumstances to purchase the Project or 100% of the Partnership Interests of the Investor Limited Partner (as applicable), after the end of the Compliance Period.

“RAD Program” means the Rental Assistance Demonstration program authorized by the Consolidated and Further Continuing Appropriations Act of 2012 (Public Law 112-55, approved November 18, 2011) and implemented pursuant to PIH Notice 2012-32, as amended from time to time and all applicable RAD Requirements.

“RAD Requirements” has the meaning set forth in Section 15.1.

“RAD Use Agreement” means that certain Rental Assistance Demonstration Use Agreement dated [_____] executed by Partnership and HACLA, as landlord, for the benefit of HUD in exchange for HUD’s agreement to permit the conversion of the existing public housing assistance to project-based rental assistance as authorized under the RAD Program.

“Related Person” has the meaning set forth in Treasury Regulation Section 1.752-4(b) or successor regulations thereto.

“Relevant Jurisdiction” means the United States of America, the State of California and of any jurisdiction in which the Partnership or any subsidiary thereof is required to be authorized to do business. 2

“Rent” shall have the meaning given such term in the Ground Lease.

“Rental Achievement” means the earliest date on which, based on evidence satisfactory to the Investor Limited Partner: (i) not less than 95% of the apartment units in the Project are then occupied by and have been occupied by residential tenants for each month in a three consecutive calendar month period, subject to written leases of 12 months or longer with terms that are commercially reasonable and customary under residential apartment leasing practices observed in the area in which the Project is located (provided, however, that up to 10% of the apartment units only may be subject to written leases with a term of less than 12 months (but not less than 6 months) so long as the lease terms are otherwise commercially reasonable and customary under residential apartment leasing practices in the area in which the Project is located); (ii) not less than 100% of the Eligible Federal Tax Credit Units are occupied at least once by tenants whose incomes do not exceed the Minimum Set-Aside Test and whose rental payments do not exceed the Rent Restriction Test and payments owed under Section 5.2 have been timely made; and (iii) the Debt Service Coverage Ratio for the Project equals or exceeds 1.15 to 1, for each month in a three consecutive calendar month period ending no earlier than the last day of the month prior to the date of the Stabilization Capital Contribution.

2 This definition is used in the compliance reps and cannot be changed.
“Rent Restriction Test” means the tests pursuant to Section 42 of the Code which requires that the gross rents paid by tenants of the Project cannot exceed 30% of the income limitation of the applicable units.

“Reserve Fund for Replacements” means cash funded reserve for replacements established by the Partnership pursuant to Section 8.20.

“Right of First Refusal” has the meaning set forth in the Purchase Option Agreement.

“Right of First Refusal Period” has the meaning set forth in the Purchase Option Agreement.

“Seller” means HACLA, as landlord, under the Ground Lease.3

“Single Purpose Entity” means a corporation, limited partnership or limited liability company which, at all times since its formation and thereafter:

(i) does not engage in any business or activity other than the acquisition, development, ownership, operation, marketing, leasing, rehabilitating, repairing, managing, disposition and maintenance of the Project, and entering into the Loan Documents and activities incidental thereto;

(ii) does not acquire or own any material assets other than (1) the Project, and (2) such incidental personal property as may be necessary for the ownership, operation and management of the Project, as the case may be;

(iii) does not merge into or consolidate with any person or entity or dissolve, divide, terminate or liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets or change its legal structure;

(iv) (1) observes its organizational formalities and preserves its existence as an entity duly organized, validly existing and in good standing under the laws of the State or (2) without the prior Consent of the Investor Limited Partner, does not amend, modify, terminate or fail to comply with the provisions of its organizational documents;

(v) does not own any subsidiary or make any investment in, any person or entity without the Consent of the Investor Limited Partner;

(vi) except as otherwise expressly permitted hereunder, does not commingle its assets with the assets of any of its members, general partners, affiliates, principals or of any other person or entity, does not participate in a cash management system with any other entity or person or fail to use its own separate stationery, invoices and checks;

3 For our purposes, the Landlord is the Seller as the Ground Lease is the instrument pursuant to which the Partnership acquires tax ownership of the Project.
(vii) does not incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than the Loans, except for Partner Loans and General Partner Advances provided for in this Agreement and trade payables in the ordinary course of its business of owning and operating the Project, provided that such trade payables (1) are not evidenced by a note, (2) are paid within 90 days of the date incurred unless subject to a good faith dispute, and (3) are payable to trade creditors and in amounts as are normal and reasonable under the circumstances;

(viii) does not become insolvent and pays its debts and liabilities (including, as applicable, shared personnel and overhead expenses) from its assets as the same shall become due;

(ix) (1) maintains its records (including financial statements), books of account and bank accounts separate and apart from those of the members, general partners, principals and affiliates of the Partnership or of the General Partners or the Special Limited Partner, as the case may be, the affiliates of a member, general partner or principal of the Partnership or the General Partners or the Special Limited Partner, as the case may be, and any other person or entity, (2) does not permit its assets or liabilities to be listed as assets or liabilities on the financial statement of any other entity or person except as otherwise required or permitted by applicable law or accounting guidelines, and (3) does not include the assets or liabilities of any other person or entity on its financial statements;

(x) except for the Loan Documents, Development Agreement, the Management Agreement, the Construction Contract, the Ground Lease, and this Agreement, does not enter into any contract or agreement with any member, general partner, principal or affiliate of the Partnership or the General Partners or the Special Limited Partner, as the case may be, general partner, principal or affiliate of the Partnership or the General Partners or the Special Limited Partner, as the case may be, any member, general partner, principal or Affiliate thereof, except upon terms and conditions that are commercially reasonable, intrinsically fair and substantially similar to those that would be available on an arms-length basis with third parties other than any member, general partner, principal or Affiliate of the Partnership or the General Partners, or the Special Limited Partner, as the case may be, or any member, general partner, principal or affiliate thereof;

(xi) does not seek the dissolution or winding up in whole, or in part, of the Partnership or a General Partner or Special Limited Partner, as the case may be;

(xii) corrects any known misunderstandings regarding the separate identity of the Partnership or the General Partners and/or the Special Limited Partner, as the case may be, or any member, general partner, principal or affiliate thereof or any other person;

(xiii) does not guarantee or become obligated for the debts of any other entity or person or hold itself out to be responsible for the debts of another entity or person, except as provided in the Loan Documents;
(xiv) does not make any loans or advances to any third party, including any member, general partner, principal or affiliate of the Partnership or the General Partners or the Special Limited Partner, as the case may be, or any member, general partner, principal or affiliate thereof, or acquire obligations or securities of any member, general partner, principal or affiliate of the Partnership or the General Partners or the Special Limited Partner, as the case may be, or any member, general partner, or affiliate thereof, except that such entity may enter into the Loan Documents and the Ground Lease;

(xv) files its own tax returns;

(xvi) is not included on the tax returns of any other person or entity except as required or permitted by applicable law;

(xvii) holds itself out to the public as a legal entity separate and distinct from any other entity or person and conducts its business solely in its own name or a name franchised or licensed to it by an entity other than an affiliate of the Partnership, the General Partners and the Special Limited Partner, as the case may be, and not as a division or part of any other entity in order not (A) to mislead others as to the identity with which such other party is transacting business, or (B) to suggest that the Partnership, the General Partners, or the Special Limited Partner, as the case may be, is responsible for the debts of any third party (including any member, general partner, principal or affiliate of the Partnership, the General Partners or the Special Limited Partner, as the case may be, or any member, general partner, principal or affiliate thereof);

(xviii) maintains adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations, provided that this clause (xviii) shall not require any Partner to contribute capital to the Partnership;

(xix) allocates fairly and reasonably any overhead expenses that are shared with an affiliate, including paying for office space and services performed by any employee of an affiliate;

(xx) does not pledge its assets for the benefit of any other person or entity, and with respect to the Partnership, other than with respect to the Loans;

(xxi) maintains access to sufficient services in light of its contemplated business operations;

(xxii) does not, with respect to itself, file or consent to the filing of any petition of, either voluntary or involuntary, or otherwise does not take advantage of any applicable insolvency, bankruptcy, liquidation or reorganization statute, or does not make an assignment for the benefit of creditors without the Consent of the Investor Limited Partner;

(xxiii) holds its assets in its own name; and
(xxiv) does not have any of its obligations guaranteed by an affiliate, except in the case of the Partnership for any guarantees in favor of the Investor Limited Partner or the Lender or any lender to the Partnership, as applicable.

“Stabilization” means the occurrence of all of the following: (i) Substantial Completion, (ii) approval by the Lender, if required, of and the Consent of the Investor Limited Partner to, the Partnership’s preliminary certification of actual costs as to the rehabilitation of the Project, (iii) Conversion, (iv) Rental Achievement, and (vi) the Accountant has issued the Accountant’s Certificate and calculations of preliminary adjustments pursuant to Section 5.2 have been calculated and any required payments have been made to the reasonable satisfaction of the Investor Limited Partner.

“Stabilization Capital Contribution” has the meaning set forth in Section 5.1(c)(v).

“Stabilization Capital Contribution Conditions” are the conditions set forth in Section 5.1(c)(v).

“Stabilization Date” means September 30, 2022.

“State” means the State of California.

“Subordinate Loan Documents” means the loan documents evidencing the Subordinate Loan.

“Subordinate Loan” means the loan to be made to the Partnership by HACLA PDS, LLC on or about the date hereof in the principal amount of $20,245,351, bearing simple interest at a rate per annum of 3.0%, with a term of 55 years, and on such other terms and conditions as approved by Investor Limited Partner.

“Subordinate Loan Documents” means the loan documents evidencing the Subordinate Loan.

“Substantial Completion” means the date on which all the following events have occurred: (i) the rehabilitation of the Project is substantially complete substantially in accordance with the Plans and Specifications to the reasonable satisfaction of the Investor Limited Partner, (ii) Certificate(s) of Occupancy remain in effect for 100% of the apartment units in the Project, (iii) the Architect has issued an Architect’s Certificate and delivered an executed AIA Form G704, (iv) the Investor Limited Partner has received a certification or other evidence satisfactory to the Investor Limited Partner from the Engineering Consultant certifying that the rehabilitation of the Project has been substantially completed substantially in accordance with the Plans and Specifications, (v) all amounts owing to the Contractor for the rehabilitation of the Project have been paid in full (subject to amounts held under any contract as a retainage or other holdbacks for “punch-list” items, provided, however, that any punch list costs must be fully reserved for at an amount equal to 150% of such costs) and all liens covering the Project other than that of the Lenders and other than those Consented to by the Investor Limited Partner from the Engineering Consultant certifying that the rehabilitation of the Project has been substantially completed substantially in accordance with the Plans and Specifications, (vi) intentionally omitted, and (vii) no event of default under the Loans or any third-party construction financing for the
Partnership has occurred and is continuing, and the Partnership has received notice from any lender or HACLA, as landlord, of a default which, upon the expiration of any applicable cure period, would become an event of default.

“Substitute Investor Limited Partner” means any Person admitted to the Partnership as an Investor Limited Partner pursuant to Section 9.5.

“Taxable Year” means the taxable year of the Partnership, which is the calendar year.

“Tax Attributes” means the sum of (i) 99.99% of the amount of the Projected Credits or the Actual Credits, as applicable, to be realized by the Partnership for the entire Credit Period and (ii) the highest marginal federal corporate income tax rate, assumed to be 21%, multiplied by the taxable losses that are available or projected to be available, as applicable, to the Investor Limited Partner for federal income tax purposes.

“Tax Credit Adjustment Payment” has the meaning set forth in Section 5.2(b).

“Tax Credit Determination” means, with respect to the Project, the determinations required to be issued pursuant to Code Sections 42(m)(1)(D) and 42(m)(2)(D) by reason of the Project being financed by the Bonds, stating that (i) the Project satisfies the requirements of the “Qualified Allocation Plan” for the State, and (ii) the Federal Tax Credits in an amount at least equal to the Projected Federal Credits as are necessary for the financial feasibility of the Project.

“Tax Credit Conditions” means, for the duration of the Compliance Period for the Project, any and all restrictions, including, but not limited to, applicable federal, state and local laws, rules and regulations, which must be complied with in order for the Project to qualify for Federal Tax Credits equal to the full Projected Credit or to avoid an event of recapture in respect of Federal Tax Credits.

“Title Policy” has the meaning set forth in Section 4.1(i).

“Treasury Regulations” means the regulations promulgated by the United States Department of the Treasury under the Code, as such regulations may be amended from time to time (and including any successors to such regulations).

“Unavoidable Delay” means any delays due to strikes or similar labor disputes, acts of God, governmental restrictions or unanticipated material changes of laws or regulations, unavailability of labor and/or materials, acts of terrorism, enemy action, civil commotion, fire, unavoidable casualty, unusually adverse weather conditions, any mandatory evacuation or state of emergency declared by any governmental authorities.

“USA Patriot Act” has the meaning given to it in Section 4.6.
ARTICLE III

PURPOSE AND BUSINESS OF THE PARTNERSHIP

3.1 Purpose of the Partnership. The Partnership has been formed to develop, rehabilitate, lease, own, maintain and operate the Project. The Partnership will obtain for the Partners long-term appreciation, cash income, Tax Attributes over the term hereof, and do those things necessary, advisable or expedient in connection with or incident to such purposes. The Partnership may conduct any business that is lawful to be conducted by a limited partnership under the Act. Notwithstanding anything else contained to the contrary herein, the Partnership shall at all times be and remain a Single Purpose Entity. All of the foregoing purposes shall be undertaken in furtherance of the charitable purposes of the sole member of the Managing General Partner. In the event of a conflict between (i) the obligations of the Managing General Partner under this Agreement to operate the Partnership in a manner consistent with the charitable purpose set forth above, and (ii) any duty to maximize profits for the Investor Limited Partner, the conflict shall be resolved in a manner consistent with the foregoing charitable purpose as set forth above, provided that in resolving any such conflict, Managing General Partner will comply with all Section 42 requirements, will maintain the Project in a safe and sanitary condition, will use Project funds to meet Project obligations in accordance with the Project Documents, and will otherwise comply with the terms of this Agreement which do not so conflict.

3.2 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) Enter into and perform its obligations under the Ground Lease. Cause the Partnership to rehabilitate the Project in accordance with the Plans and Specifications and cause the Partnership to 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;

(b) provide housing, subject to the Minimum Set-Aside Test, and the Rent Restriction Test and consistent with the requirements of the Extended Use Agreement so long as the Extended Use Agreement remains in force;

(c) enter into the Project Documents, including without limitation, the Ground Lease, the HAP Contract, the RAD Use Agreement, and the agreements and instruments evidencing and securing the Loans;

(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, provided, however, that any documents amending, modifying or replacing the Loan Documents
will be subject to the Consent of the Investor Limited Partner and will have the legal effect that, at and after Conversion, the Partnership and the Partners and their Affiliates will have no personal liability for the repayment of the principal of or payment of interest on the Loans (other than customary non-recourse carve outs provisions which have been Consented to by the Investor Limited Partner), and that the sole recourse of the Lender, with respect to the principal thereof and interest thereon shall be to the property securing the Loans or the other assets of the Partnership;

(f) maintain and operate the Project, including hiring the Management Agent, subject to the Consent of the Investor Limited Partner (which Management Agent may be any of the Partners or an Affiliate thereof, subject to compliance with the terms of this Agreement) 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 the Consent of the Investor Limited Partner, 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 mortgage loan on the property of the Partnership;

(h) enter into and comply with the Extended Use Agreement, providing for regulations with respect to rents, profits, dividends and the disposition of property, and the Extended Use Agreement shall remain in full force and effect throughout the entire extended use period as defined in Section 42(h)(6)(D) of the Code;

(i) rent dwelling units in the Project from time to time, in accordance with the provisions of the Code applicable to Federal Tax Credits and in accordance with applicable federal, state and local regulations, collect the rents therefrom, pay the expenses incurred in connection with the Project, and distribute the net proceeds to the Partners, subject to any requirements which may be imposed by the Extended Use Agreement and/or the other Project Documents; and

(j) enter into the Ground Lease (subject to the Investor Limited Partner’s review and approval);

(k) do any and all other acts and things necessary or proper in furtherance of the Partnership’s business.

ARTICLE IV

REPRESENTATIONS, WARRANTIES AND COVENANTS AND DUTIES AND OBLIGATIONS OF GENERAL PARTNERS

4.1 Representations, Warranties and Covenants. Each of the General Partners and, with respect to those matters in Section 4.1(a), (j), (k), (l), (m), (n), (p), (t), (cc), (dd), (ee), (uu), (vv), (ww), (xx), (aaa), (ccc), (ddd), (hhh), (iii), (kkk) and (nnn) only, the Special Limited Partner hereby represents, warrants, agrees and covenants to the Partnership and to the Investor Limited Partner (except that (i) any representation or warranty made expressly by the Managing General
Partner or with respect to any Person that is an Affiliate of the Managing General Partner is made as to the Managing General Partner only and (ii) any representation or warranty made expressly by the Administrative General Partner or with respect to any Person that is an Affiliate of the Administrative General Partner is made as to the Administrative General Partner only and (iii) the representations, warranties and covenants set forth in Section 4.1(g), (hh) and (yy) shall be made by the Administrative General Partner only) that:

(a) the execution and delivery of this Agreement by such General Partner and Special Limited Partner, as applicable, and the performance by such General Partner and Special Limited Partner of the transactions contemplated hereby have been duly authorized by all requisite actions or proceedings; each General Partner and the Special Limited Partner is duly organized, validly existing and in good standing under the laws of the state of its formation and has full corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby and thereby;

(b) the Partnership is a California limited partnership and is and will remain a Single Purpose Entity, and neither the Partnership nor any Partner of the Partnership shall have the right, power or authority, express or implied, to divide such entity into multiple entities pursuant to any applicable law allowing an entity to divide or conduct a divisive merger;

(c) the members of the Administrative General Partner are AGP Parent and Related Futures, LLC, a California limited liability company; the sole member of Managing General Partner is MGP Parent;

(d) the rehabilitation of the Project shall be undertaken and shall be completed in a timely, good and workmanlike manner materially in accordance with (i) all applicable requirements of the Loans and the Project Documents, (ii) all applicable requirements of all appropriate Authorities the violation of which would have, or would be likely to have, a material adverse effect on the Project or the Partnership, and (iii) the Plans and Specifications of the Project that have been or are hereafter approved by the Lender, the Investor Limited Partner (excluding change orders for which the Consent of the Investor Limited Partner is not required pursuant to Section 4.1(ss)), and, if required, any applicable Authorities (whether in their capacity as regulatory agency or in their capacity, if applicable, as lender), as such Plans and Specifications may be changed from time to time with the approval of the Lender (if required), the Investor Limited Partner, and, if required, any applicable Authorities, and it shall provide copies of all Material Change Orders to the Investor Limited Partner in accordance with Section 4.1(ss);

(e) the Plans and Specifications have been delivered to the Contractor, the Architect and the Engineering Consultant, the Land is and will be properly zoned for the Project; all consents, permissions and licenses required by all applicable Authorities for the rehabilitation and use of the Project as set forth in the Plans and Specifications have been obtained or, when required, will be obtained, and the use and rehabilitation of the Project pursuant to the Plans and Specifications will conform to all applicable federal, state and local land use, zoning, environmental and other governmental laws and regulations;
(f) the Project will comply with all applicable local, state and federal laws, statutes, regulations, rules and ordinances, including, but not limited to, requirements of the federal Fair Housing Act and the Americans with Disabilities Act, and the General Partner will promptly notify the Investor Limited Partner if and when the General Partner becomes aware of any non-compliance with either;

(g) all legally required or appropriate public utilities, including, without limitation, sanitary and storm sewers, telephone, water, gas and electricity, are or will be made available and, to the extent controlled (directly or indirectly by the Partnership) will be operated and maintained (or caused to be operated and maintained) properly in compliance with all applicable legal requirements for all units in the Project;

(h) all roads necessary for the full utilization of the Project are available for use prior to or upon Substantial Completion;

(i) an owner’s leasehold title insurance policy ("Title Policy") of a financially responsible institution insuring an amount no less than the aggregate of (x) the Investor Limited Partner’s aggregate Capital Contributions, and (y) the amounts borrowed under the Permanent Loan and the Subordinate Loan, and acceptable to the Investor Limited Partner, under ALTA form (revised 2006) or other form affording comparable protection and reasonably acceptable to the Investor Limited Partner, and such other endorsements as the Investor Limited Partner shall reasonably request, will be issued at or prior to and effective as of the Closing, and shall remain in full force and effect. The Title Policy will insure that the Partnership holds good, marketable leasehold title to the Project, subject only to such defects, encumbrances and other exceptions as the Investor Limited Partner shall reasonably approve;

(j) except for the Subordinate Loan, at and after Conversion, there shall be no direct or indirect personal liability of any of the Partners for the repayment of the principal of or payment of interest on the Loans, and the sole recourse of the Lender under the Loans with respect to the principal thereof and interest thereon shall be to the property securing the indebtedness (except for customary non-recourse carve-out provisions imposing personal liability on a General Partner which have been Consented to by the Investor Limited Partner). In no event shall there be recourse to the Investor Limited Partner under any of the Loans. The Loans constitute indebtedness for federal income tax purposes;

(k) 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 best knowledge of the General Partners and/or the Special Limited Partner, threatened in writing against a General Partner, the Special Limited Partner, a Developer, a Guarantor, 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 a General Partner, the Special Limited Partner, a Guarantor, a Partnership, or the Project or impose any cost on the Partnership that has not been disclosed to the Investor Limited Partner prior to the Closing;
(l) neither the Partnership nor any General Partner or Special Limited Partner has received notice of any taking, condemnation, betterment or assessment, actual or proposed, with respect to the Project; no such taking, condemnation, betterment or assessment has occurred; and no General Partner or Special Limited Partner has any reason to believe that any such taking, condemnation, betterment or assessment has been proposed or is under consideration;

(m) except for the Subordinate Loan, no General Partner, Special Limited Partner or any of their respective 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 guarantee of payment of any such interest charges or financing fees relating to the Loans; in no event will a General Partner or a Special Limited Partner or any of their respective Affiliates 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 such General Partner, Special Limited Partner or any of their respective Affiliates to personal liability as to the principal of or interest on the Loans following Conversion (except for customary non-recourse carve-out provisions which have been Consented to by the Investor Limited Partner);

(n) the execution of this Agreement, the Loan Documents, the incurrence of the obligations set forth herein or therein, and the consummation of the transactions contemplated hereby and thereby do not violate any provision of law, any order, judgment or decree of any court binding on the Partnership, a General Partner or Special Limited Partner or any Affiliate(s) thereof, or any provision of any indenture, agreement, or other instrument to which the Partnership or any General Partner or Special Limited 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;

(o) the General Partners have provided to the Investor Limited Partner true, correct and complete copies of all executed commitments of the Lender with respect to the Loans, or to the extent there is no commitment, any comparable material documentation evidencing Lender’s intent to enter into the Loans, and no General Partner has any reason to believe that Lender will not enter into the Loans on and as of the Closing in each case in substantial accordance with the correspondence and documentation heretofore provided to the Investor Limited Partner;

(p) the execution of this Agreement by each General Partner and the Special Limited Partner, the incurrence of the obligations of each General Partner, the Special Limited Partner, and the Partnership set forth herein and the consummation of the transactions contemplated hereby do not violate any laws, statutes, codes, ordinances, rules or regulations;

(q) to the extent required by the Lender or the Investor Limited Partner, 100% payment and performance bonds issued by a nationally recognized bonding company approved by the Investor Limited Partner and in amounts satisfactory to the Lender and the Investor Limited Partner, will be obtained by the Contractor at or before Closing and shall remain in full
force and effect under terms and conditions as shall be acceptable to the Lender and the Investor Limited Partner;

(r) the Administrative General Partner shall cause the insurance coverages insuring the Partnership and covering the Land and Project, to be established and maintained in full force and effect during the term of the Partnership in accordance with the requirements of Schedule 2;

(s) other than any benefit plan for personnel of the Management Agent assigned to the Project for which the Partnership will reimburse the Management Agent on a cost basis pursuant to the Management Agreement, neither the Management Agent nor the Partnership has entered into any labor union contract or any benefit plan which will affect persons involved in operation of the Project;

(t) no General Partner or Special Limited Partner has, 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, which include the Project Documents or (ii) obligations which will be fully satisfied at or prior to the Closing;

(u) 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 has and shall continue to have full power and authority to lease the Land and own the Project and to develop, construct, operate and maintain the Project in accordance with the terms of this Agreement, 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 Investor Limited Partner and to enable the Partnership to engage in its business;

(v) the Partnership (i) has no employees, and will not have any employees, (ii) is not a party to any collective bargaining agreement and (iii) has never maintained, contributed to or had any liability with respect to any contractual employment, bonus, profit-sharing, welfare benefit (as that term is defined in the Employee Retirement Income Security Act, as amended (“ERISA”)), percentage compensation, pension or retirement plans, contracts or agreements with employees or subject to ERISA or that must be “qualified” under Code Section 401(a);

(w) Guarantor is an Affiliate of the Administrative General Partner;

(x) the Partnership agrees that, without the prior written consent of Investor Limited Partner, (i) any funds received from Investor Limited Partner hereunder shall not be used for the benefit of, or transferred to, any Affiliate of Investor Limited Partner and (ii) without limiting the generality of the foregoing, any funds received from Investor Limited Partner hereunder shall not be used to make an equity investment in any Person in which Affiliates of Investor Limited Partner have equity or debt positions if the proceeds of such investment would be used to refinance such Person’s outstanding indebtedness. For purposes of this Section 4.1(x), “Affiliate” shall have the meaning given to such term in Regulation W of the Board of Governors of the Federal Reserve System;
no General Partner shall cause the Partnership to purchase, including but not limited to by using the cash portion of the Capital Contributions, any securities or hold any funds, including but not limited to escrow accounts, reserve accounts, security deposit accounts, or operating accounts, in any form of investment other than conventional bank accounts, such as checking accounts, savings accounts or certificates of deposit;

the General Partners shall cause the Partnership to use their available resources to comply with all applicable provisions and requirements of any and all purchase agreements, loan agreements, and other agreements with respect to the purchase of the Project and the rehabilitation, development, financing and operation of the Project; and 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;

to the best of the General Partners’ knowledge, the facts and underlying assumptions with respect to the development and operation of the Project that the General Partners, each Guarantor and their respective Affiliates provided to the Investor Limited Partner in conjunction with the preparation of financial forecasts and the Development Budget are accurate and reasonable in all material respects, and nothing has come to the attention of a General Partners that would cause such General Partner to believe that such facts and assumptions are incorrect in any material respect;

except as disclosed in the Environmental Report, to the best of the General Partners’ knowledge, the Land does not contain and is not affected by any Hazardous Material (as hereinafter defined); to the best of the General Partners, the Partnership, nor the Project or any portion thereof is in violation of any applicable Environmental Laws (as hereinafter defined); except as disclosed in the Environmental Report, neither the General Partners, nor the Partnership has received notice of any violations of any Environmental Laws relating to or affecting the Project; and the no General Partner has been served with legal process in connection with any actions, suits or proceedings, none are pending, and to the best knowledge of each General Partner, none are threatened with respect to any Environmental Laws and which relate to the Project or any of the Partnership’s other properties or assets. Except as disclosed in the Environmental Report, the General Partners have no actual 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. The General Partners or, to the best of their knowledge, any other party, is not and will not be involved in operations at or, pursuant to the General Partners’ best knowledge, near the Project, which operations would lead to (A) liability under the Environmental Laws as to the Partnership, or (B) the creation of a lien on the Project under the Environmental Laws. Each of the General Partners covenants and agrees that it shall not take any action or fail to take any action, or permit any other person or entity within such 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 any portion thereof containing or being affected by any Hazardous Materials in violation of Environmental Laws, or would result in any Hazardous Materials being released from the Project or any portion thereof in violation of any Environmental Laws; provided, however, the foregoing shall not prohibit the ordinary and customary use of Hazardous Materials normally used on construction, occupancy, maintenance, repair or reconstruction of properties
similar to the Project, provided the amount of such Hazardous Materials does not exceed the quantity necessary for the normal construction, operation, occupancy, maintenance, repair or reconstruction of the Project and the use, storage and disposal of such Hazardous Materials strictly comply with all applicable Environmental Laws (collectively, “Permitted Substances”). [The General Partners shall take the steps and satisfy the conditions set forth on Schedule 3 within the time periods specified on such Schedule (to the extent conditions exist on such Schedule).] The General Partners shall comply strictly and in all respects with all requirements of the Environmental Laws. Each of the Each of the General Partners further covenants and agrees that it will promptly notify the Investor Limited Partner if it 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 in violation of Environmental Laws; (ii) the violation of any Environmental Laws with respect to the Partnership or the Project; and (iii) any notice of violation or alleged 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. Each of the General Partners 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. Each of the General Partners further covenants and agrees that, upon the occurrence of any of the events set forth in the preceding two sentences and upon the Investor Limited Partner’s request, at the Partnership’s cost and expense, they will undertake a “Phase 1” environmental review and assessment of the Project, pursuant to the then-current industry standards and at a minimum compliant with ASTM E1527-05 (or any successor thereto published by ASTM) for such review and by a licensed hydrologist or environmental engineer approved by the Investor Limited Partner. If the Phase I shall indicate a basis to suspect the existence of Hazardous Materials on or generated from or to the Project or the Land (other than Permitted Substances), or the violation of any Environmental Laws, the General Partners shall proceed immediately, but in no event more than 45 days after the receipt of the Phase I, at the Partnership’s cost and expense, (i) to have a Phase II environmental review and assessment completed pursuant to the then-current industry standards for such review and by a licensed hydrologist or environmental engineer approved by the Investor Limited Partner, to determine the existence of any suspected Hazardous Materials (other than Permitted Substances) on, in, or generated from or to the Project or the Land, or violation of Environmental Laws, and (ii) to have completed the actions necessary to address any other recommendation in the Phase I. The General Partners shall use its best efforts to ensure that all Hazardous Materials identified in the Phase I or Phase II are remediated fully and completely in accordance with all applicable laws, in a manner and by contractors approved by the Investor Limited Partner and as promptly as possible. The General Partners shall provide to the Investor Limited Partner, immediately upon receipt thereof, a copy of all Phase I, Phase II, and remediation reports, and any other report prepared by any environmental consultants with respect to the Land or the Project. At the completion of any remediation or other action recommended by the environmental consultants (whether in a Phase I, Phase II or otherwise), the General Partners shall have a consultant prepare, at the Partnership’s expense, a follow-up report in a form satisfactory to the Investor Limited Partner indicating the completion of the work and the condition and confirming the compliance of the Project and/or the Land with the applicable Environmental Laws;

(cc) the General Partners and the Special Limited Partner will indemnify and hold the Partnership, the Investor Limited Partner and the members thereof, and each of 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 them 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 (each, a “Bad Act”), with respect to or based upon information furnished or statements made by the General Partners or the Special Limited Partner to the Investor Limited Partner, their respective 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 limited partnership interests in the Partnership or in the Investor Limited Partner; provided, however, that such indemnification shall not be required in any instance in which the Bad Act is caused solely by a Bad Act of the Investor Limited Partner or its Affiliates (other than General Partners, Special Limited Partner and their Affiliates);

(dd) except as disclosed to the Investor Limited Partner in writing prior to the date hereof, with respect to the General Partners, the Special Limited Partner, or the Guarantor, no event of Bankruptcy has at any time occurred; no mortgage loan secured by any real property owned directly or through any partnership or limited liability company in which such Person was or is a general partner or managing member or through a corporation in which such Person holds more than a 10 percent interest in any class of stock has been foreclosed upon (or as to which a deed-in-lieu of foreclosure has been given) within the last 10 years, except as has been disclosed in writing to the Investor Limited Partner; and none of them 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;

(ee) the financial statements and other written information provided to the Investor Limited Partner with respect to the financial condition of the General Partners and the Special Limited Partner are true and accurate in all material respects as of their respective dates and do not omit any material fact;

(ff) the Development Budget attached hereto as Exhibit C is true and complete as of the date hereof;

(gg) the General Partners shall keep all sources of funding “in balance” and have (or shall cause the Partnership to maintain) adequate sources of funds to timely cause Stabilization and satisfaction of all other obligations of the Partnership and General Partners under this Agreement;

(hh) the Administrative General Partner shall at no time, and will ensure that none of the Developers or the Managing General Partner will at any time, develop the Project or manage the Partnership in a manner which is not consistent with (i) the Partnership’s Federal Tax Credit application and the Extended Use Agreement, except with the prior approval of the
Agency and the Investor Limited Partner, or (ii) any application, questionnaire or survey submitted to the Lender in conjunction with the Loans;

(ii) the General Partners have complied and will comply in all material respects with and the General Partners have caused and will cause the Partnership to comply in all material respects with all applicable local, state and federal laws, statutes, regulations, rules and ordinances (including, without limitation, all applicable filing and disclosure requirements);

(jj) the General Partners have obtained all consents and approvals of any Person that are necessary on its part and has caused the Partnership to give all notices to the Agency that may be required in connection with the admission of the Investor Limited Partner to the Partnership, including without limitation, if applicable, all consents to the admission of the Investor Limited Partner required from (A) the Lender, (B) Authorities, and (C) the Agency;

(kk) the General Partners shall provide Notice to the Investor Limited Partner and cause a representative for the Investor Limited Partner to be invited to attend any groundbreaking, ribbon-cutting or other public relations ceremony or event with respect to the Project and to cause the attendance of any such representative at each ceremony or event to be recognized;

(ll) the General Partners shall not elect pursuant to the Code to capitalize any items which are otherwise expressly deductible under the Code without the Consent of the Investor Limited Partner;

(mm) the Partnership has used the accrual method of accounting since its formation and will continue to do so;

(nn) all federal, state and local tax returns (including tax returns concerning “gross receipts”) required to be filed by the Partnership and the General Partners with respect to the Partnership, the Project and the General Partners, respectively, have been timely, duly and accurately completed and filed (unless the time for such filing has been properly extended), and, to the extent due and payable, all federal, state and local taxes arising in connection with the Partnership and the ownership and operation of the Project have been paid in full. To the best knowledge of the General Partners, no tax certiorari or audit proceedings are currently pending with respect to the Project or the Partnership. The General Partners have delivered to the Investor Limited Partner true, correct and complete copies of each such tax return, if any, filed prior to the date hereof. The Partnership has received no notice of and the General Partners are not aware of any increase in either the tax rate or property assessment with respect to the Project at the federal, state or local level; provided that the Project may be reassessed for property tax purposes by reason of the transfer of the Project to the Partnership, the admission of the Investor Limited Partner and/or the rehabilitation of the Project. Notwithstanding the foregoing, the General Partners have no reason to believe that the Project will not qualify for the Property Tax Exemption. The Managing General Partner shall, among other things, make timely filings to qualify for and to maintain the Property Tax Exemption and to obtain reimbursement of interim any property taxes paid by, but reimbursable to the Partnership under state and local law;
(oo) except for the Subordinate Loan, no mortgage loan is or will be
guaranteed (except for the construction phase of the Loans and certain exceptions to the
nonrecourse status of Loans that do not make any such loan a recourse liability of the Partnership
and those certain guarantees to the Lender prior to Conversion) 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 regulations issued thereunder;

(pp) upon the Investor Limited Partner’s request, the Partnership will prepare
any required disclosures for filing with the IRS regarding the Partnership’s status as, or
participation with respect to, a reportable transaction, in accordance with Sections 6011 and 6111
of the Code, Treasury Regulations promulgated thereunder and other applicable IRS guidance.
The Partnership will not engage in or participate in any “listed transaction or other “reportable
transactions” (as such terms are defined for purposes of Sections 6011 and 6111 of the Code,
Treasury Regulations promulgated thereunder and other applicable IRS guidance) without the
Consent of the Investor Limited Partner;

(qq) the General Partners shall deliver to the Investor Limited Partner, or
Engineering Consultant as directed by the Investor Limited Partner, the Advance Documents and
the Investor Limited Partner shall be given Notice of any meetings held between the Lender and
the Partnership regarding an advance under the Loans, including any periodic construction
meeting and shall have the right to be present at any and all of these meetings;

(rr) no request shall be made to the Lender for an advance under the Loans (an
“Advance Request”) to which the Investor Limited Partner, or the Engineering Consultant or
such other agent as appointed by the Investor Limited Partner (or which appointment the Investor
Limited Partner has given Notice to the Partnership), has given Notice of its objection. In order
to make its determination, the Investor Limited Partner, or the Engineering Consultant, as
applicable, shall be provided with the following:

A. The General Partners shall deliver to the Investor Limited
Partner or the Engineering Consultant a copy of the Advance Request; and

B. The Investor Limited Partner or the Engineering Consultant
shall have the right to inspect the Project during normal business hours; and

C. The Investor Limited Partner or the Engineering Consultant
shall be given sufficient notice of any meetings held between the Lender and the
Partnership regarding an advance under the Loans and shall have the right to be
present at any and all of these meetings.

(ss) each change order under the Construction Contract shall be subject to the
Consent of the Investor Limited Partner or the Engineering Consultant as directed by the Investor
Limited Partner if such change order (i) is in excess of $150,000 or (ii) with respect to aggregate
change orders, is greater than $840,000 (a “Material Change Order”). In order to obtain the
Consent of the Investor Limited Partner or the Engineering Consultant for a Material Change
Order, the General Partners shall comply with the following procedures:
A. Not less than 2 Business Days before the date on which the General Partners desire a Material Change Order to be made, the General Partners shall deliver to the Agent any and all documents that will be submitted to the Contractor and/or the Lender (as applicable) or that have been prepared or are being executed in connection with the Material Change Order (“Material Change Order Documents”); and

B. The Investor Limited Partner shall be given sufficient notice of any meetings held between the Contractor and/or the Lender regarding a Material Change Order and the Investor Limited Partner or the Engineering Consultant shall have the right to be present at any and all of these meetings. Prior to such a meeting or as otherwise requested by the General Partners, the Investor Limited Partner or the Engineering Consultant shall either (a) approve the Material Change Order Documents or (b) determine that the Material Change Order Documents are incomplete or inaccurate, in whole or in part, in which event, notwithstanding the approval of the Contractor and/or the Lender (as applicable), the Partnership shall not implement such Material Change Order or portion thereof which has not been approved by the Investor Limited Partner or the Engineering Consultant until the Investor Limited Partner or the Engineering Consultant approves such Material Change Order or portion thereof. As soon as practical after such a negative determination by the Investor Limited Partner or the Engineering Consultant, the General Partners shall, if necessary, complete the Material Change Order Documents, correct all inaccuracies and resubmit the Material Change Order Documents to the Investor Limited Partner or the Engineering Consultant for approval. If the Investor Limited Partner fails to object to any such Material Change Order within ten (10) business days after receipt of all the Material Change Order Documents, as described in this subsection (B), such Material Change Order shall be deemed approved by the Investor Limited Partner; and

C. The Development Budget shall be automatically deemed to be amended by any Change Orders permitted without the Consent of the Investor Limited Partner or Material Change Orders approved by the Investor Limited Partner pursuant to this Agreement.

(tt) any request for a waiver, consent or forbearance on a matter related to the Project, or any applicable Loan (collectively, a “Waiver”) by a Lender shall be subject to the Consent of the Investor Limited Partner. Not less than 10 days before submission of any request for a Waiver, the General Partners shall deliver to the Investor Limited Partner Notice thereof including a statement of the terms of and reasons for requesting the Waiver. The Investor Limited Partner shall within 15 Business Days either approve the Waiver or describe the terms and conditions on which the Investor Limited Partner would approve the Waiver (and in the latter case the General Partners shall not request the Waiver unless the General Partners have complied with such terms and conditions);

(uu) each Project Document to which a General Partner, Special Limited Partner, or a Guarantor is a party has been duly authorized, executed and delivered by such party
and constitutes the legal, valid and binding obligation of such party enforceable in accordance with their terms, subject to laws respecting bankruptcy, moratorium and creditors’ rights. The execution and delivery of, and the performance of a General Partner’s, Special Limited Partner’s, and/or a Guarantor’s obligations under, each of the Project Documents to which it is a party, does not constitute a violation or contravention on the part of such party under any provision of applicable federal, state and local laws and regulations;

(vv) no registration with, or consent or approval of, or notice to, or other action by, a General Partner or Special Limited Partner is required to make the Project Documents to which such General Partner or Special Limited Partner is a party or by which any of such parties is bound enforceable against such parties;

(ww) no General Partner, Special Limited Partner nor any Guarantor is in default under any agreement or law that would materially adversely impact their ability to perform their obligations under the Project Documents to which it is a party or by which it is bound. No General Partner, Special Limited Partner nor any Guarantor is subject to any pending litigation, judgment, order or other proceeding which do at present or could in the future materially adversely affect the ability of such General Partner, Special Limited Partner or Guarantor to perform its obligations under the Project Documents;

(xx) there is no indictment or, to the best knowledge of each General Partner and Special Limited Partner, threatened indictment of a General Partner, Special Limited Partner or any Guarantor or any of their respective Affiliates under any criminal statute or commencement or, to the best knowledge of each General Partner and Special Limited Partner, threatened commencement of criminal or civil proceedings against such General Partner, Special Limited Partner or any Guarantor or any of their respective Affiliates which do at present or could in the future materially adversely affect the ability of such General Partner, Special Limited Partner or Guarantor to perform its obligations under any Project Document;

(yy) all material documents relating to the Partnership, the Project (but only to the extent that such documents have a material financial or legal impact on the Project) and the Project have been made available to the Investor Limited Partner, including, without limitation, the timely delivery of all reports required under Article XII to be delivered at the time of execution of this Agreement;

(zz) no event has occurred which has caused, and no General Partner has acted in a manner which will cause (i) the Partnership to be treated for federal income tax purposes as an association taxable as a corporation, (ii) the Partnership to fail to qualify as a limited partnership under the Act, or (iii) any Investor Limited Partner to be liable for Partnership obligations in excess of its agreed-to Capital Contributions.

(aaa) each of the General Partners and Special Limited Partner covenants that it shall keep its books and records separate and distinct from those of the Partnership and its respective Affiliates;

(bbb) the portion of the Project that constitutes depreciable real property for federal income tax purposes will be depreciable over a 30 year period, the portion of the Project
that constitutes depreciable land improvements for federal income tax purposes will be
depreciable over a 15 year period, and the portion of the Project that constitutes depreciable
personal property for federal income tax purposes will be depreciable over a 5 year period, using
the straight-line method;

(ccc) each of the General Partners and the Special Limited Partner represents
and warrants that it has been adequately capitalized for the purposes of conducting its business
and it will not make distributions of its assets at a time when it would have unreasonably small
capital for the continued conduct of its business;

(ddd) other than the Purchase Option Agreement, none of the Partnership, any
General Partner, the Special Limited Partner, HACLA, or the Project is subject to any
outstanding agreement with any third party pursuant to which any such party has or may acquire
any interest in the Project (other than the Loan Documents and the Construction Contract but
only to the extent that the Partnership’s failure to meet its obligations under the Construction
Contract results in a mechanics’ or similar lien being filed by the Contractor, its subcontractors,
materialmen or suppliers against the Project), in the General Partner(s), Special Limited Partner,
or in the Partnership;

(eee) the Partnership is an “innocent purchaser” of the Project pursuant to
CERCLA §§ 101(35) and 107(b) and has conducted all appropriate inquiries (“AAI”) pursuant
to 40 C.F.R. § 312, including without limitation, obtaining an AAI-compliant environmental site
assessment (“ESA”) within six months prior to its acquisition of a leasehold interest in the Land
and qualifying as a “user” of such ESA;

(fff) neither the Partnership nor any General Partner nor any of their respective
Affiliates is under any commitment to any real estate broker, rental agent, finder or other
intermediary with respect to the Partnership, the Project, or any portion thereof, and neither the
Partnership nor any General Partner nor any of their respective Affiliates is under any
commitment to any lobbyist or other similar professional with respect to the Project, except, in
each case for arrangements previously disclosed to and approved by the Investor Limited Partner
in writing;

(ggg) the General Partners shall take all actions to assure that the Partnership is
not deemed an “investment company” as such term is defined in the Investment Company Act of
1940 and applied in Section 13 of the Bank Holding Company Act and its implementing rules, as
may be amended from time to time, and shall refrain from taking an action that would cause the
Partnership to be deemed an “investment company” as so described;

(hhh) intentionally omitted;

(iii) each of the General Partners and the Special Limited Partner hereby
agrees to comply, and the General Partners shall cause the Management Agent to comply, and to
include in each Management Agreement, provisions requiring the Management Agent to comply,
with all applicable local, state and federal laws, including but not limited to consumer protection
and fair lending laws such as the Fair Housing Act (FHA), the Service Members Civil Relief Act
(SCRA), the Americans with Disabilities Act of 1990 (ADA), the Fair Credit Reporting Act
(FCRA), the Fair Debt Collection Practices Act (FDCPA), the Unfair, Deceptive, or Abusive Acts or Practices (UDAAP) principles established by the Dodd Frank Wall Street Reform and Consumer Protection Act, and applicable State consumer privacy laws, including all regulations promulgated to implement such laws (collectively, “Laws and Regulations”). General Partners shall, and shall cause the Management Agent to, notify the Investor Limited Partner in writing (i) at the address provided in Section 15.9 and (ii) by e-mail to gs-uig-compliance@gs.com in writing within three (3) Business Days of identification of (1) any actual or potential material breach, infraction, or violation of Laws and Regulations and, (2) to the extent they relate to Laws and Regulations, any oral or written consumer complaint, notice of violation, regulatory inquiry or investigation, or notice of fine, fee, or penalty with respect to the Management Agent, the Project, the Partnership, any General Partner, or any Affiliate thereof;

(jjj) the General Partners will annually certify in writing to the Investor Limited Partner along with the financial statements delivered pursuant to Section 12.4(a)(iv) its continued compliance with Sections 4.1(iii) and 4.1(kkk) and indicate if there has been any material breaches or changes in its related processes, policies, procedures, or management personnel having responsibility for any aspect of compliance with the laws and regulations referenced in Section 4.1(iii) above and Section 4.1(kkk) below;

(kkk) no General Partner or Special Limited Partner shall disclose any Personal Information (hereinafter defined) to any third party other than as required by, or as permitted in accordance with, applicable laws, rules or regulations, the General Partners shall, and shall cause any Management Agent to, (i) comply with all applicable federal, state and local laws and regulations requiring notification to impacted individuals as a result of an incident involving the loss, theft unauthorized access to, or unauthorized disclosure of their Personal Information (an “Incident”); and (ii) take appropriate actions to contain and mitigate the Incident. Unless otherwise prohibited by applicable law, and subject to any delay requested by the relevant enforcement agency, General Partners shall, and shall cause the Management Agent to, notify the Investor Limited Partner as soon as possible, but at most within 24 hours of learning of any Incident. The General Partners shall cause language to be included in each Management Agreement requiring the Management Agent (i) to comply with this Section 4.1(kkk) and (ii) to certify annually to the Partnership and the Investor Limited Partner as to such Management Agent’s compliance and indicate if there have been any material breaches or changes in its related processes, procedures, or personnel. “Personal Information” means any information that can be used to distinguish or trace an individual’s identity, either alone or in combination with other personal or identifying information that is linked or linkable to a specific individual, and for purposes of this paragraph includes but is not limited to an individual’s name (only material if in combination with any other personal information listed), home address, credit card or bank account numbers or other information, social security number, driver’s license number, date and place of birth, mother’s maiden name, gender or race, criminal record, medical data, educational data, financial date, or employment data;

(III) the General Partners will cause the Management Agent to deliver a certification on an annual basis that the General Partners shall deliver with its financials in accordance Section 4.1(jjj), in which certification the Management Agent shall (i) confirm that it is in compliance with all laws and regulations that will be described in the Management
Agreement and (ii) indicate if there have been any material breaches or changes in its related processes or procedures or personnel;

(mm) the General Partners acknowledge that the Guarantor shall be obligated to maintain, at all times, a Net Worth (exclusive of its investment in the Partnership) equal to $100,000,000 (of which $10,000,000 is held in Liquid Assets) (the “Net Worth Requirements”) and the General partners further acknowledge and agree that any failure by the Guarantor to meet the Net Worth Requirement shall constitute a breach under the Guaranty and this Agreement. As used herein, (1) “Net Worth” means, as of any date on which the amount thereof shall be determined, (A) the total assets of the applicable Guarantor, as set forth in such Guarantor’s most recent unaudited financial statement, less (B) the sum of Total Liabilities, (2) “Total Liabilities” means, with respect to the applicable Guarantor, as of any date on which the amount thereof shall be determined, the sum of all outstanding liabilities as set forth in such Guarantor’s most recent unaudited financial statement, including, without limitation, recourse debt, letters of credit (except to the extent undrawn), unsecured debt, subordinated debt, outstanding balances of any lines of credit, account payable and accrued expenses, capitalized lease obligations, the fair value of any guarantees of indebtedness (without redundancy with respect to the items above and excluding completion guarantees and standard non-recourse carve-out guarantees), federal state tax liabilities, and (3) “Liquid Assets” means, on any date, the sum of (A) assets in the form of cash, cash equivalents, obligations of (or fully guaranteed as to principal and interest by) the United States or any agency or instrumentality thereof (provided the full faith and credit of the United States supports such obligation or guarantee), (B) certificates of deposit issued by a commercial bank having net assets of not less than $500 million, and (C) marketable securities listed on a national or international securities exchange or liquid debt instruments that have a readily ascertainable value and are regularly traded in a recognized financial market in each case held either directly or indirectly through entities controlled by Guarantor and consolidated on its financial statements as of such date in accordance with GAAP; and

(nn) the Administrative General Partner is familiar with the definition of “accredited investor” in Rule 501(a) of Regulation D of the Securities Act and it represents that it is an “accredited investor” within the meaning of Regulation D of the Securities Act.

All of the representations, warranties and covenants contained herein shall survive the date of Closing and the funding date of each Capital Contribution made by the Investor Limited Partner until the dissolution of the Partnership. The General Partners and Special Limited 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 attorneys’ fees and costs and expenses of litigation and collection.

4.2 Duties and Obligations. The General Partners shall have the following duties and obligations with respect to the Project and the Partnership:

(a) the General Partners shall ensure that all requirements shall be met in a timely fashion which are necessary to obtain or achieve (i) compliance with the Fifty Percent Test, the Minimum Set-Aside Test, the Rent Restriction Test, and any other requirements necessary for the Project to initially qualify, and to continue to qualify, for Federal Tax Credits,
including all applicable requirements set forth in 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 apartment units in the Project, (iii) the Closing, (iv) Stabilization, and (v) compliance with all material provisions of the Project Documents;

(b) the General Partners shall take all actions, or refrain from taking any necessary 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 Partners 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 Partners shall exercise good faith in all activities relating to the conduct of the business of the Partnership, including the operation and maintenance of the Project, and the General Partners 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) 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 (other than leases of office equipment and similar items in the ordinary course of business), 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 the Mortgages, and any additional security agreements executed in connection with the Loans;

(e) the General Partners will execute on behalf of the Partnership all documents necessary to make voluntary elections, pursuant to Sections 734, 743 and 754 of the Code, to adjust the basis of the Partnership’s property upon the request of the Investor Limited Partner, if, in the sole opinion of the Investor Limited Partner, such election would be advantageous to the Investor Limited Partner or its members;

(f) the Administrative General Partner shall guaranty timely payment of the Development Fee pursuant to Section 5.1(a)(i);

(g) each General Partner shall, during and after the period in which it is a 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, and shall permit the representatives of the Investor Limited Partner to visit and inspect the Project at any reasonable time on reasonable notice and (ii) provide the Investor Limited Partner with such information in its possession as Investor Limited Partner may reasonably require and sign such documents as are reasonably necessary for the Investor Limited Partner to prepare its financial statements;

(h) the General Partners shall document and assure that the proceeds of the Capital Contributions and of the Loans allocable to the Project are expended and applied solely and strictly for expenditures that constitute components of the Eligible Basis of the Project or
that are otherwise expressly contemplated by the Projections, and that all such expenditures are specifically allocable so as to enable the Partnership to demonstrate the compliance of such expenditures with this Section 4.2(h);

(i) 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 Federal Tax Credits attributable to any action or inaction of a General Partner, Special Limited Partner, or any Affiliate thereof;

(j) the General Partners shall, upon becoming aware of such matters, promptly give Notice to the Investor Limited Partner of any written or oral notice of (i) any default, or any failure of compliance in any material respect with respect to the Loans or any other financial, contractual or governmental obligation of the Partnership, a General Partner, Special Limited Partner, or any Guarantor, or (ii) any federal, state or local proceeding (including, but not limited to, with respect to taxes) regarding the Project, or the Partnership;

(k) except for items as may be contested in good faith by the General Partners and by appropriate proceedings and for which adequate reserves in accordance with generally accepted accounting principles consistently applied are maintained, the General Partners will cause the Partnership to use all available Partnership revenue 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, unincorporated business, 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) the General Partners 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 bonding, or shall provide title insurance over, within 45 days after the filing thereof;

(m) the General Partners shall not cause the Partnership to commit or permit waste with respect to the Project 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 contemplated by the Plans and Specifications or as Consented to by the Investor Limited Partner, and except for alterations to update the buildings systems or to comply with any law;
(n) if at any time during the rehabilitation of the Project, (i) rehabilitation is, or may be, stopped or suspended for a period of 30 consecutive days (excluding delays as a result of an Unavoidable Delay), or (ii) rehabilitation has or may be delayed so that in the reasonable determination of the General Partners, (A) Substantial Completion is unlikely to be achieved by the date set forth in the Construction Contract or (B) the Projected Credits for any year during the Projected Credit Period is unlikely to be achieved, the General Partners shall promptly send Notice of such occurrence, together with an explanation of the circumstances surrounding such occurrence, to the Investor Limited Partner;

(o) the General Partners shall maintain or cause to be maintained books, files and records including tenant leasing files in compliance with the Code and the Treasury Regulations and which will adequately document the timing, amount and availability of the Federal Tax Credits. The General Partners shall maintain, and provide the Investor Limited Partner with a copy of, a digital file containing material development and construction related files and files which document the initial qualification of the Eligible Units for a period ending not earlier than the expiration of the Compliance Period for the last Building in the Project plus any then applicable statute of limitations period. The General Partners shall afford the Investor Limited Partner and its agents, upon reasonable notice, access to all such files, including files stored off-site, during ordinary business hours. All such files shall be the property of the Partnership and not of the General Partners;

(p) the General Partners shall provide all related services in connection with (i) the due organization and formation of the Partnership and the sale of any Interest to the Investor Limited Partner, (ii) obtaining permanent financing for the Project and (iii) the leasing and purchase of the Project in accordance with this Agreement;

(q) the General Partners shall use all commercially reasonable efforts to maintain the Project so that there is no discharge, release, threatened release, spillage, uncontrolled loss or seepage of any oil, petroleum or chemical liquids or solids, liquid or gaseous products or any hazardous wastes or hazardous substances (as such terms are used in the Comprehensive Environmental Response, Compensation and Liability Act of 1980) which causes a genuine risk to the health or safety of the residents or employees of the Project. The General Partners shall use all commercially reasonable efforts to maintain the Project so as not to violate the Clean Air Act, Clean Water Act, Resource Conservation and Recovery Act, Toxic Substance Control Act, Safe Drinking Water Control Act, Comprehensive Environmental Response, Compensation and Liability Act and Occupational Safety and Health Act and other federal, state and local laws governing hazardous substances. If the Investor Limited Partner becomes personally liable with respect to the Project or any portion of the Project under any federal, state or local hazardous substance law, each General Partner shall indemnify and hold harmless the Investor Limited Partner (except to the extent attributable to direct actions, gross negligence or willful misconduct of the Investor Limited Partner as finally determined by a court of competent jurisdiction) for any and all costs, expenses (including reasonable attorneys’ fees necessarily incurred), damages, or liabilities to the extent that the Investor Limited Partner, is required personally to discharge such costs, expenses, damages, or liabilities in whole or in part from any source other than Partnership resources. The foregoing indemnification shall be a recourse obligation of each General Partner and shall survive the dissolution of the Partnership with respect to violations which occurred prior to the death, retirement, incompetency,
insolvency, bankruptcy, or withdrawal of a General Partner against whom the indemnification provided in this paragraph is sought to be enforced. The preceding shall not prohibit the ordinary use of Hazardous Materials normally used in the construction, operation, occupancy, or maintenance of properties similar to the Project, provided the amount of such Hazardous Materials does not exceed the quantity necessary for the normal construction, operation, occupancy, and maintenance of the Project in the ordinary course of business and the use, storage, and disposal of such Hazardous Materials complies with any applicable environmental law or regulation; and

(r) the Administrative General Partner shall, timely and properly, cause the Partnership to make an election to be treated as an “electing real property trade or business” under Section 163(j)(7)(B) of the Code, with such election being made no later than with respect to the first taxable year in which the first building in the Project is placed in service for federal income tax purposes.

4.3 Housing Tax Credit Representations, Warranties, and Covenants. Each of the General Partners hereby represents, warrants, agrees and covenants (as specified, and where the following subsections do not specify, each of the General Partners shall be deemed to have represented, warranted, agreed and covenanted as indicated) to the Partnership, to the Investor Limited Partner that:

(a) The General Partners have and will take all steps necessary to ensure that the portion of the Partnership’s property considered to be tax-exempt use property under the Code shall not exceed 67.5%. No portion of the Project is or will be leased to tax-exempt entities.

(b) The Partnership has received a valid Tax Credit Determination covering each Building in the Project in the amount of $20,246,404 with respect to the Project. All conditions required to be met as of the Closing under the Tax Credit Determination have been met. The Agency has approved or does not need to approve the General Partners and the Special Limited Partner and the members of each General Partner and Special Limited Partner. The Partnership will satisfy the Fifty Percent Test in accordance with applicable laws, rules and regulations and in a timely manner. Compliance with the Fifty Percent Test shall be calculated on a direct tracing or cost basis and not on the basis of a per unit or other allocated basis. To the extent not previously provided to the Investor Limited Partner at Closing, the General Partners shall, within two (2) Business Days of its receipt, provide to the Investor Limited Partner a copy of (i) Tax Credit Determination, (ii) the Extended Use Agreement, (iii) any Forms 8609 issued to the Partnership, and (iv) any temporary or permanent Certificates of Occupancy.

(c) The Administrative General Partner has provided to the Investor Limited Partner true, correct and complete copies of all material correspondence and documentation evidencing or related to the Tax Credit Determination and any amendments to the foregoing.

(d) There are no restrictions on the sale or refinancing of the Project, other than the restrictions to be set forth in the Project Documents (including, without limitation, in connection with the Purchase Option Agreement and the Right of First Refusal), this Agreement, and/or Section 42 of the Code which exist as of the date of the Closing, 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 (other than as stated above).

(e) The Project will be developed and will be operated in a manner which satisfies, and shall continue to satisfy, all restrictions, including tenant income and rent restrictions, applicable to projects qualifying for Federal Tax Credits under Section 42 of the Code; and the General Partners shall take all action under the laws of the State and any other applicable jurisdiction as of the date hereof that is necessary to satisfy such restrictions. For the avoidance of doubt (i) not later than the close of the first year of the Compliance Period and continuing throughout the Compliance Period, the Project will maintain compliance with the Federal Minimum Set-Aside Test, and (ii) gross rents (as defined in Section 42(g)(2)(B) of the Code) with respect to the Project paid by low-income occupants (and to occupants who initially qualify as low-income occupants but whose income increases above the applicable limitation) will not exceed the applicable rent limits under the Rent Restriction Test.

(f) Any loan obligation of the Partnership has been extended to the Partnership for use in constructing, holding, operating and maintaining the apartment units in the Project and the loan obligation is secured by the apartment units in the Project.

(g) Except as specifically set forth in this Agreement and with respect to the Subordinate Loan, the General Partners will not permit any Partner or Affiliate of a Partner to become personally liable on, or to guaranty, any Loan or other indebtedness of the Partnership or otherwise to assume the economic risk of loss for payment of any Loan or other indebtedness of the Partnership.

(h) The Loans have a fixed maturity date (except with respect to extensions granted for construction period Loans prior to Conversion) that is less than the expected economic life of the apartment units in the Project, as applicable.

(i) Except with respect to the Subordinate Loan and fees related to the issuance of tax-exempt financing for the Project, the Lender did not and will not receive a fee from any member or the Partnership other than as compensation for making the loans, and (other than customary non-recourse carve outs provisions which have been Consented to by the Investor Limited Partner and those certain guarantees to Lender prior to Conversion) the Loan will not require personal liability or the guaranty of any partner or person related to a partner.

(j) On an “as built” basis and taking into account the value of the Federal Tax Credits, it is expected that the fair market value of the apartment units and commercial space in the Project will at all times exceed the amount of the Loans and to which the Project will be subject, including any accrued but unpaid interest.

(k) The fees paid to any General Partner or Special Limited Partner, if any, are fair and reasonable compensation for services rendered by such Partner to the Partnership. Such fees are comparable to the compensation that would be paid to unrelated parties for similar services.

(l) The Project shall comply during the Compliance Period with the Tax Credit Conditions.
(m) The reasonably anticipated tax basis of the Project excluding the cost of any commercial space, including but not limited to paid parking, and the cost of leasing the land and any other costs not properly includable in Eligible Basis pursuant to the Code and IRS rulings is approximately $[25,789,685] associated with rehabilitation and $[32,442,610] associated with acquisition. The Eligible Basis of the Project will not include any costs incurred in connection with nonresidential rental property and shall not include any costs incurred in connection with any residential unit in the Project that is not a low-income unit (as defined in Section 42 of the Code) and which is above the average quality standard of the low-income unit. None of the amounts that will be includable in the Eligible Basis will be funded with a federal grant within the meaning of Code Section 42(d)(5)(A).

(n) The Projected Federal Credits applicable to the Project are as set forth on Schedule 1. The Partnership shall make all elections necessary and appropriate to qualify for the full amount of Federal Tax Credits available throughout the Credit Period.

(o) The Projections are reasonably based, have been prepared in good faith and reflect in all material respects the terms of the financing and development of the Project and the results of its operations for the periods covered by the Projections that the General Partners believe it will obtain.

(p) The acquisition of the Project complied in all respects with Section 42(d)(2)(B) of the Code, including, without limitation, that the Seller was unrelated to the Partnership and its Affiliates (within the meaning of Section 42(d)(2)(D)(ii) of the Code) and that the Project had not been in service in the ten years prior to the acquisition other than the transfer to Seller (which transfer to Seller is not required to be taken into account for purposes of the requirement under Section 42(d)(2)(D)(ii) of the Code pursuant to one or more of the exceptions set forth in Section 42(d)(2)(D)(i) of the Code). Further, without limiting the generality of the preceding sentence: (i) during the Seller’s ownership period, there has not been a termination of any Seller within the meaning of Section 708(b)(1)(B) of the Code (as in effect prior to repeal by Pub. L. 115-97); (ii) the date of acquisition of the Project has occurred with no default on the part of any Seller thereunder; (iii) all requisite consents and approvals of the limited partners or members of the Seller to the closing of the transactions contemplated under the Purchase and Sale Agreement for the Project have been obtained; and (iv) the Partnership acquired the Project and the underlying land by purchase within the meaning of Code Section 42(d)(2)(B)(i).

(q) The residential unit mix in the Project conforms to the set-asides required by the Agency.

(r) If any multi-family unit has been or will be occupied solely by students, such occupancy will comply with the provisions of Code Section 42(i)(3)(D).

(s) The initial lease term of the multi-family apartment units in the Project will equal or exceed six months.

(t) The Partnership will claim Federal Tax Credits based on the lesser of the floor space fraction or the unit fraction of each Building.
(u) All units in the Project will be rented in accordance with the general public use requirements of Treasury Regulation Section 1.42-9.

(v) Tenants will be screened and selected from a pool of eligible tenants based on uniformly applied tenant selection criteria that are commonly employed by other property owners in determining tenant eligibility in projects that are similar to the Project and in accordance with the all requirements of the HAP Contract, and all applicable regulatory agreements.

(w) Any common facilities will be made available on a comparable basis to all tenants residing in the apartment units in the Project and there will be no separate fee for their use.

(x) All services provided to tenants of the Project will be optional (i.e., payment for the service will not be required as a condition of occupancy) and no services that are not optional (i.e., mandatory services) will be provided.

(y) None of the units has been or will be part of a hospital, nursing home, sanitarium, lifecare facility, or intermediate care facility for the mentally and physically handicapped.

(z) No nursing, medical or psychiatric care has been or will be provided by the Partnership or the General Partners or the Special Limited Partner to tenants of the Project.

(aa) The Partnership shall not elect a period based on which the Placed-in-Service Date for the rehabilitation portion of a Building will be deemed to have occurred if such Placed-in-Service Date would occur before completion of the rehabilitation of such Building in accordance with the Plans and Specifications, subject only to customary punch-list items.

(bb) An Extended Use Agreement will be in effect with respect to the Project as of the end of each Taxable Year in which a Federal Tax Credit is allowed.

(cc) As to the Project, 80% or more of the gross rental income (as defined in Section 168(e)(2)(A)(i) of the Code) from the Project for each Taxable Year of the Partnership shall be rental income from dwelling units.

(dd) For the Project, the amount of the Development Fee and other compensation paid by the Partnership to the Developer, the Contractor, the General Partners, the Special Limited Partner, and their respective Affiliates does not exceed the amount permitted by the Agency. The portion of the Development Fee projected to be included in Eligible Basis relates solely to the acquisition and rehabilitation of the Project. The Development Fee shall be apportioned among the units of the Project and, as so apportioned, shall be fully earned and unconditionally payable with respect to each Eligible Federal Tax Credit Unit no later than the end of the first year of the Credit Period for such Eligible Federal Tax Credit Unit.

(ee) The units in the Project will be rented on other than a transient basis in a manner consistent with housing policy governing nondiscrimination, as evidenced by rules and regulations established by HUD, including HUD Handbook 4350.3 (or its successor), if
applicable. The tenant facilities of the Project will be available to all tenants on a comparable basis without separate fees.

(ff) reserved.

(gg) The Project shall be managed so that (i) the Project may be depreciated as residential rental property under Section 168(c) of the Code, (ii) the rental of all Eligible Federal Tax Credit Units in the Project comply with the tenant income limitations and other restrictions under the Rent Restriction Test and as set forth in the Extended Use Agreement, and (iii) the Project satisfies all conditions for the allocation of Federal Tax Credits.

(hh) The General Partners have made (if applicable) and shall make such elections, or refrain from making such elections, with respect to the Federal Tax Credits, as necessary to achieve and maintain the Federal Tax Credits allocated to the Partnership at least at the level of the Projected Federal Credits, 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 Partners pursuant to Section 5.2 or Section 8.11(d).

(ii) The General Partners shall provide the Investor Limited Partner with prompt Notice (and with copies of appropriate correspondence) within five calendar days if the Partnership receives any writing from the IRS or the Agency that the Project or any portion thereof is not in compliance with the requirements of Section 42 of the Code or is subject to a Federal Tax Credit Recapture/Reduction Event or any other event that could result in an adjustment to the Federal Tax Credits or losses allocable to the Investor Limited Partner and the General Partners shall obtain prior Consent of the Investor Limited Partner with respect to each and every material communication, proposal, settlement offer and other operative statement made on behalf of the Partnership with respect to any such writing. In addition, the General Partners shall promptly provide to the Investor Limited Partner a copy of the annual certification required to be submitted by the Partnership to the Agency pursuant to Treasury Regulation Section 1.42-5, including a copy of all required reports with respect to building code violations and the certification with respect to compliance with the Fair Housing Act.

(jj) The General Partners shall maintain or cause to be maintained, for the period required by law, books, files and records including tenant leasing files in compliance with the Code and the Treasury Regulations, and which will adequately document the timing, amount and availability of the Federal Tax Credits for the period required by relevant Treasury Regulations.

(kk) If any of the Eligible Units in the Project fail at any time during the Compliance Period to constitute eligible low income units or if the Project is not in compliance with the requirements contained in Section 42 of the Code, the General Partners agrees to give Notice to the Investor Limited Partner within 15 calendar days of its knowledge of such event or occurrence and the General Partners shall take all actions reasonably necessary to bring such Eligible Units or the Project, as the case may be, into compliance with the requirements of Section 42 of the Code, such that the Project will qualify and continue to qualify for Federal Tax Credits during the Compliance Period as projected. In addition, if at any time after initial
occupancy, less than 90% of the Eligible Federal Tax Credit Units in the Project are physically occupied by qualified tenants for purposes of the Federal Tax Credit who are current in the payment of rent under their leases, then the General Partners shall within 15 calendar days of such event provide written notice of the same to the Investor Limited Partner. Notwithstanding any other provision of this Agreement, the Administrative General Partner shall be the General Partner responsible for providing notices, documents and information to the Investor Limited Partner where this Agreement requires a General Partner to do so.

(I) The General Partners shall operate the Project in a manner that satisfies, and shall continue to satisfy, the Extended Use Agreement and any other restrictions applicable to the Project.

(mm) The Project qualifies for the 130% adjustment to Eligible Basis set forth in Section 42(d)(5)(B) of the Code by reason of the Project being located in Census Tract 8410, which is a “difficult development area” or a “qualified census tract” as defined in Section 42(d)(5)(B) of the Code.

(nn) The General Partners shall cause the Partnership to take in a timely fashion all such steps as are necessary or appropriate on the Partnership’s part in order for the Bonds to be issued and sold as of the date of Closing and the proceeds thereof to be available to the Partnership, and to be available to be drawn by the Partnership, and the General Partners shall comply and shall cause the Partnership to comply with the provisions of all applicable governmental and contractual obligations.

4.4 Housing Tax Credit Conditions. For the Project, each of the General Partners acknowledges the importance to the Investor Limited Partner of achieving and maintaining compliance with the appropriate Tax Credit Conditions, and each of the General Partners agrees that it shall avoid any failure to achieve and maintain such compliance, including but not limited to the following:

(a) The General Partners shall cause to be kept all records (including the tenant qualification documents for each tenant throughout the Compliance Period), and cause to be made all elections and certifications pertaining to the number and size of the units in the Project, occupancy thereof by tenants, income levels of tenants, the units in the Project rent levels, set asides for low-income tenants and any other matters now or hereafter required to satisfy the Tax Credit Conditions and to qualify for and maintain the full Actual Federal Credit and any other available Tax Attributes in connection with low-income occupancy of the Project.

(b) The Administrative General Partner shall cause the Partnership to comply with the Fifty Percent Test.

(c) The General Partners shall elect the 40-60 Set-Aside Test.

(d) The Administrative General Partner shall certify to the Investor Limited Partner compliance with the Minimum Set-Aside Test and report the dollar amount of qualified basis, applicable percentage and Eligible Basis, the date the Project is Placed in Service and any other information required for the Federal Tax Credits in a timely manner but in no event later than December 31 of the first year in which any rehabilitation portion of a Building in
the Project is Placed in Service and for each Taxable Year thereafter during the Compliance Period for such Federal Tax Credits, or at such other times and for such other periods as may hereafter be required by the Tax Credit Conditions.

(e) The Administrative General Partner shall within 10 Business Days notify the Investor Limited Partner, with a detailed explanation of the circumstances, if at any time it becomes apparent to the Administrative General Partner that the Tax Attributes projected in the Projections are not likely to be substantially realized.

(f) The Administrative General Partner shall cause to be provided to any applicable state or federal agency all required or requested documentation and certifications as may be required to maintain and ensure the Project's eligibility for Federal Tax Credits.

(g) The Administrative General Partner shall cause the Partnership and the Project to comply with all the requirements of the Tax Credit Determination.

4.5 [Intentionally Omitted].

4.6 ABG, AML, and Sanction Compliance. Each of the General Partners and the Special Limited Partner hereby makes the following representations and warranties and covenants to the Partnership and the Investor Limited Partner, in connection with the Partnership and the Project, each of which representations and warranties are true and correct as of the date hereof and shall be true as of the date of this Agreement:

(a) Unlawful Payments. None of the Partnership, any General Partner, any Special Limited Partner, any Guarantor, nor any of their direct parent entities or subsidiaries or agents (nor the directors, officers, or Affiliates of any of the foregoing), in connection with the Project (i) has made, will make or will cause to be made any unlawful payments or gifts or anything of value, or any offer or promise or agreement to make any unlawful payment or gift, directly or indirectly, to any Public Official to unlawfully secure an improper advantage or unlawfully obtain or retain business or an advantage in the conduct of business for the Partnership, any subsidiary or any of their respective Affiliates, or otherwise unlawfully cause such Public Official to perform his or her duties improperly; (ii) has unlawfully paid, offered to pay or agreed to pay, will unlawfully pay, offer to pay or agree to pay, or will cause an unlawful payment, offer to make such unlawful payment or enter into an agreement to unlawfully make such payment with respect to any political contributions or donations; (iii) has violated, will violate or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, as amended; or (iv) has made, will make or will cause to be made any bribe, rebate, payoff, influence payment, kickback, offer or agreement to pay or other unlawful payment to any Public Official. The prohibitions in (i) and (ii) of this Section include, without limitation, all unlawful payments to Public Officials personally in connection with a government action, even when the purpose of the payment is merely to expedite or secure performance (other than in connection with the payment of fees owed in the ordinary course of business) of a routine governmental action by such Public Official such as obtaining official documents, processing governmental papers, or providing postal or utility services.
Money Laundering. The operations of the Partnership, each General Partner, Special Limited Partner, each Guarantor and the respective directors, officers, and Affiliates of each of the foregoing, are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended (the “USA PATRIOT Act”) and the regulations promulgated thereunder, the money laundering statutes of all applicable jurisdictions in which the Partnership, each General Partner, the Special Limited Partner, each Guarantors and the respective directors, officer, and Affiliates of each of the foregoing conduct business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency having jurisdiction over such Persons (collectively, the “Money Laundering Laws”). No action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving such Persons with respect to any Money Laundering Laws is pending or, to the knowledge of each of General Partner, Special Limited Partner, and each Guarantor, threatened in writing. None of the monies used in connection with the Project have been or will be derived from or related to any illegal activities, including but not limited to money laundering activities, and none of the proceeds of the Project will be used to finance any illegal activities.

OFAC. None of the Partnership, any General Partner, any Special Limited Partner, any Guarantor nor the respective directors, officers, and Affiliates of each of the foregoing, is currently or will take any action or inaction to become the subject or the target of any economic sanctions administered or enforced by the U.S. Government, including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury (or any successor thereto) (“OFAC”), or other relevant economic sanctions authority, including, without limitation, any economic or trade sanction imposed by the laws of the United States, the European Union, the United Kingdom or other relevant jurisdiction (collectively, “Sanctions”), and, in connection with the Project, General Partners will not (i) take any action that could result in a violation by the Investor Limited Partner or an Affiliate of the Investor Limited Partner of any such Sanctions, (ii) engage in any transaction or dealing involving the property of any individual or entity listed or designated for economic sanctions under any Sanctions; (iii) engage in any transaction or dealing with or involving any jurisdiction or government, or any individual or entity located in, ordinarily resident in, or organized under the laws of a particular jurisdiction, if such jurisdiction or government is the target of comprehensive economic sanctions under any Sanctions; or (iv) engage in any transaction or dealing involving goods, services, or technology that originate from, or are transshipped through, any jurisdiction that is the target of comprehensive economic sanctions under any Sanctions.

None of the Partnership, any General Partner, any Special Limited Partner, any Guarantor nor any of their respective direct parent entities or subsidiaries (nor, to the knowledge of each of the General Partner, Special Limited Partner, the respective directors, officers, or Affiliates of each of the foregoing), is acting, or will act, on behalf of: (i) a country, territory or Person listed or designated for economic sanctions under any Sanctions, , (ii) a Person that is known to a General Partner or Special Limited Partner to reside in or has a place of business in a country or territory that is the target of comprehensive economic sanctions under any Sanctions or which is designated as a Non-Cooperative Jurisdiction by the Financial Action Task Force on Money Laundering, or whose subscription funds are transferred from or through such a
jurisdiction, (iii) a “Foreign Shell Bank” within the meaning of the USA PATRIOT Act, as amended, (iv) a Person that is known by a General Partner or Special Limited Partner to reside in, or be organized under the laws of, a jurisdiction designated by the Secretary of the Treasury under Section 311 or Section 312 of the USA PATRIOT Act as warranting special measures due to money laundering concerns, (v) a Person that is known by a General Partner or Special Limited Partner to be designated by the Secretary of the Treasury as warranting such special measures due to money laundering concerns or (vi) a Person that otherwise is known by a General Partner or Special Limited Partner to appear on any U.S.-government provided list of known or suspected terrorists or terrorist organizations. Each of the General Partners and Special Limited Partner has in place and will continue to maintain internal policies and procedures that are reasonably designed to ensure the foregoing representations in this Section.

(e) **Governmental Inquiries.** Each General Partner and Special Limited Partner warrants and covenants that it will promptly notify the Investor Limited Partner in reasonable written detail about any governmental inquiry, notice, or claim of which such General Partner or Special Limited Partner, as applicable, has notice or knowledge and which arises out of this Agreement, or which affects or could reasonably be expected to affect any activities of such General Partner or Special Limited Partner, or any individual or entity acting on a General Partner’s or Special Limited Partner’s behalf in connection with this Agreement.

(f) **Accuracy of Representations.** Each General Partner and Special Limited Partner agrees to give prompt written notice to Investor Limited Partner in the event that, at any time during the term of this Agreement, any representation set forth herein is no longer accurate or Investor Limited Partner has failed to comply with or has breached any of its warranties or agreements hereunder.

**ARTICLE V**

**PARTNERS, PARTNERSHIP INTERESTS AND OBLIGATIONS OF THE PARTNERSHIP**

5.1 **Partners, Capital Contributions and Partnership Interests; Withdrawal of Withdrawing Limited Partner.**

(a) The General Partners and the Special Limited Partner, their principal offices and places of business, Capital Contributions and Percentage Interests are as follows:

<table>
<thead>
<tr>
<th>Entity Name</th>
<th>Capital Contribution</th>
<th>Percentage Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Related/Pueblo del Sol I Development Co., LLC</td>
<td>$[100]</td>
<td>0.0059%</td>
</tr>
<tr>
<td>c/o The Related Companies of California</td>
<td></td>
<td></td>
</tr>
<tr>
<td>333 South Grand Avenue, Suite 4450</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Los Angeles, CA 90071</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LOMOD PDS LLC</td>
<td>$[281,298]</td>
<td>0.0001%</td>
</tr>
<tr>
<td>2600 Wilshire Boulevard, 4th Floor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Los Angeles, CA 90057</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
If the Partnership has not paid all or any part of the Development Fee at the maturity date thereof as set forth in Section 8.12 and the Development Agreement, the Administrative General Partner shall on such maturity date make a Capital Contribution to the Partnership in an amount equal to such remaining balance, and the Partnership shall thereupon make a payment in an equal amount to pay off the balance of the Development Fee.

The Capital Contributions of the General Partners and the Special Limited Partner shall be made as of the date hereof.

As of the Closing Date, the Withdrawing Limited Partner hereby withdraws from the Partnership as a Partner and acknowledges that it no longer has any Interest in, or rights or claims against, the Partnership as a Partner and that it has no Capital Account balance.

(b) The Investor Limited Partner, its principal office and place of business, Capital Contribution and Percentage Interest are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Capital Contribution</th>
<th>Percentage Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>GSB LIHTC INVESTOR LLC</td>
<td>$[18,726,051]</td>
<td>99.99%</td>
</tr>
<tr>
<td>c/o The Goldman Sachs Group, Inc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>200 West Street</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New York, NY 10282</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As more specifically set forth in paragraph (c) immediately below

(c) Subject to the provisions of this Agreement, including, without limitation, the provisions of Sections 5.2 and 5.4, the Investor Limited Partner shall be obligated to make Capital Contributions to the Partnership in installments as follows:

(i) Initial Capital Contribution. After satisfaction of all of the Initial Capital Contribution Conditions and the review and approval by the Investor Limited Partner of the items described below, the Investor Limited Partner shall make the Initial Capital Contribution as described in this Section 5.1(c)(i):

   A. General Partners’ Certificate. The Investor Limited Partner has received from the General Partners a General Partners’ Certificate in the form attached hereto as Exhibit F.

   B. Survey. The Investor Limited Partner has received a copy of an ALTA/NSPS survey of the Land certified to the Partnership, prepared by a licensed surveyor. Such survey shall contain the surveyor’s certification that there are no easements or other encroachments on the Land or on adjacent lands which prohibit or interfere with the use of the Land except as shown on the survey.
C. **Appraisal.** The Investor Limited Partner has received an appraisal with respect to the Project, which appraisal shall be satisfactory to the Investor Limited Partner.

D. **Title Policy.** The Investor Limited Partner has received a copy of the Title Policy.

E. **Environmental Matters.** The Investor Limited Partner has received and approved a copy of the Environmental Report and other reports referred to in Section 4.1(bb) and reliance letters from the entities who prepared the Environmental Report, permitting reliance thereon by the Investor Limited Partner, and, if any other reports or actions are required by Section 4.1(bb), the Investor Limited Partner shall be satisfied that they have been delivered or performed in accordance with Section 4.1(bb).

F. **Tax Credit Determination.** The Investor Limited Partner has received evidence satisfactory to it that the Partnership has received a valid Tax Credit Determination with respect to the Project.

G. **Project Documents.** The Investor Limited Partner has received and approved a copy of each Project Document required to be in existence at the time of the Initial Capital Contribution or otherwise available at such time, including any amendment to the Management Agreement necessary in order for the Management Agreement to comply with the requirements of Section 8.15.

H. **Insurance.** The Investor Limited Partner has received and approved evidence that the Partnership has obtained insurance coverage insuring the Partnership and covering the Project in accordance with Section 4.1(r) and Schedule 2 and certificates of insurance as required by Schedule 2.

I. **Zoning and Permits.** The Investor Limited Partner shall have received a letter from the appropriate municipal entity confirming that the Project are properly zoned for their intended uses, and the Investor Limited Partner shall be satisfied that all necessary licenses, permits and authorizations of all Authorities necessary for the rehabilitation and operation of the Project have been received by the Partnership.

J. **Contractor.** The Investor Limited Partner has approved the Contractor and has received and approved a copy of each of: (i) the scope of the rehabilitation; (ii) the Construction Contract; and (iii) the Plans and Specifications.

K. **Legal Opinions.** The Investor Limited Partner has received (i) a legal opinion with conclusions satisfactory to the Investor Limited Partner from the Counsel to the Partnership, (ii) tax advice with conclusions satisfactory to the Investor Limited Partner from the Investor Limited Partner’s counsel, and
(iii) the General Partners’ certificate to the tax opinion of the Investor Limited Partner’s counsel.

L. Financial Statements. The Investor Limited Partner has received and approved financial statements of the General Partners, each Guarantor and the Partnership for each fiscal year from the year of its organization through the most recently completed fiscal year, which financial statements fairly present the financial condition and results of operations of the General Partners, each Guarantor and the Partnership as at the end of and for the period covered thereby and, unless disclosed by the General Partners in writing, there has been no material adverse change in the financial condition of the General Partners, any Guarantor or the Partnership between the date of the financial statements and the Closing that would impact their ability to fulfill their respective roles in this Agreement.

M. Organizational Documents. The Investor Limited Partner has received copies of all organizational documents of each General Partner, Special Limited Partner, Guarantor and the Partnership, certified, to the extent applicable, by the appropriate governmental authority and certificates of good standing for each General Partner, Special Limited Partner, Guarantor and the Partnership, dated no earlier than 30 days prior to the date of the Initial Capital Contribution.

N. Due Diligence Items. The Investor Limited Partner has received all requested due diligence items that are required to be delivered at or prior to the time of the Initial Capital Contribution (if not otherwise provided pursuant to any other Initial Capital Contribution Condition set forth herein), certified to the Investor Limited Partner as being true and correct and in form and substance satisfactory to the Investor Limited Partner in its sole discretion. The Investor Limited Partner has received and is satisfied with the results of such judgment, lien, litigation, tax and bankruptcy searches with respect to the General Partners, the Special Limited Partner, the Developer, and each Guarantor.

O. No Material Adverse Change. The Investor Limited Partner has determined that there has been no material adverse change in the facts disclosed by the due diligence it conducted with respect to the Project, any General Partner, the Special Limited Partner, any Guarantor (but only to the extent such change would be materially adverse to its ability to fulfill its obligations under the Guaranty) prior to the time of its admission to the Partnership.

P. Construction Loan Closing. The closing of the Construction Loan has occurred, the Construction Loan Documents shall provide the Investor Limited Partner with such notices of default, cure rights, and rights to remove the General Partners and the Special Limited Partner without Construction Lender’s consent, as shall be required by the Investor Limited Partner and the Construction Loan documents shall be in form and substance
consistent with the Projections and satisfactory to the Investor Limited Partner, and the initial funding under the Construction Loan has occurred to the extent provided in the Construction Loan Documents.

Q. **Subordinate Loan Closing.** The closing of the Subordinate Loan has occurred, the principal amount of the Subordinate Loan shall be made available to the Partnership during the rehabilitation of the Project. The Subordinate Loan Documents shall provide the Investor Limited Partner with such notices of default, cure rights, and rights to remove the General Partners and the Special Limited Partner without such Subordinate Lender’s consent, as shall be required by the Investor Limited Partner and the Subordinate Loan Documents shall be in form and substance consistent with the Projections and satisfactory to the Investor Limited Partner.

R. **Outstanding Liabilities.** The Investor Limited Partner shall have received a certificate from the Accountant or the General Partners in form and substance satisfactory to the Investor Limited Partner, certifying that there are no outstanding liabilities, no claims, suits, causes of action, litigation or other proceedings, affecting the Partnership or the Project.

S. **Budgets.** The Investor Limited Partner has received and Consented to the Development Budget and the Operating Budget for the remainder of the current fiscal year of the Partnership as contemplated by Section 8.19.

T. **Plans and Specifications.** The Investor Limited Partner and its Engineering Consultant have approved the Plans and Specifications.

U. **Residual Analysis.** The Investor Limited Partner shall have received and be satisfied with a residual value analysis showing that the Partnership will be able to repay the Loans upon maturity.

V. **Projections.** The Investor Limited Partner has received the Projections from the General Partners;

W. **Development Agreement.** The Investor Limited Partner has received a copy of the Development Agreement, executed and delivered in the form of Exhibit B;

X. **Guaranty.** Each Guarantor has executed and delivered to the Investor Limited Partner the Guaranty in the form of Exhibit D-1.

Y. **Wiring Instructions.** The Investor Limited Partner has received a copy of the wiring instructions for the Initial Capital Contribution.

Z. **Tax Matters.** The Investor Limited Partner shall have received all tax matters, including all aspects of all Bonds and volume cap allocation documents.
AA. **Ground Lease.** The Investor Limited Partner shall have received and approved the Ground Lease for the Project.

BB. **Other Documents.** The Investor Limited Partner has received such other documents as may be required under the provisions of this Agreement or as the Investor Limited Partner or its counsel may reasonably require in order to evidence that the requirements of Sections 5.1(c)(i)(A) through (DD) above have been met.

The amount of the Initial Capital Contribution shall be in an amount equal to $[3,745,210] (or approximately 20% of the total Capital Contribution of the Investor Limited Partner attributable to the Federal Tax Credits), payable upon satisfaction of each of the Initial Capital Contribution Conditions. The Partnership shall use the Initial Capital Contribution to pay amounts set forth in the Development Budget. The Investor Limited Partner hereby acknowledges that the Initial Capital Contribution Conditions have been met as of Closing.

(ii) **Completion Capital Contribution.** After satisfaction of all of the Initial Capital Contribution Conditions and the review and approval by the Investor Limited Partner of the items described below, the Investor Limited Partner shall make the Completion Capital Contribution as described in this Section 5.1(c)(ii):

A. **General Partners’ Certificate.** The Investor Limited Partner has received from the General Partners a General Partners’ Certificate in the form attached hereto as Exhibit F.

B. **No Material Adverse Change.** There has been no material adverse change in the facts disclosed by the due diligence the Investor Limited Partner conducted with respect to the Project, each General Partner, Special Limited Partner, and Guarantor (but only to the extent such change would be materially adverse to its ability to fulfill its obligations under the Guaranty) prior to the time of the Completion Capital Contribution.

C. **Substantial Completion.** Substantial Completion has occurred.

D. **Completion Date.** The Completion Date has occurred.

E. **Permits, Licenses and Certificates of Occupancy.** The Investor Limited Partner has received a copy of any permits and licenses which are required for the operation, occupancy and use of the Project, including, without limitation, a Certificate of Occupancy for each of the buildings in the Project.

F. **Title Policy.** The title insurance company shall have issued the following endorsements to the Title Policy: (i) a “date-down” endorsement extending the effective date of the Title Policy to the date of funding and showing no mechanics lien exceptions to the title other than the exceptions reflected on the Title Policy as of Closing, except as shall be reasonably
acceptable to the Investor Limited Partner and (2) such other endorsements as the Investor Limited Partner may reasonably require.

G. Contractor and Contractor’s Certificate. Contractor shall have been paid all amounts properly due it to date (except amounts contained in the Completion Capital Contribution) and all advances previously made, if any, with respect to the Capital Contribution and the Loans (including releases from reserves or escrows created under the applicable Loan Documents), as applicable, have been properly applied. Contractor shall also have delivered to the Investor Limited Partner a certificate executed by Contractor and General Partners in the form attached approved by Investor Limited Partner certifying that the improvements constituting the Project have been completed, as applicable, substantially in compliance with the Plans and Specifications, the construction and materials used therein are substantially according to the Plans and Specifications, all bills for labor, material and services then incurred and payable in connection with the Project have been paid or will be paid from the Completion Capital Contribution, and such other matters as Investor Limited Partner may reasonably require.

H. Contractor’s Pay-Off Letter. The Partnership has received (i) a letter from the Contractor to the effect that all amounts due under the Construction Contract have been paid, subject to amounts held under any contract as a retainage or other holdbacks for industry standard “punch-list” items and subject to the Investor Limited Partner’s determination that an amount equal to 150% of the estimated cost to complete such “punch-list” items shall have been escrowed or otherwise are available to pay for such “punch-list” items and (ii) lien waivers from the Contractor and major subcontractors. As used herein, major subcontractors shall mean the subcontractors responsible for demolition, cabinets and carpentry, flooring, mechanical, electrical, plumbing and site work.

I. Receipts for Payment of Costs. General Partners have (i) procured and delivered copies to the Investor Limited Partner of all general contractor’s and mechanics’ lien waivers, releases, affidavits and accepted bills as may be required by the Investor Limited Partner (or a Lender, as the case may be), showing payment of all parties who have furnished materials or performed labor of any kind entering into the construction or installation of any of the improvements of the Project for work performed and materials furnished prior to a date which is not more than 30 days prior to the date of payment of the Completion Capital Contribution (except to the extent such charges are contested and any associated lien is bonded), and (ii) delivered invoices for any soft costs that individually exceed $10,000.

J. Approval of Architect and Architect’s Certificate. The Architect shall have delivered to Investor Limited Partner an AIA Form G704 the Architect’s Certificate certifying in part, that the improvements constituting the Project have been constructed, as applicable, substantially in compliance with the Plans and Specifications, the construction and materials used therein are
substantially according to the Plans and Specifications, the work has been accomplished to entitle the Partnership to the Completion Capital Contribution, that the work has been substantially complete, and such other matters as the Investor Limited Partner may reasonably require.

K. Certification of Engineering Consultant. The Investor Limited Partner has received a certification or other evidence satisfactory to the Investor Limited Partner that the Project has been constructed substantially in accordance with the Plans and Specifications from the Engineering Consultant.

L. Environmental Matters. To the extent the matters set forth in Schedule 3 have not previously been eliminated, controlled or abated as evidenced by a report or closure letter, the Investor Limited Partner has received a report or closure letter in form satisfactory to the Investor Limited Partner showing that any Hazardous Materials or other environmental matters listed in Schedule 3 as being required to be eliminated, controlled or abated, including without limitation, any asbestos contamination and lead-based paint, if applicable, have been properly dealt with in accordance with the requirements of Schedule 3 and all Environmental Laws.

M. Insurance. The Investor Limited Partner has received and approved evidence that the Partnership has obtained insurance coverage required during operation of the Project in accordance with Section 4.1(r) and Schedule 2.

N. Estoppel Certificate. The Partnership has received (and the General Partners shall use reasonable good faith efforts to obtain) an Estoppel Certificate from each of the Lenders in the form of Exhibit I or in a form otherwise acceptable to the Investor Limited Partner, in each case if and to the extent a particular Lender is willing to provide the same.

O. Wiring Instructions. The Investor Limited Partner has received a copy of the wiring instructions for the Completion Capital Contribution.

P. Other Documents. The Investor Limited Partner has received such other documents as may be reasonably required under the provisions of this Agreement or as the Investor Limited Partner or its counsel may reasonably require in order to evidence that the requirements of Section 5.1(c)(ii) have been met.

The amount of the Completion Capital Contribution shall be in an amount equal to $[11,235,631] (or approximately 60% of the total Capital Contribution of the Investor Limited Partner attributable to the Federal Tax Credits), payable within ten (10) Business Days of the satisfaction of the Completion Capital Contribution Conditions and subject to adjustment as set forth in Section 5.2. The Partnership shall use the Completion Capital Contribution to pay amounts set forth in the Development Budget.
(iii) **Stabilization Capital Contribution.** After satisfaction of all of the Completion Capital Contribution Conditions and the review and approval by the Investor Limited Partner of the items described below, the Investor Limited Partner shall make the Stabilization Certification Capital Contribution as described in this Section 5.1(c)(iii):

A. **General Partners’ Certificate.** The Investor Limited Partner has received from the General Partners a General Partners’ Certificate in the form attached hereto as Exhibit F.

B. **No Material Adverse Change.** There has been no material adverse change in the facts disclosed by the due diligence the Investor Limited Partner conducted with respect to the Project, each General Partner, Special Limited Partner, and Guarantor (but only to the extent such change would be materially adverse to its ability to fulfill its obligations under the Guaranty) prior to the time of the Stabilization Capital Contribution.

C. **Stabilization.** Stabilization has occurred or is to occur concurrently with the making of the Stabilization Capital Contribution.

D. **Conversion.** Conversion shall have occurred or is to occur concurrently with the making of the Stabilization Capital Contribution, and the Permanent Loan Documents shall be in form satisfactory to, and copies thereof shall be have been delivered to, the Investor Member.

E. **Draft Cost Certification.** The General Partners have provided to the Investor Limited Partner for its review and Consent a draft cost certification prepared by the Accountants setting forth such matters as are reasonably requested by the Investor Limited Partner, including Eligible Basis of the Project and the amount of the Projected Federal Credits of the Project.

F. **Fifty Percent Test.** The General Partners have provided to the Investor Limited Partner for its review and Consent (1) evidence that the Fifty Percent Test shall be satisfied by the Partnership, including a draft certificate from the Accountants in the form attached hereto as Exhibit G, and (2) evidence that the Project has been Placed in Service.

G. **Tenant Certifications.** The General Partners have conducted an initial tenant income certification, audited by a qualified third-party auditor satisfactory to the Investor Limited Partner, with respect to the tenants of the Eligible Federal Tax Credit Units and has provided to the Investor Limited Partner evidence of such income certification and a certified rent roll. If the Investor Limited Partner deems the audit to be unacceptable, the Investor Limited Partner may commission an additional audit by a third-party auditor of its choice at the expense of the Partnership. In connection with the initial tenant income certification, the General Partners shall provide electronic access to the Investor...
Limited Partner of the tenant files establishing that the tenants first occupying Eligible Federal Tax Credit Units are qualified tenants.

H. **Adjusters.** The adjustment provisions set forth in *Section 5.2* have been preliminarily calculated to the satisfaction of the Investor Limited Partner.

I. **Title Policy.** The title insurance company shall have issued the following endorsements to the Title Policy: (i) a “date-down” endorsement extending the effective date of the Title Policy to the date of funding and showing no mechanics lien exceptions to the title other than the exceptions reflected on the Title Policy as of Closing, except as shall be reasonably acceptable to the Investor Limited Partner and (2) such other endorsements as the Investor Limited Partner may reasonably require. Notwithstanding the foregoing, the Investor Limited Partner agrees to accept a title report dated no earlier than ten (10) Business Days prior to the date of the funding of the Stabilization Capital Contribution showing no exceptions to the title policy other than the exceptions reflected on the Partnership’s Title Policy and any other exceptions Consented to by the Investor Limited Partner.

J. **Contractor and Contractor’s Certificate.** Contractor shall have been paid all amounts properly due it to date (except amounts contained in the Stabilization Capital Contribution) and all advances previously made, if any, with respect to the Capital Contribution and the Loans (including releases from reserves or escrows created under the applicable Loan Documents), as applicable, have been properly applied. Contractor shall also have delivered to the Investor Limited Partner a certificate executed by Contractor and General Partners in the form attached and approved by Investor Limited Partner certifying that the improvements constituting the Project have been completed, as applicable, substantially in compliance with the Plans and Specifications, the construction and materials used therein are substantially according to the Plans and Specifications, all bills for labor, material and services then incurred and payable in connection with the Project have been paid or will be paid from the Stabilization Capital Contribution, and such other matters as Investor Limited Partner may reasonably require.

K. **Contractor’s Pay-Off Letter.** The Partnership has received (i) a letter from the Contractor to the effect that all amounts due under the Construction Contract have been paid, subject to amounts held under any contract as a retainage or other holdbacks for industry standard “punch-list” items and subject to the Investor Limited Partner’s determination that an amount equal to 150% of the estimated cost to complete such “punch-list” items shall have been escrowed or otherwise are available to pay for such “punch-list” items and (ii) lien waivers from the Contractor and major subcontractors. As used herein, major subcontractors shall mean the subcontractors responsible for demolition, cabinets and carpentry, flooring, mechanical, electrical, plumbing and site work.
L. **Receipts for Payment of Costs.** General Partners have (i) procured and delivered copies to the Investor Limited Partner of all general contractor’s and mechanics’ lien waivers, releases, affidavits and accepted bills as may be required by the Investor Limited Partner (or a Lender, as the case may be), showing payment of all parties who have furnished materials or performed labor of any kind entering into the construction or installation of any of the improvements of the Project for work performed and materials furnished prior to a date which is not more than 30 days prior to the date of payment of the Stabilization Capital Contribution (except to the extent such charges are contested and any associated lien is bonded), and (ii) delivered invoices for any soft costs that individually exceed $10,000.

M. **Approval of Architect and Architect’s Certificate.** The Architect shall have delivered to Investor Limited Partner an AIA Form G704 and the Architect’s Certificate certifying in part, that the improvements constituting the Project have been constructed, as applicable, substantially in compliance with the Plans and Specifications, the construction and materials used therein are substantially according to the Plans and Specifications, the work has been accomplished to entitle the Partnership to the Stabilization Capital Contribution, that the work has been substantially complete, and such other matters as the Investor Limited Partner may reasonably require.

N. **Certification of Engineering Consultant.** The Investor Limited Partner has received a certification or other evidence satisfactory to the Investor Limited Partner that the Project has been constructed substantially in accordance with the Plans and Specification from the Engineering Consultant.

O. **Environmental Matters.** To the extent the matters set forth in Schedule 3 have not previously been eliminated, controlled or abated as evidenced by a report or closure letter, the Investor Limited Partner has received a report or closure letter in form satisfactory to the Investor Limited Partner showing that any Hazardous Materials or other environmental matters listed in Schedule 3 as being required to be eliminated, controlled or abated, including without limitation, any asbestos contamination and lead-based paint, if applicable, have been properly dealt with in accordance with the requirements of Schedule 3 and all Environmental Laws.

P. **Insurance.** The Investor Limited Partner has received and approved evidence that the Partnership has obtained insurance coverage required during operation of the Project in accordance with Section 4.1(r) and Schedule 2.

Q. **Estoppel Certificate.** The Partnership has received (and the General Partners shall use reasonable good faith efforts to obtain) an Estoppel Certificate from each of the Lenders in the form of Exhibit I or in a form otherwise acceptable to the Investor Limited Partner, in each case if and to the extent a particular Lender is willing to provide the same.
R. **As-Built Survey and As-Built Plans.** The Investor Limited Partner has received and approved an as-built survey and as-built plans for the Project at Substantial Completion.

S. **Wiring Instructions.** The Investor Limited Partner has received a copy of the wiring instructions for the Stabilization Capital Contribution.

T. **Other Documents.** The Investor Limited Partner has received such other documents as may be reasonably required under the provisions of this Agreement or as the Investor Limited Partner or its counsel may reasonably require in order to evidence that the requirements of Section 5.1(c)(iii) have been met.

The amount of the Stabilization Capital Contribution shall be in an amount equal to $[3,557,950] (or approximately 19% of the total Capital Contribution of the Investor Limited Partner attributable to the Federal Tax Credits), payable within ten (10) Business Days of the satisfaction of the Stabilization Capital Contribution Conditions and subject to adjustment as set forth in Section 5.2. The Partnership shall use the Stabilization Capital Contribution to pay amounts set forth in the Development Budget.

(iv) **8609 Capital Contribution.** After satisfaction of all of the Stabilization Capital Contribution Conditions, and the review and approval by the Investor Limited Partner of the items described below, the Investor Limited Partner shall make the 8609 Capital Contribution as described in this Section 5.1(c)(v):

A. **General Partners’ Certificate.** The Investor Limited Partner has received from the General Partners a General Partners’ Certificate in the form attached hereto as Exhibit F.

B. **No Material Adverse Change.** There has been no material adverse change in the facts disclosed by the due diligence the Investor Limited Partner conducted with respect to the Project, each General Partner and each Guarantor (but only to the extent such change would be materially adverse to its ability to fulfill its obligations under the Guaranty) prior to the time of the Stabilization Capital Contribution.

C. **Financial Information.** The Investor Limited Partner has received financial statements of the General Partners, each Guarantor and the Partnership for each fiscal year from the year of the Partnership’s organization through the most recently completed fiscal year (or, if financial statements are not yet available or otherwise due under this Agreement for the most recently completed fiscal year, then through the second most recently completed fiscal year), which financial statements fairly present the financial condition and results of operations of the General Partners, such Guarantor and the Partnership as at the end of and for the period covered thereby and, unless disclosed by the General Partners in writing, there has been no material adverse change in the financial
condition of the General Partners, any Guarantor or the Partnership between the
date of the Capital Contribution and the date of the 8609 Capital Contribution that
would impact their ability to fulfill their respective roles in this Agreement.

D. **Final Cost Certification.** At least 10 Business Days prior to
submission to the Agency, the General Partners have provided to the Investor
Limited Partner for its review and Consent a final cost certification prepared by
the Accountants setting forth such matters as are reasonably requested by the
Investor Limited Partner, including Eligible Basis of the Project and the amount
of the Projected Federal Credits of the Project.

E. **Fifty Percent Test.** The General Partners have provided to
the Investor Limited Partner for its review and Consent (1) evidence that the Fifty
Percent Test shall be satisfied by the Partnership, including a final certificate from
the Accountants based on the final cost certification and in the form attached
hereto as Exhibit G, and (2) evidence that the Project has been Placed in Service.

F. **Title Policy.** The title insurance company shall have issued
the following endorsements to the Title Policy: (i) a “date-down” endorsement
extending the effective date of the Title Policy to the date of funding and showing
no mechanics lien exceptions to the title other than the exceptions reflected on the
Title Policy as of Closing, except as shall be reasonably acceptable to the Investor
Limited Partner and (2) such other endorsements as the Investor Limited Partner
may reasonably require. Notwithstanding the foregoing, the Investor Limited
Partner agrees to accept a title report dated no earlier than ten (10) Business Days
prior to the date of the funding of the 8609 Capital Contribution showing no
exceptions to the title policy other than the exceptions reflected on the
Partnership’s Title Policy and any other exceptions Consented to by the Investor
Limited Partner.

G. **IRS Forms 8609.** The Investor Limited Partner has
received the IRS Form 8609 for the Project executed by the Agency.

H. **Extended Use Agreement.** The Investor Limited Partner
has received and approved a copy of the Extended Use Agreement together with
evidence that the same has been or concurrently with the 8609 Capital
Contribution to be recorded against the Project in the official records of Los
Angeles County, California.

I. **Adjustments.** Final adjustments, in accordance with
Section 5.2 have been calculated to the satisfaction of the Investor Limited
Partner.

J. **Estoppel Certificate.** The Partnership has received (and the
General Partners shall use reasonable good faith efforts to obtain) an Estoppel
Certificate from each of the Lenders in the form of Exhibit I or in a form
otherwise acceptable to the Investor Limited Partner, in each case if and to the extent a particular Lender is willing to provide the same.

K. **Developer Fee Note.** To the extent that the 8609 Capital Contribution is insufficient to pay the entire remaining balance due in respect of the Development Fee, the Partnership shall have executed the Developer Fee Note, in the form approved by the Investor Limited Partner as set forth in Exhibit A to the Development Agreement, in satisfaction of such deficiency.

L. **Wiring Instructions.** The Investor Limited Partner has received a copy of the wiring instructions for the Stabilization Capital Contribution.

M. **Other Documents.** The Investor Limited Partner has received such other documents as may be reasonably required under the provisions of this Agreement or as the Investor Limited Partner or its counsel may reasonably require in order to evidence that the requirements of Section 5.1(c)(v) have been met.

The amount of the 8609 Capital Contribution shall be in an amount equal to $[187,261] (or approximately 1% of the total Capital Contribution of the Investor Limited Partner attributable to the Federal Tax Credits), payable within ten (10) Business Days of the satisfaction of the 8609 Capital Contribution Conditions and subject to adjustment as set forth in Section 5.2. The Partnership shall use the 8609 Capital Contribution to pay amounts set forth in the Development Budget.

(v) **Special Additional Capital Contributions.** If, in any Taxable Year of the Partnership, the Investor Limited Partner’s Capital Account balance may be reduced to or below zero, such 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 such Investor Limited Partner’s Capital Account balance to or below zero ("Special Additional Capital Contribution"). If such 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. Such Investor Limited Partner shall receive a guaranteed payment pursuant to Section 5.7 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 Partners have the option, in their 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) Without the Consent of all of the Partners, no additional Person may be admitted as additional or substitute (except in accordance with Article IX) Investor Limited Partner and Capital Contributions may be accepted only as and to the extent expressly provided for in this Article V.

(e) The cash portion of the Capital Contributions of each Partner shall be deposited at the Administrative General Partner’s discretion in a checking, or savings account, to be established and maintained in the name of the Partnership, or invested in 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) Except as may otherwise be provided under applicable law, no Investor Limited Partner shall be bound by, or personally liable for, the expenses, liabilities or obligations of the Partnership.

(g) Until the Construction Loan has converted to the Permanent Loan, the Capital Contributions of the Investor Limited Partner as they become due shall be paid on behalf of the Partnership directly to Citibank, N.A. pursuant to that certain Assignment of Equity Investor Capital Contributions, Pledge and Security Agreement and that certain Deposit Account Control Agreement, dated as of October 1, 2020, each as executed by the Partnership in favor of Citibank, N.A.

5.2 Adjustments to Capital Contributions.

(a) Adjustments Due to Shortfall in Federal Tax Credits.

(i) Federal Tax Credit Downward Basis Adjustment. If at any time prior to the making of the Stabilization Capital Contribution, the Accountant determines that the Adjusted Aggregate Federal Credit Amount properly allocable to the Investor Limited Partner is or will be less than the Projected Aggregate Federal Credit Amount, then the Capital Contribution of the Investor Limited Partner shall be reduced in the aggregate by $0.925 for each $1.00 that the Adjusted Aggregate Federal Credit Amount is less than the Projected Aggregate Federal Credit Amount.

(ii) Federal Tax Credit Timing Adjustment. If at any time prior to the making of the Stabilization Capital Contribution, the Accountant determines that, or there shall be (A) a Federal Tax Credit Recapture/Reduction Event pursuant to which, the Actual Federal Credit properly allocable to the Investor Limited Partner for 2022 or 2023, is less than the respective Projected Federal Credit for 2022 or 2023, or (B) the Actual Federal Credit properly allocable to the Investor Limited Partner for 2022 or 2023, is greater than the respective Projected Federal Credit for 2021, 2022 or 2023 (each of “(A)” and “(B)” are referred to herein as the “Federal Timing Adjustment Target Amounts”), then the Capital Contribution of the Investor Limited Partner shall be reduced or increased, as the case may be, by reason of such variation of the Actual Federal Credits from the Federal Timing Adjustment Target Amounts and the deferral, if any, in the payment of the Investor Limited Partner’s Capital Contributions. Federal Timing Adjustment Target Amounts for purposes of the preceding sentence shall be
adjusted by $0.\text{[Under review]}$ for each $1.00 by which the Adjusted Aggregate Federal Credit Amount varies from the Projected Aggregate Federal Credit Amount; provided, however, that in no event shall any increase in the Investor Limited Partner’s Capital Contribution as a result of this Section 5.2(e)(ii) exceed the lesser of $[381,295]$ or the limitation set forth in Section 5.2(e).

(iii) Federal Tax Credit Upward Basis Adjustment. If upon receipt of the IRS Forms 8609 for the Project, the Accountant determines that the Adjusted Aggregate Federal Credit Amount properly allocable to the Investor Limited Partner is greater than the Projected Aggregate Federal Credit Amount, then the Capital Contribution of the Investor Limited Partner shall be increased by $0.925 for each $1.00 that the Adjusted Aggregate Federal Credit Amount properly allocable to the Investor Limited Partner is greater than the Projected Aggregate Federal Credit Amount subject to the limitation set forth in Section 5.2(e). It is acknowledged that the calculation described in this Section 5.2(a)(iii) shall be performed based on the Actual Applicable Fraction as of the date that the Investor Limited Partner receives IRS Forms 8609 for each Building regardless of the applicable fraction set forth in such IRS Forms 8609. No additional Capital Contribution shall be due from the Investor Limited Partner based on any increase in the Actual Applicable Fraction that may occur after the date that the Investor Limited Partner receives IRS Forms 8609 for each Building unless otherwise agreed to by the Administrative General Partner and the Investor Limited Partner.

(b) Application of Adjustments.

(i) If, upon the occurrence of any determination or event giving rise to an adjustment in the Capital Contribution of the Investor Limited Partner under Sections 5.2(a) (aggregating all concurrent adjustments applicable to the Investor Limited Partner under Sections 5.2(a)), there is a reduction in such Capital Contribution, then such reduction shall be applied first to reduce the amount of any unpaid portion of the Capital Contribution of the Investor Limited Partner by a corresponding amount.

(ii) If the reduction is an adjustment described in Section 5.2(a) and such reduction exceeds the amount of such unpaid portion of the Investor Limited Partner’s Capital Contribution, then the General Partners shall make a payment to the Investor Limited Partner in the amount of such excess on an After-Tax Basis within 60 days after the date of the applicable determination and such payment by the General Partners shall not constitute a Capital Contribution, loan or advance to the Partnership and shall not be reimbursable by the Partnership, but shall be treated as a direct payment by the General Partners to the Investor Limited Partner for breach of warranty by the General Partners and such payment shall be made on an After-Tax Basis.

(iii) The payments described in Sections 5.2(b)(ii) above, are each a “Tax Credit Adjustment Payment.” Each Guarantor shall guarantee the obligations of the General Partners and Partnership pursuant to this Section 5.2(b). If full payment of such Tax Credit Adjustment Payment is not received within such 60 day period, the
unpaid balance shall thereafter bear interest at the Prime Rate plus two percent. If, upon the occurrence of any determination or event giving rise to an adjustment in the Capital Contribution of the Investor Limited Partner under this Section 5.2 (aggregating and/or netting, as applicable, all concurrent adjustments under this Section 5.2), there is a net increase in such Capital Contribution, then such net increase shall be paid concurrently with the Stabilization Capital Contribution. Upon a determination of the adjustments required to be made pursuant to Sections 5.2(a), the Projected Federal Credits Schedule set forth on Schedule 1 shall be adjusted accordingly.

(c) **Provisional Adjustments.** If, prior to making the Completion Capital Contribution, the Stabilization Capital Contribution or the 8609 Capital Contribution, the Investor Limited Partner shall have a reasonable basis to believe that the amount of such Capital Contribution payment 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 5.2, the Investor Limited Partner may so notify the General Partners, and the Administrative General Partner shall thereupon engage the Accountants, at the Partnership’s expense, to make such determination or projection (unless the General Partners and Investor Limited Partner shall mutually agree upon the adjustments to be made). The amount of the Capital Contribution payment in question shall then be provisionally reduced in accordance with such projection or agreement; provided, that if the Accountants’ subsequent determinations with respect to matters giving rise to a provisional reduction 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 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 payments of Capital Contribution or paid by the General Partners as provided in Section 5.2(b) above. The due date for payment by the Investor Limited Partner of the Completion Capital Contribution, the Stabilization Capital Contribution or the 8609 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.

(d) **Determination of Adjustment Amounts.** The Investor Limited Partner may disagree with the amount, the timing of the amount of Actual Federal Credit or the Adjusted Aggregate Federal Credit Amount certified by the Accountants in the applicable Accountant’s Certificate provided that any such objection by the Investor Limited Partner must be made in good faith and accompanied by written documentation setting forth reasonable evidence which shows the Accountant’s determination is incorrect. The Investor Limited Partner’s written disagreement as to the amount and/or the timing of the amount of Actual Federal Credit or the Adjusted Aggregate Federal Credit Amount to which the Accountants certify in the respective Accountant’s Certificate, shall be given in a Notice to the General Partners of such disagreement within 20 days after delivery of the respective Accountant’s Certificate (the “Contribution Dispute Notification”), and the Investor Limited Partner shall pay that portion of the Capital Contribution based on that portion of the Actual Federal Credit or Adjusted Aggregate Federal Credit Amount not in dispute. With respect to the amount or the timing of the amount of such Actual Federal Credit or Adjusted Aggregate Federal Credit Amount in dispute, if the General Partners and the Investor Limited Partner cannot agree on the amount of the adjustment to the Capital Contribution within five days after the giving of the Contribution Dispute Notification,
the General Partners and the Investor Limited Partner shall each designate a certified public accountant as an arbitrator and such two arbitrators shall designate a certified public accountant as a third arbitrator (or if the first two arbitrators cannot agree upon a third arbitrator within 20 days, such third arbitrator shall be a certified public accountant chosen by the American Arbitration Association). The designation of arbitrators hereunder shall automatically delay the due date for payment of the portion of Capital Contribution until 10 Business Days after the conclusion of such arbitration (unless prior to the expiration of such period the General Partners and the Investor Limited Partner agree upon the amount of the adjustment, if any). Such arbitrators shall be directed to promptly conduct, at the expense of the Partnership, an arbitration to determine by majority vote the amount of the Actual Federal Credit or the Adjusted Aggregate Federal Credit Amount which the Partnership is entitled to claim and to allocate to the Investor Limited Partner on a basis that is prudent and reasonable. Such arbitrators shall be directed to give notice of their determination within 30 days after the third arbitrator has been designated, and upon the giving of such notice of determination the amount determined by majority vote of such arbitrators shall be deemed the amount of Actual Federal Credit or the Adjusted Aggregate Federal Credit Amount which the Partnership is entitled to claim and to allocate to the Investor Limited Partner for the purpose of determining any adjustment to the Capital Contribution. The costs and expenses of arbitration pursuant to this Section 5.2(d) shall be treated as a Partnership expense.

(e) Cap on Investor Limited Partner Contribution. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION 5.2, THE AGGREGATE AMOUNT OF ANY INCREASES TO THE INVESTOR LIMITED PARTNER’S CAPITAL CONTRIBUTION PURSUANT TO THIS SECTION 5.2 SHALL NOT EXCEED $[1,872,605] WHICH AMOUNT IS EQUAL TO TEN PERCENT (10%) OF THE TOTAL CAPITAL CONTRIBUTION OF THE INVESTOR LIMITED PARTNER AS CONTEMPLATED IN SECTION 5.1(b) WITHOUT INVESTOR LIMITED PARTNER’S CONSENT. FOR THE AVOIDANCE OF DOUBT, NOTWITHSTANDING ANYTHING TO THE CONTRARY IN SECTION 5.1 AND SECTION 5.2, THE AGGREGATE AMOUNT OF ALL OF THE INVESTOR LIMITED PARTNER’S CAPITAL CONTRIBUTIONS PURSUANT TO SECTION 5.1 AND SECTION 5.2 SHALL NOT EXCEED $[20,598,656]; PROVIDED, HOWEVER, TO THE EXTENT THAT THE PARTNERSHIP IS ENTITLED TO ACTUAL FEDERAL CREDITS IN EXCESS OF THE CAPITAL CONTRIBUTION CAP DESCRIBED HEREIN, THE INVESTOR LIMITED PARTNER MAY ELECT TO PURCHASE ALL OR ANY PORTION OF SUCH EXCESS AMOUNT (ABOVE THE CAPITAL CONTRIBUTION CAP) AT THE SAME RATE OF $0.925 FOR EACH $1.00 OF ACTUAL FEDERAL CREDITS. TO THE EXTENT THAT THE INVESTOR LIMITED PARTNER DOES NOT ELECT TO PURCHASE ALL OR ANY PORTION OF THE ACTUAL FEDERAL CREDITS IN EXCESS OF THE CAPITAL CONTRIBUTION CAP, SUCH EXCESS CREDITS SHALL BE ALLOCATED TO THE ADMINISTRATIVE GENERAL PARTNER.

5.3 Return of Capital Contribution. Except as provided in this Agreement, no Partner shall be entitled to demand or receive the return of its Capital Contribution.

5.4 Withholding of Investor Limited Partner Capital Contribution Upon Default. If: (a) any General Partner or Special Limited Partner, or any successor General Partner or Special Limited Partner, shall not have substantially complied with any material provisions under this
Agreement after Notice from the Investor Limited Partner of such noncompliance, or (b) a default shall have occurred under the Loans 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 a General Partner or Special Limited Partner (i.e., the Investor Limited Partner shall not be deemed to have failed to make a Capital Contribution if all conditions to the making of such Capital Contribution have not been satisfied), 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 a General Partner or Special Limited Partner (i.e., the Investor Limited Partner shall not be deemed to have failed to make a Capital Contribution if all conditions to the making of such Capital Contribution have not been satisfied), and such proceedings are not dismissed within 30 days thereof, or (d) if the Management Agent is an Affiliate of a General Partner and the Management Agent is in default under the Management Agreement (at the expiration of any applicable cure period), or (e) the Tax Credit Determination is revoked by the Agency or the Agency declares a default thereunder, then the Partnership and the General Partners shall be in default of this Agreement, and the Investor Limited Partner, at its sole election, may, in addition to any of the other rights or remedies of the Investor Limited Partner in respect of such default, 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 5.4 shall be promptly released to the Partnership after the General Partners or the Partnership has cured the default justifying the withholding, as demonstrated by evidence acceptable to the Investor Limited Partner.

5.5 Casualty or Condemnation. In the event of any fire or other casualty to the Project or any portion thereof or eminent domain proceedings resulting in condemnation of the Project or any portion thereof, the General Partners shall promptly give the Investor Limited Partner written notice thereof, and the following provisions shall be applicable (subject to the terms of the Ground Lease and the Loan Documents).

(a) Obligation to Rebuild. To the extent casualty insurance and condemnation award proceeds are available for rebuilding, net of expenses reasonably incurred in obtaining such proceeds and subject to the Ground Lease and rights of third party mortgage lenders, the General Partners shall use best efforts to rebuild the Project in such manner to preserve as fully as possible the originally projected Tax Attributes. Any casualty insurance or condemnation award proceeds that are received by the Partnership and are not fully expended in such rebuilding shall constitute proceeds of a Capital Transaction. In connection with any such rebuilding, the General Partners shall seek legal, tax, and accounting counsel and take all necessary or advisable steps to preserve as fully as possible the originally projected Tax Attributes.

(a) Decision Not to Rebuild. Notwithstanding the foregoing, in the event the nature of the casualty or condemnation, or any lack of sufficient casualty insurance or condemnation award proceeds for rebuilding, or the effect of tax laws then applicable makes it impossible or unlikely that rebuilding of the Project or portion thereof can be accomplished or that the projected after tax return to the Investor Limited Partner would be greater from not rebuilding of the Project or such portion thereof than with rebuilding, then the General Partners
shall, unless the Investor Limited Partner consents in writing to any alternative proposal or any Lender requires the Partnership to rebuild, refrain from rebuilding and proceed to recover as proceeds of a Capital Transaction the Partnership’s share of any casualty insurance or condemnation award proceeds allocable to the Project or such portion thereof. In such event, except in circumstances in which portions of the Project are unaffected by the casualty or condemnation or are rebuilt if required hereunder, the General Partners shall also, unless the Investor Limited Partner consents in writing to any alternative proposal, proceed to terminate and liquidate the Partnership, selling Partnership assets, repaying indebtedness, and distributing net proceeds of Capital Transactions to the Partners as provided in Section 7.5.

(b) **Claim Under Title Policy.** Notwithstanding the naming of the Investor Limited Partner as an additional insured under the Title Policy, the General Partners have the exclusive authority to pursue any claim under the Title Policy issued to the Partnership, subject to the provisions of this Agreement. However, if the General Partners either fail to pursue a claim under the Title Policy after notice from the Investor Limited Partner, and the failure to pursue such claim will result in damages to the Partnership or the Investor Limited Partner, the Investor Limited Partner may either direct the General Partners to pursue the claim or may pursue such claim itself. Any proceeds that may be paid by the title company pursuant to such policy shall not be disbursed without the Consent of the Investor Limited Partner or otherwise in accordance with this Agreement.

5.6 **Repurchase Obligation.**

(a) *If* (i) Substantial Completion has not occurred within 6 months following the Completion Date (subject to Unavoidable Delays not to exceed 60 days); (ii) Stabilization has not occurred within 6 months following the Stabilization Date (subject to Unavoidable Delays not to exceed 60 days); (iii) upon receipt by the Partnership of all IRS Forms 8609, the Actual Federal Credits for which the Partnership is eligible will be less than 70% of the Projected Federal Credits over the course of the Credit Period; (iv) all IRS Forms 8609 for all Buildings have not been received by the Investor Limited Partner within two years of the tax return filing deadline for the year in which Completion occurs; (v) the Construction Loan has not converted to the Permanent Loan on or before the outside date for such Conversion as set forth in the Construction Loan Documents and is not replaced with substitute permanent loan reasonably acceptable to the Investor Limited Partner; (vi) the Construction Loan has not been paid off on or before the maturity date thereof, unless extended by the Construction Lender pursuant to the terms set forth in the Construction Loan Documents or otherwise on terms reasonably satisfactory to the Investor Limited Partner; (vii) intentionally omitted; (viii) the Partnership is denied a Tax Credit Determination for any reason; (ix) the Project fails to satisfy the Fifty Percent Test; (x) the Ground Lease shall fail to be in full force and effect; or (xi) prior to Stabilization, the Investor Limited Partner has made a determination that any of the circumstances set forth in Section 8.14 exists and such event has had or is likely to have a material adverse economic effect upon the Project or the Partnership, then the Investor Limited Partner shall, at its sole discretion, by Notice to the General Partners within 12 months of such circumstance or determination, have the right to cause the General Partners to repurchase the Interest of the Investor Limited Partner hereunder for a repurchase price (the “**Repurchase Price**”) equal to the difference between (a) the sum of (i) 110% of the Investor Limited Partner’s Capital Contributions paid to such date, (ii) the amount of tax payable by the Investor Limited
Partner on the amount described in clause (i) at the Effective Tax Rate, (iii) any and all transfer taxes that may be due and payable in connection with the repurchase of the Investor Limited Partner’s interest, (iv) the Investor Limited Partner’s third-party expenses associated with (I) its admission to the Partnership and (II) such repurchase, plus the amount of any Partner Loans advanced by such date by the Investor Limited Partner and (iv) other amounts advanced to the Partnership by such date by any Affiliate of the Investor Limited Partner and (b) the sum of (i) the aggregate amount (if any) of the distributions of Net Cash Flow actually received by the Investor Limited Partner pursuant to Section 7.3 as of the date of the payment of the Repurchase Price and (ii) the aggregate amount of the Federal Tax Credits actually allocated to the Investor Limited Partner as of the date of the payment of the Repurchase Price as reflected on Schedule K-1 issued to the Investor Limited Partner as of such date (provided that this clause (ii) shall not include any Federal Tax Credits except to the extent that the Investor Limited Partner is indemnified (to its reasonable satisfaction, including without limitation provisions of the Guaranty or an equivalent guaranty to apply to ensure payment of such indemnity) for any future loss of all or part of such Federal Tax Credits to the extent (but only to the extent) that such loss of Federal Tax Credits is attributable to a breach by a General Partner of its representations, warranties, covenants or duties described in Sections 4.3, 4.4 or 4.5, and such event is not caused by (A) the breach of the obligations of the Investor Limited Partner under this Agreement or (B) Change in Law and that a payment would be required under the Guaranty (whether due to a Tax Credit/Recapture Reduction Event that has occurred or occurs later)). The exercise of the Investor Limited Partner’s rights under clause (b) of Section 8.14 to be admitted or cause its designee(s) to be admitted as the General Partner shall not preclude (1) its rights to remove the General Partners at a later date pursuant to Section 8.14, or (2) unless the Investor Limited Partner has removed a General Partner as a Partner of the Partnership, its rights to cause a General Partner to repurchase the Interest of the Investor Limited Partner pursuant to this Section 5.6. The Investor Limited Partner’s rights under this Section 5.6 shall be in addition to any other rights and remedies available hereunder or at law or in equity (including, without limitation, its rights and remedies under Section 5.2(a), Section 8.11(d), or Section 8.14); provided, however, that the irrevocable payment in full of the Repurchase Price pursuant to the Investor Limited Partner’s exercise of its rights to cause the General Partners to repurchase the Investor Limited Partner’s Interest shall preclude the Investor Limited Partner from exercising its rights to remove the General Partners. If the Investor Limited Partner elects to require the General Partners to repurchase the Investor Limited Partner’s Interest, the General Partners, within 60 days of the date of Notice given by the Investor Limited Partner of such election, shall acquire the entire Interest of the Investor Limited Partner in the Partnership by making irrevocable payment in full to the Investor Limited Partner, in cash, of an amount equal to the Repurchase Price.

(b) If the Investor Limited Partner provides Notice to the General Partners pursuant to Section 5.6(a) above to require the General Partners to repurchase the Investor Limited Partner’s Interest, the General Partners shall have 60 days from the date of such Notice to cure the events described in (i) through (vi) above, and upon failure to cure to the satisfaction of the Investor Limited Partner within such 60 day period, the General Partners shall then acquire within the next succeeding 60 days the entire Interest of the Investor Limited Partner in the Partnership by making payment in full to the Investor Limited Partner, in cash, of an amount equal to the Repurchase Price as set forth above.
(c) Upon the irrevocable payment in full to the Investor Limited Partner in full of the Repurchase Price, the Interest of the Investor Limited Partner shall transfer to the General Partners and its obligations under this Agreement shall terminate and the General Partners shall indemnify and hold harmless the Investor Limited Partner from (i) any future loss of Federal Tax Credits as provided in Section 5.6(a) above and (ii) any losses, damages, and/or liabilities to or as a result of claims of Persons other than members or Affiliates of the Investor Limited Partner, to which the Investor Limited Partner (as a result of its participation hereunder) may be subject.

5.7 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 5.1(c)(vii) 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 Partners are not required to assume any additional burdens outside the normal course of business, the Partnership shall invest any amounts contributed pursuant to Section 5.1(c)(vii) as reasonably directed by the contributing Partner. 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.

5.8 Security. The Investor Limited Partner’s agreement to make its Capital Contributions shall be secured by the Interests in the Partnership held by the Investor Limited Partner (the “Collateral”), which Collateral shall be pledged pursuant to the provisions of this Section 5.8. If the Investor Limited Partner shall fail to make payment of its Capital Contributions when the conditions to such payment have been satisfied as set forth in Section 5.1(c), such Capital Contributions have become due and payable and such failure to pay shall continue for 25 Business Days following notification by the General Partners sent by certified mail, return receipt requested to the Investor Limited Partner, the Investor Limited Partner shall be in default to the Partnership, and the Partnership shall have all rights of a secured party under the Uniform Commercial Code (“UCC”) in the effect in the State. After such 25 Business Day period, the payment of the Capital Contribution due and payable shall bear interest at a rate of 12% per annum (or such lesser rate as shall be the maximum permitted by law). Except as pledged to the Permanent Lender under the Permanent Loan Documents, the Partnership shall not assign or pledge the Collateral pledged under this Section without the Consent of the Investor Limited Partner. This Agreement shall constitute a Security Agreement for purposes of the UCC for the Collateral, which, under applicable law, may be subjected to a security interest under the UCC for the purpose of securing the Investor Limited Partner’s obligations under this Agreement. The Administrative General Partner is authorized to file a UCC financing statement with respect to the Collateral. The provisions of this Section 5.8 shall be one, but not, the exclusive remedy of the Partnership or the General Partners in the event of the failure of the Investor Limited Partner to make payment of any one or more of its Capital Contributions.
ARTICLE VI

CAPITAL ACCOUNTS

6.1 Capital Accounts. A single Capital Account shall be established and maintained for each Partner. To each Partner’s Capital Account there shall be credited (i) such Partner’s contributions of cash, (ii) the fair market value of property contributed by such Partner (net of liabilities secured by such property that the Partnership is considered to assume or take under Code Section 752) as determined by the Administrative General Partner with concurrence of the Investor Limited Partner, (iii) the amount of any Partnership liabilities that are assumed by such Partner pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(c), (iv) allocations to such Partner of Profit pursuant to Section 7.2 and (v) any items of income or gain that are specially allocated to such Partner pursuant to Sections 7.4, 7.6 or 7.7, and to each Partner’s Capital Account there shall be debited (i) the amount of cash distributed to such Partner, (ii) the fair market value of any property distributed to such Partner pursuant to any provision of this Agreement (net of any liabilities that such Partner is considered to assume or take under Code Section 752) as determined by the Administrative General Partner with concurrence of the Investor Limited Partner, (iii) the amount of any Partner’s individual liabilities that are assumed by the Partnership pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(c), (iv) allocations to such Partner of Loss pursuant to Sections 7.2, 7.4, 7.6 or 7.7 and (v) any items in the nature of loss or deduction that are specially allocated to such Partner under Sections 7.6 or 7.7. Each Partner’s Capital Account shall be maintained and adjusted in accordance with the Code and the Treasury Regulations thereunder. The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulation §1.704-1(b), and shall be interpreted and applied in a manner consistent with such regulation.

ARTICLE VII

ALLOCATIONS AND DISTRIBUTIONS

7.1 Determination of Profits, Losses and Credits. Profits and Losses for all purposes of this Agreement shall be determined in accordance with the accrual accounting method.

7.2 Allocation of Profits, Losses and Credits.

(a) (i) Subject to the remainder of this Section 7.2 and to Sections 7.4, 7.5 and 7.7, (A) all Profits shall be allocated 30.075% to the Special Limited Partner, 58.925% to the Administrative General Partner, 1.0% to the Managing General Partner and 10% to the Investor Limited Partner, and (B) all Losses, and Federal Tax Credits for each Taxable Year (or portion thereof) shall be allocated to the Partners in accordance with their Percentage Interests.

(ii) Notwithstanding Section 7.2(a)(i), the Losses allocated to any Partner pursuant to this Article VII shall not exceed the maximum amount of Losses that can be allocated to that Partner without causing or increasing an Adjusted Capital Account Deficit for such Partner at the end of any Taxable Year. All Losses in excess of the amount that may be allocated to that Partner shall be re-allocated to any other
Partners that would not have an Adjusted Capital Account Deficit as a result of the allocation, in proportion to their respective Percentage Interests (but not in an amount equal to or greater than 10% of such Losses in the case of the Managing General Partner), or, if no such Partners exist, then to the Administrative General Partner.

(b) For purposes of determining Profits, Losses or any other items allocable to any fiscal period, Profits, Losses and any such other items shall be determined on a daily, monthly or other basis, as determined by the Administrative General Partner using any method that is permissible under Code Section 706. In any year in which a Partner sells, assigns or transfers all or any portion of its Interest to any Person who during such year is admitted as a substitute Partner, then, except as otherwise required by Code Section 706, the share of all Profits and Losses, all Net Cash Flow, and all cash proceeds distributable under Section 7.5 which is attributable to the Interest sold, assigned or transferred shall be divided between the assignor and the assignee ratably on the basis of the number of monthly periods in such year before, and the number of monthly periods on and after, the first day of the month during which such Person is admitted as a substitute Partner. As of the date of such sale, assignment or transfer, the transferee shall succeed to the Capital Account of the transferor Partner with respect to the transferred Interest (or portion thereof).

(c) If 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 a 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) There shall be allocated to each Partner an amount of gross income equal to the amount of Net Cash Flow distributed to such Partner pursuant to Section 7.3(a)(i) or (x), to the extent that such distribution would cause a negative balance in such Partner’s Adjusted Capital Account. If 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 or recharacterized as a nondeductible distribution to a Partner for federal income tax purposes by the IRS with respect to a Taxable Year of the Partnership, notwithstanding all other allocation provisions (other than the allocation provisions of Section 7.7) 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 or recharacterized; provided that any allocation to the Managing General Partner pursuant to this Section 7.2(d) that is greater than 10% and/or that would increase the portion of Partnership property treated as tax-exempt use property under Section 168(h)(6) of the Code shall be reallocated to the Administrative General Partner (or to such other Partner designated by the Investor Limited Partner).

(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), the traditional method with curative allocations shall, solely for tax purposes, direct the allocation of income, gain, loss, and deduction with respect to any property contributed to the capital of the Partnership 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.

(g) When the value of any Partnership property is adjusted in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(f) and Section 9.5(d) to reflect fair market value of such property, subsequent allocations of income, gain, loss and deduction with respect to such property shall take account of any variation between the adjusted basis of such asset for Federal income tax purposes and its fair market value in the same manner as under Code Section 704(c) and in accordance with the traditional method with curative allocations as set forth in Treasury Regulation Section 1.704-3(c).

(h) Except as provided in Section 7.2(f) and (g), for Federal income tax purposes, under the Code and Treasury Regulations, each Partnership item of income, gain, loss and deduction shall be allocated among the Partners in the same manner as its correlative item of “book” income, gain, loss or deduction is allocated pursuant to this Article VII. Any elections or other decisions relating to such allocations shall be made by the Partners in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 7.2(h) are solely for purposes of Federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Partner’s Capital Account or share of Profits or Losses, other items or distributions pursuant to any provision of this Agreement.

(i) If a General Partner makes any General Partner Advances pursuant to Section 8.11 or any other provision hereof, any deductions or losses of the Partnership attributable to the use of those funds (other than depreciation deductions) shall be specially allocated to such 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 such General Partner (including as a result of the operation of Section 8.14(d)); provided, however, that any such special allocation to the Managing General Partner shall not exceed 10% and the balance shall be allocated to the Administrative General Partner.

(j) Any income recognized as a result of any receipt of taxable grants, debt forgiveness, contributions or subsidies by the Partnership shall be allocated (including, but not limited to, for the purposes of maintaining Capital Accounts and Article VII) 90% to the Administrative General Partner and 10% to the Managing General Partner.

(k) Intentionally omitted.

(l) If any property is distributed in kind to any Partner (whether in connection with a liquidation of the Partnership or otherwise), the difference between its fair value and its book value at the time of distribution shall be treated as Profits or Losses recognized by the Partnership and allocated pursuant to the provisions of this Article VIII, in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(f). For this purpose, the Partners shall determine the fair value of any property.
(m) If at any time it is determined on final audit by the Internal Revenue Service that any Loan should be recharacterized as taxable income, or the Partnership reports, or is otherwise required to treat, any Loan as taxable income on any Partnership information return, then at the election of the Investor Limited Partner by Notice to the General Partners either (a) the Profits resulting from the treatment of such Loan as taxable income shall be specially allocated 90% to the Administrative General Partner and 10% to the Managing General Partner or (b) the General Partners shall upon demand pay to the Investor Limited Partner an amount on an After-Tax Basis equal to the product of the amount of such taxable income and the Effective Tax Rate.

7.3 Distributions of Net Cash Flow.

(a) Net Cash Flow shall be applied and/or distributed on each Payment Date in the following priority:

(i) first, to the payment to the Investor Limited Partner of an amount equal to the difference between the amount of the Projected Federal Credits and the Actual Federal Credits received by the Investor Limited Partner for any year to the extent that the Investor Limited Partner has not otherwise been compensated for such shortfall pursuant to Sections 5.2 and 8.11(d) (provided that such payment shall be in addition to any payments due or remedies available to the Investor Limited Partner pursuant to any other provision of this Agreement or the Guaranty, but without duplication of any payment);

(ii) then, an amount equal to any current and deferred Asset Management Fees shall be distributed to the Investor Limited Partner and applied towards satisfaction of such fee payment obligation;

(iii) then, to the replenishment of the Operating Reserve to the extent of any withdrawals therefrom, up to $[1,416,490], if such Operating Reserve is required pursuant to Section 8.21;

(iv) then, to the payment of accrued and unpaid interest and the outstanding principal balance of any Partner Loans or other advances made by the Investor Limited Partner to the Partnership in excess of the Capital Contributions contemplated in Section 5.1(c) above;

(v) then, an amount equal to any current and deferred Partnership Management Fees shall be distributed to the General Partners and applied towards satisfaction of such fee payment obligation;

(vi) then, to the payment of unpaid amounts of principal and interest, if any, on the Development Fee Note;

(vii) then, to HACLA as Rent under the Ground Lease;

(viii) subject to any restrictions or limitations from any Lender or HACLA, to the payment of the principal amount of and any accrued and unpaid interest
on any General Partner Advances and then to any Partner Loans made by the General Partners;

(ix) then, until the Subordinate Loan is fully repaid, 70% to the Subordinate Lender; and

(x) finally, any remaining Net Cash Flow (e.g., 30% remaining after clause (ix) above) shall be distributed 30.075% to the Special Limited Partner, 58.925% to the Administrative General Partner, 1.0% to the Managing General Partner, and 10% to the Investor Limited Partner.

Any amounts paid or distributed pursuant to this Section 7.3(a) in respect of unpaid amounts due and owing from the General Partners under Section 5.2 shall not preclude the Investor Limited Partner from seeking any other remedies in connection with a General Partner’s failure to pay such amounts and such a distribution shall not serve to cure any default hereunder caused by such failure to pay.

(b) The Partnership shall distribute Net Cash Flow not less frequently than annually, in the manner provided in Section 7.3(a) but only on Payment Dates unless otherwise Consented to by the Investor Limited Partner.

(c) Notwithstanding the foregoing, the Investor Limited Partner shall annually be entitled to a minimum of 10% of any remaining Net Cash Flow after the payment of items 7.3(a)(i) through (ix) above.

7.4 Allocation of Gains and Losses Upon Liquidation. Notwithstanding Section 7.2(a)(i), and except as otherwise provided in Section 7.7, gains and losses and any item of income, gain, loss or deduction that is recognized (or deemed to be recognized) by the Partnership upon 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 and any item of gain or income shall be allocated (i) first, to the Partners with negative Capital Account balances (computed after taking into account items of income and gain and Profits or Losses for the period prior to such event in the Taxable Year in which such event occurs), 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 7.4(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 7.5 will be distributed in accordance with the Partners’ respective Capital Accounts.

(b) Losses and any item of loss or deduction 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 or, if none, to the Partners in accordance with their Partnership 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.

7.5 Distribution of Proceeds from Capital Transactions. Except as may be required under Section 11.2(b), the net proceeds resulting from the liquidation of the Partnership assets pursuant to Section 11.2, and the net proceeds resulting from any Capital Transaction, as the case may be (after necessary and customary third party expenses of such Capital Transaction and repayment of liabilities to third parties, including the Mortgage Loans), shall be distributed and applied in the following order of priority:

(i) first, to the payment to the Investor Limited Partner of an amount equal to the difference between the amount of the Projected Federal Credits and the Actual Federal Credits received by the Investor Limited Partner for any year to the extent that the Investor Limited Partner has not otherwise been compensated for such shortfall pursuant to Sections 5.2 and 8.11(d) (provided that such payment shall be in addition to any payments due or remedies available to the Investor Limited Partner pursuant to any other provision of this Agreement or the Guaranty but without any duplication in payment);

(ii) then, an amount equal to any current and deferred Asset Management Fees shall be distributed to the Investor Limited Partner and applied towards satisfaction of such fee payment obligation;

(iii) then, in the case of a refinancing only (and not a sale), to the replenishment of the Operating Reserve to the extent of any withdrawals therefrom, up to $[1,416,490], if such Operating Reserve is required pursuant to Section 8.21;

(iv) then, to the payment of accrued and unpaid interest and the outstanding principal balance of any Partner Loans or other advances made by the Investor Limited Partner to the Partnership in excess of the Capital Contributions contemplated in Section 5.1(c) above;

(v) then, to the payment of accrued and unpaid interest and the outstanding principal balance of any General Partner Advance;

(vi) then, an amount equal to any current and deferred Partnership Management Fees shall be distributed to the General Partners and applied towards satisfaction of such fee payment obligation;

(vii) then, to the payment of unpaid amounts of principal and interest, if any, on the Development Fee Note;

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4 Since this is a distribution of net proceeds, the subordinate debt would already have been paid before going thru the waterfall.
(viii) then, in the event of a liquidation of the Partnership, *pro rata* in accordance with the positive Capital Account balances of the Partners, until such balances have been reduced to zero; and

(ix) finally, the balance of such remaining sum 57.50% to the Special Limited Partner, 22.50% to the Administrative General Partner, 10% to the Managing General Partner, and 10% to the Investor Limited Partner.

Notwithstanding the foregoing provisions of *Sections 7.3* and *7.5*, at the time of distribution of proceeds under this *Section 7.5*, the amount distributed shall be adjusted such that the total amount of Net Cash Flow, proceeds from the sale and liquidation of the Partnership assets pursuant to *Section 11.2*, and net proceeds resulting from any Capital Transaction, as the case may be, distributed to the Investor Limited Partner over the life of the Partnership is no less than 10% of all amounts distributed after the application of *Sections 7.3(a)(i)* through *Section 7.3(a)(ix)* above and *Sections 7.5(i)* through (viii) above.

### 7.6 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*, with the Consent of the Investor Limited Partner, the Administrative General Partners 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 7.6* 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 7.6(a)*, the Administrative General Partners is authorized to act only after having been advised by the Accountants that, under Section 704(b) of the Code and the Treasury Regulations 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 thereunder.

(c) If the Administrative General Partners is required by *Section 7.6(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 Administrative General Partners 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 Administrative General Partners under Section 7.6(a) and Section 7.6(c) in reliance upon the advice of the Accountants shall be deemed to be made pursuant to the fiduciary obligation of the Administrative General Partners 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.

7.7 Regulatory Allocations.

(a) Notwithstanding any other provision of Article VII, 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 7.7(a) 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.

(b) Notwithstanding any other provision of this Article VII except Section 7.7(a), if during any Taxable Year there is a net decrease in Partner Nonrecourse Debt Minimum Gain, any Partner with a share of that Partner Nonrecourse Debt Minimum Gain (determined in accordance with Treasury Regulation Section 1.704-2(i)(5)) as of the beginning of such year must be allocated items of Partnership income and gain for the Taxable Year (and, if necessary, for succeeding years) equal to that Partner’s share of the net decrease in the Partner Nonrecourse Debt Minimum Gain (determined in accordance with Treasury Regulation Section 1.704-2(i)(4)); provided, however, that this Section 7.7(b) shall not apply to the extent the circumstances described in the third and fifth sentences of Treasury Regulation Section 1.704-2(i)(4) exist. The items of Partnership income and gain to be allocated pursuant to this Section 7.7(b) shall be determined in accordance with Treasury Regulation Section 1.704-2(i)(4). This Section 7.7(b) is intended to comply with the minimum gain chargeback requirement in Treasury Regulation Section 1.704-2(f) and shall be interpreted consistently therewith.

(c) If any Partner unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulation §§1.704-1(b)(2)(ii)(d)(4), (5) or (6) that create an Adjusted Capital Account Deficit as of the end of a Taxable Year, items of Partnership income and gain (consisting of a pro rata portion of each item of Partnership income, including gross income, and gain for such year) shall be specially allocated to each such Partner in an amount and manner sufficient to eliminate (to the extent required by the Treasury Regulations under Code Section 704 (b)) the Adjusted Capital Account Deficit for each such Partner as quickly as possible, provided that an allocation pursuant to this Section 7.7(c) shall be made if and only to
the extent that such Partner would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article VII have been tentatively made as if this Section 7.7(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) If any Partner has a deficit Capital Account at the end of any Taxable 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 7.7(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 7.7(d) and Section 7.7(c) were not in the Agreement.

(e) If income, loss or items thereof are allocated to one or more Partners pursuant to Sections 7.7(b), (c) or (d); subsequent income, loss or items thereof shall be allocated (subject to the provisions of Sections 7.7(b), (c) or (d)) to the Partners so that, to the extent possible in the judgment of the Administrative General Partners, the net amount of allocations shall be equal to the amount that would have been allocated had Section 7.7 not been applied.

(f) Nonrecourse Deductions. Nonrecourse Deductions for any Taxable Year or other period shall be specially allocated as Losses in accordance with the Partners’ Percentage Interests in the manner provided in Treasury Regulation Section 1.704-2(j)(1)(ii).

(g) Partner Nonrecourse Deductions. Any Partner Nonrecourse Deductions for any Taxable Year or other period shall be specially allocated to the Partner who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Treasury Regulation Section 1.704-2(i).

(h) Items Relating to Centralized Partnership Audit Regime. To the extent that any item of income, gain, loss, deduction, expenditure or credit (including any notional item) is required, pursuant to Subchapter C of Chapter 63 of Subtitle F of the Code (including under Code Sections 6225, 6226, and 6233) or any corresponding provision of Code Section 704, and the Treasury Regulations thereunder, to be taken into account in determining Capital Accounts, such item of income, gain, loss, deduction, expenditure or credit shall be allocated in the manner required by Subchapter C of Chapter 63 of Subtitle F of the Code and Code Section 704 and the Treasury Regulations thereunder.

7.8 Deficit Restoration Obligations. The Investor Limited Partner shall have the right, in its sole discretion, but not the obligation to, by notice given to the Administrative General Partners, to elect to be obligated to make a Capital Contribution to the Partnership upon dissolution of the Partnership equal to all or any specified amount of any deficit balance in the Investor Limited Partner’s Capital Account as of such time. The Investor Limited Partner may, by Notice given to the Administrative General Partners, revoke any such election at any time in
its discretion. Except as expressly provided in any such election that has not been revoked, no Partner shall have any obligation to make up any deficit balance in its Capital Account.

ARTICLE VIII

RIGHTS, OBLIGATIONS AND POWERS OF THE GENERAL PARTNERS.

8.1 Management of the Partnership.

(a) Except as otherwise set forth in this Agreement, the General Partners, within the authority granted to them 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 Partners shall act as fiduciary of the Investor Limited Partner and shall take all actions necessary or appropriate to protect the interests of the Investor Limited Partner and of the Partnership. The General Partners shall devote itself exclusively to the affairs of the Partnership.

(b) Except as otherwise set forth in this Agreement, subject where required by this Agreement to the Consent of the Investor Limited Partner, and subject to the applicable Lender and/or Agency rules and regulations and the provisions of the Project Documents, the General Partners, 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, subject where required by this Agreement to the Consent of the Investor Limited Partner, the General Partners are specifically authorized and empowered to execute and deliver, on behalf of the Partnership, the Ground Lease, the Extended Use Agreement, 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 Loans, 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. All decisions made for and on behalf of the Partnership by the General Partners in accordance with this Agreement shall be binding upon the Partnership. No person dealing with the General Partners 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. Notwithstanding anything to the contrary herein, if the Investor Limited Partner or any designee of the Investor Limited Partner is entitled to be admitted as a General Partner pursuant to Section 8.14 or Section 9.2, then regardless of whether such Person exercises such right, and without limiting any other provision hereof, such Person shall have the right, acting alone and without any notice to or Consent of the General Partners, to exercise each power and authority ascribed to the General Partners herein, and such determination shall ipso facto be effective and operative without any Notice to or Consent by the General Partners (but the Investor Limited Partner shall give Notice of such determination to the General Partners at a reasonable time after such determination has been
made but not as a condition thereto) and thereupon and thereafter the General Partners shall not exercise any authority hereunder without the express prior Consent of the Investor Limited Partner, it being acknowledged by the General Partners that the Investor Limited Partner shall not by reason of such determination have any liability for the performance of the obligations of the General Partners in this Section 8.1 or Section 8.11 or have any fiduciary or other duty to the General Partners. Notwithstanding the foregoing provisions of this Section 8.1(b) or any other provision of this Agreement to the contrary, the General Partners agree that the Investor Limited Partner shall have the right to cure any default by the Partnership, or matter that with the passage of time, would become a default by the Partnership, under any Project Document, regardless of whether such Project Document provides the Investor Limited Partner with a direct right to cure any default by the Partnership.

(c) 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 the Property Tax Exemption and as further defined in the Property Tax Rules, specifically, BOE Property Tax Rule 140.1(a)(6). Except as otherwise set forth in this Agreement, Managing General Partner, within the authority granted to it under this Agreement, shall have material participation in the control, management and direction of the Partnership’s business, and shall manage and control the affairs of the Partnership to the best of its ability and use its best efforts to carry out the purpose of the Partnership. In so doing, Managing General Partner shall take all actions necessary or appropriate to protect the interests of the Partners and of the Partnership. Managing General Partner shall devote such of its time as is necessary to the affairs of the Partnership. Managing General Partner will have a right to vote in all major decisions which require a vote of a majority interest of the Managing General Partners.

(i) Notwithstanding anything to the contrary contained herein, Managing General Partner shall undertake the following substantial management duties (“Substantial Management Duties”) on behalf of the Partnership.

A. Participate in hiring and overseeing the work of all persons necessary to provide services for the management and operation of the Partnership;

B. Execute and enforce all contracts executed by the Partnership;

C. Execute and deliver all Partnership documents on behalf of the Partnership;

D. Prepare or cause to be prepared all reports to be provided to the Partners or Lenders of the Partnership on a monthly, quarterly or annual basis consistent with the requirements of this Agreement;

E. Prepare or cause to be prepared all reports to be provided to the Partners or Lenders of the Partnership on a monthly, quarterly or annual basis consistent with the requirements of this Agreement; and
F. Ensure that charitable services or benefits, such as vocational training, educational programs, childcare and after-school programs, cultural activities, family counseling, transportation, meals, and linkages and health and/or social services are provided or information regarding charitable services or benefits are made available to the tenants of the Project in compliance with the DDA and other Project Documents.

(ii) Managing General Partner shall maintain records and documents evidencing the duties performed by 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 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;
L. audited annual financial statement of the Partnership; and
M. the Management Agreement.

(iii) To the extent that any such Management Documents are not within the control or possession of Managing General Partner, Administrative General Partner and Investor Limited Partner agree to provide or cause to be provided copies of such documents to Managing General Partner upon written request from Managing General Partner. 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 Managing General Partner.
(iv) In the event there is more than one General Partner and this Agreement provides for an action on the part of the General Partner requiring a unanimous vote of all General Partners to effect such action (“Major Decision”), the General Partners requesting a Major Decision shall give the other General Partners written notice of any Major Decision and the other General Partner shall provide its 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.

(v) Managing General Partner shall annually conduct a physical inspection of the Project to ensure that the Project is being used as low-income housing and meets all of the requirements applicable to the Property Tax Exemption provided for under the Property Tax Rules.

(vi) Managing General Partner shall submit on an annual basis a certification to the County Assessor for Los Angeles County, California certifying that the Project meets all of the requirements set forth in Property Tax Rule 140.

(vii) As provided in the California Revenue and Taxation Code, the Property Tax Rules, BOE forms and elsewhere, in order to obtain and maintain the Property Tax Exemption for the Project, the General Partners must file with the BOE and the Assessor of the county in which the Property is located (“County Assessor”) certain documents containing certifications under penalty of perjury. Among other things, the General Partners will or may have to certify that: (i) this Agreement provides (subject to the rights of the other Partners) that the Managing General Partner has full and exclusive control over the business, assets and affairs of the Partnership, manages day to day operations and participates in Major Decisions, (ii) the Agreement provides that the Managing General Partner has a certain number of Substantial Management Duties, and (iii) the Managing General Partner, the Partnership and the Project meet other requirements of the Property Tax Rules. The Managing General Partner shall file such certifications and related documentation in compliance with applicable procedures, for so long as the Managing General Partner deems that it has sufficient factual basis to do so, beginning in the year that the Project is first eligible for the Property Tax Exemption as determined by the BOE or the County Assessor.

(viii) Any savings to the Partnership and to 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 the Property Tax Exemption and the Property Tax Rules. The parties acknowledge that the savings contemplated by the Property Tax Exemption are necessary in order for the Partnership to meet its debt underwriting and financing assumptions. The parties further acknowledge that the Partnership would not undertake to develop the Project and would not be able to provide the affordable housing created by the Project unless the savings contemplated by the Property Tax Exemption were available to help underwrite the Loans
(ix) Notwithstanding anything contained in this Agreement to the contrary, the Managing General Partner may delegate its Substantial Management Duties to the Administrative General Partner who, under its supervision, shall perform such duties for the Partnership and provided that such delegation does not excuse the Managing General Partner from overseeing and supervising on an ongoing basis the activities delegated. If the Managing General Partner elects to delegate one or more of its Substantial Management Duties, then the Managing General Partner shall maintain appropriate records to demonstrate that it is actually supervising the performance of the delegated duties. Accordingly, the Managing Partner hereby delegates to the Administrative General Partner the Substantial Management Duties described in Section 8.1(c)(1) of this Agreement, which delegation shall terminate upon the earlier of (i) the removal of the Managing General Partner or the Administrative General Partner as a general partner of the Partnership pursuant to the terms of this Agreement, (ii) the sale of the Apartment Complex, (iii) the termination of the Partnership Agreement or the Partnership, (iv) the breach of this Agreement by the Administrative General Partner. The Administrative General Partner shall indemnify, defend and hold harmless the Managing General Partner and its directors, officials, commissioners, agents, employees and contractors (collectively, the “Indemnitees”) from and against, and, upon demand, reimburse the Indemnitees from, all claims, demands, liabilities, losses, damages, judgments, penalties, costs and expenses, including, without limitation, reasonable attorneys’ fees and disbursements, which may be imposed upon, asserted against or incurred or paid by the Indemnitees by reason of the Administrative General Partner’s negligence, willful misconduct, or breach of this Agreement related to its performance or lack of performance of the delegated Substantial Management Duties. Notwithstanding the foregoing, the Administrative General Partner shall have no liability for actions hereunder if the Administrative General Partner reasonably believes in good faith that such actions are within the scope of the authority conferred under this Agreement and such action (or failure to act) does not constitute negligence, willful misconduct, malfeasance, a material breach of the Administrative General Partner’s fiduciary duty to the Managing General Partner, a breach of this Agreement, or a violation of State or federal securities laws. The foregoing indemnification obligations of the Administrative General Partner shall survive the expiration or termination of this Agreement.

8.2 Limitations Upon the Authority of the General Partners.

(a) The General Partners shall not have any authority to perform any act in material violation of any applicable law or regulation, Project Document or any agreement between the Partnership and any Authority or Lender; enter into, nor approve, any transaction on behalf of the Partnership which is not consistent with the purposes of the Partnership; take, or permit the Partnership to take, any of the following actions, in each case, without prior Consent of the Investor Limited Partner:

(i) Do any act in contravention of this Agreement;

(ii) Perform any act to in violation of any applicable law or regulation;
(iii) Do any act required to be approved or ratified in writing by the Investor Limited Partner under the Code or the Act, as applicable, unless the right to do so is expressly otherwise given in this Agreement;

(iv) 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;

(v) Perform any act in violation of the provisions of this Agreement, the Extended Use Agreement, or any other Project Documents;

(vi) Possess property of the Partnership or assign rights in property of the Partnership, in either case, other than for the purposes of the Partnership;

(vii) Confess a judgment against the Partnership in excess of $25,000; provided that any confession of judgment against the Partnership otherwise permitted by this Section does not cause a default under any other Project Document;

(viii) Act in any manner which the General Partners know, or should know after due inquiry, will for federal income tax purposes (i) cause the termination of the Partnership, (ii) cause the Partnership to be treated for federal income tax purposes as an association taxable as a corporation;

(ix) Transfer all or any portion of the Project or other property of the Partnership;

(x) Admit a Partner to the Partnership (except provided in Section 8.14 and Article IX hereof or as otherwise specifically allowed by this Agreement);

(xi) Make a loan of funds of the Partnership to any Person, including the General Partners, the Special Limited Partner or any of their Affiliates;

(xii) Commingle funds of the Partnership with funds of any other Person;

(xiii) Sell or otherwise dispose of, at any time, all or substantially all of the assets of the Partnership or acquire any other real property (except for easements for the benefit of the Project and for which the consent of the Lender is not required or, if required, obtained in writing prior to executing the same);

(xiv) Dissolve the Partnership;

(xv) Make income tax elections or choices of method, except for those elections or choices which are purely ministerial in nature or are otherwise required by the express provisions of this Agreement;
(xvi) Cause the Partnership to redeem or repurchase all or any portion of the Interest of a Partner (except as provided in Section 5.6 and Section 8.14 hereof or as otherwise specifically allowed by this Agreement);

(xvii) Allow the Partnership to amend or terminate the Construction Contract, Development Agreement or the Management Agreement;

(xviii) cause the Partnership to be treated other than as a partnership for federal income tax purposes;

(xix) allow the Partnership to have any employees;

(xx) accept additional Capital Contributions other than those expressly provided for in this Agreement; or

(xxi) Lease any unit in the Project or otherwise operate the Project in such a manner, or cause or permit the Partnership to take or omit to take any action, which would cause a recapture, reduction (other than as a result of a construction cost savings) or disallowance of any Federal Tax Credits anticipated to be recognized by the Partnership.

(b) In addition to the foregoing, the General Partners shall not, without the Consent of the Investor Limited Partner, have any authority to:

(i) Amend this Agreement, any Loan Document, or any other material Project Document (provided that, this limitation shall not apply to Project Documents (excluding Loan Documents) that do not reasonably relate to the operation of the Project), amend a General Partner’s operating agreement, or any agreement between the Partnership and a General Partner, a Special Limited Partner or any of their Affiliates. Without limiting the generality of this clause, this includes any action to modify, prepay, refinance or extend any of the Loans except to achieve Conversion on terms as provided in this Agreement; request any extension of or exercise any right to extend the date that is described as the Stabilization Date or consent to any change in the terms or refinance or extend the terms contemplated in the Loan Documents;

(ii) Enter into a commitment for mortgage loan financing, or execute the Mortgage or Note, or increase or make application(s) for an increase or increases in, or any modifications of, any of the Loans;

(iii) Cause the Partnership to borrow in excess of $75,000 in the aggregate at any one time outstanding on the general credit of the Partnership, except for General Partner Advances, trade payables in the ordinary course of business, and except as and to the extent provided for in an approved Operating Budget pursuant to Section 8.19;

(iv) Except for (i) those certain guarantees provided to Lender prior to Conversion, (ii) as specifically set forth in this Agreement and (iii) customary recourse carveouts after Conversion, permit any Partner or Affiliate of a Partner to become
personally liable on, or to guaranty, any Loan or other indebtedness of the Partnership or otherwise to assume the economic risk of loss for payment of any Loan or other indebtedness of the Partnership, in any such case except for trade payables incurred by the Partnership in the ordinary course of business in respect of its own activities;

(v) Cause the Partnership to acquire any items of real or personal property, tangible or intangible, in addition to items for the Project detailed in the Plans and Specifications and the Construction Scope of Work or otherwise necessary or desirable for the Project, the value of which property exceeds the amount contemplated in the Development Budget or the Operating Budget by (i) $50,000 for any individual item, or (ii) $150,000 in the aggregate;

(vi) Following Substantial Completion, construct any new or replacement capital improvements on the Project which substantially alter the Project or its use or which are at a cost to the Partnership in excess of $100,000 in a single Partnership fiscal year, except to the extent provided for in an approved Operating Budget pursuant to Section 8.19;

(vii) 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) Refinance, extend or amend any terms of any of the Loans;

(ix) Replace, or permit to be replaced, the Management Agent or modify (or permit the modification of) the terms of the Management Agreement except as required to comply with the Loan Documents, or replace the Accountants;

(x) Make any modification to the Development Budget or Operating Budget prepared pursuant to Section 8.19 or make any expenditure which is not consistent with the Development Budget or Operating Budget prepared pursuant to Section 8.19;

(xi) Refinance, extend the term (except for extensions contemplated in the Loan Documents) or amend any terms of any Loans;

(xii) Consent to the settlement of any lawsuit or any other legal or administrative proceeding involving the Partnership as a party requiring payment of any amount in excess of $100,000;

(xiii) 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 (specifically including, but not limited to, agreements for food or health services, but not including commercial leases or agreements relating to normal and customary property management functions). The General Partners shall provide the Investor Limited Partner with copies of any such proposed commercial leases and/or service agreements at least 15 Business Days prior to the anticipated execution of such leases and/or agreements, together with such additional information as the Investor Limited
Partner may reasonably request, including but not limited to: brochures, resumes and capability statements; financial and operating information regarding proposed commercial tenants and/or service providers; licenses and governmental approvals; architectural plans and fit-out budgets (in excess of $50,000), and insurance certificates. Architectural plans, fit-out budgets (in excess of $50,000) and insurance certificates shall be required for all commercial tenants and/or service providers. Any commercial lease and/or service agreement related to the Project shall expressly allow for termination by the Partnership within 30 days of material noncompliance with the terms thereof by a commercial tenant and/or service provider;

(xiv) Exercise any material right or remedy pursuant to any Ground Lease;

(xv) Acquire any items of real or personal property, tangible or intangible, in addition to items for the Project detailed in the Plans and Specifications and the Construction Scope of Work or otherwise necessary or desirable for the Project, the value of which property exceeds the amount contemplated in the Development Budget or the Operating Budget;

(xvi) Submit any tenant management plan to the Agency;

(xvii) Perform any act in violation of the provisions of this Agreement, the Extended Use Agreement, or any other Project Documents; or

(xviii) Engage any replacement for or amend or terminate any contract with the Accountants, the Architect, the Developer, the Contractor or the Management Agent.

8.3 Reserved.

8.4 Intentionally Omitted.

8.5 Put Option. The Investor Limited Partner shall have the option (the “Credit Period Put Option”) exercisable by thirty (30) days’ Notice given to the Managing General Partner to cause the Managing General Partner to purchase (or cause the designated Affiliate of the Managing General Partner to purchase) the Interest of the Investor Limited Partner at any time after the conclusion of the Credit Period, for an amount equal to $100. The Managing General Partner shall pay the price due under the Credit Period Put Option in cash in full within 30 days after Notice is given by the Investor Limited Partner. The General Partners hereby acknowledge, covenant and agree that the exercise of the Credit Period Put Option under this Agreement shall not waive or release the General Partners of any liability or obligations to make any payments to or otherwise indemnify the Investor Limited Partner pursuant to this Agreement. If the Investor Limited Partner exercises the Credit Period Put Option set forth in this Section 8.5, the General Partners shall continue to comply with the Extended Use Agreement and the General Partners and each Guarantor shall continue to be responsible for their obligations under the Federal Tax Credit Recapture Guaranty as set forth in Section 8.11(d) and the Guaranty.
8.6 Management Purposes.

In conducting the business of the Partnership, the General Partners shall be bound by the Partnership’s purposes set forth in Article III.

8.7 Delegation of Authority.

(a) The General Partners 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 Partners, perform any acts or services for the Partnership as the General Partners may approve, subject in the case of Affiliates of the General Partners and/or the Special Limited Partner to the provisions of Section 8.7 and provided that the General Partners shall not cause or permit the Partnership to pay any such third party for any bookkeeping, reporting or partnership management duties that the General Partners is obligated to perform pursuant to the provisions of this Agreement.

8.8 General Partners or Affiliates Dealing with Partnership.

(a) The General Partners, Special Limited Partner or any Affiliate thereof may act as Management Agent on such terms and conditions permitted by Section 8.15 and 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 8.15.

(b) Except as expressly permitted hereby, the General Partners shall not cause or permit the Partnership to contract or otherwise deal with a General Partner, Special Limited Partner, or any Affiliates thereof, for the sale or provision of goods or services to the Partnership without the Consent of the Investor Limited Partner.

(c) Any contract covering such transactions shall be in writing and shall be terminable without penalty on 30 days’ Notice. Any payment made to a General Partner or Special Limited Partner or any Affiliate for such goods or services shall be fully disclosed to the Investor Limited Partner in the reports required under Section 12.4. No General Partner or Special Limited Partner nor any Affiliate shall, by the making of lump-sum or periodic payments to any other Person for disbursement by such other Person, circumvent the provisions of this Section 8.8(c).

(d) Notwithstanding the foregoing, if a General Partner or Special Limited Partner shall cease to be a General Partner or Special Limited Partner, as the case may be (the “Withdrawn Partner”), of the Partnership, the Investor Limited Partner shall have the right to terminate any agreement between the Partnership and any Affiliate of such Withdrawn Partner with respect to such Withdrawn Partner only (other than the Purchase Option Agreement which shall only be terminable in accordance with its terms), without any obligation on behalf of the Partnership to pay any premium or penalty by reason of such termination or to pay, as a condition to such termination, any fees which have accrued or are payable to such Affiliates. Upon any such termination, any fees which have accrued and have either been capitalized or deducted by the Partnership shall be payable to such Affiliates as provided in this agreement, and
any fees which have not been either capitalized or deducted by the Partnership shall be deemed to be contingent fees which are not payable upon such termination.

8.9 **Other Activities.**

Affiliates of the General Partners and Special Limited Partner 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 or managing member of other partnerships or limited liability companies which own, either directly or through interests in other partnerships or limited liability companies, 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 permitted business ventures or to the income or profits derived therefrom.

8.10 **Liability for Acts and Omissions.**

Except as is otherwise expressly provided herein, no General Partner or Affiliate thereof shall be liable, responsible or accountable in damages or otherwise to any of the Partners for any act or omission performed or omitted in good faith on behalf of the Partnership and in a manner reasonably believed by such General Partner to be within the scope of the authority granted to such General Partner by this Agreement and in the best interest of the Partnership and the Investor Limited Partner, provided that this Section 8.10 shall not limit any obligation of a General Partner pursuant to any other Section of this Agreement or the Guaranty, and provided further that the protection afforded a General Partner pursuant to this Section 8.10 shall not apply in the case of gross negligence, misconduct, fraud or any breach of fiduciary or contractual duty. The Partnership shall indemnify, defend, and hold harmless each General Partner from and against any loss, liability, damage, cost, or expense (including reasonable attorneys’ fees) arising out of any demands, claims, suits, actions, or proceedings against such General Partner, by reason of any act or omission performed by it (including its employees and agents) while acting in good faith on behalf of the Partnership and within the scope of the authority of the General Partner pursuant to this Agreement, and any amount expended in any settlement of any such claim of liability, loss, or damage; provided, however, that: (i) the General Partner must have in good faith believed that such action was in the best interests of the Partnership and in accordance with applicable law, and such course of action or inaction must not have constituted gross negligence, fraud, willful misconduct, malfeasance, material breach of any representation, warranty, covenant or agreement set forth in this Agreement, or breach of its fiduciary duty (the burden of proof of which, for the avoidance of doubt, shall be that of the applicable General Partner); and (ii) any such indemnification shall be recoverable solely from the assets of the Partnership (other than any Partnership assets which would cause a recapture or disallowance of Credit under applicable law) and not from the assets of the Investor Limited Partner, and no Partner shall be personally liable therefor. This indemnity shall be operative only in the context of third-party suits, and not in connection with demands, claims, suits, actions or proceedings initiated by any Partner or any Affiliate thereof against another Partner, nor in connection with any violation by a General Partner of its obligations hereunder. Except for any payment obligations of a General Partner that are expressly set forth herein, any loss or damage incurred by any General Partner or Affiliate thereof by reason of any act or omission performed or omitted in good faith on behalf of the Partnership and in a manner reasonably believed to be
within the scope of the authority granted by this Agreement and in the best interests of the Partnership and the Investor Limited Partner (but not, in any event, any loss or damage incurred by a General Partner or an Affiliate thereof by reason of gross negligence, misconduct, or fraud or any breach of fiduciary or contractual duty) shall be paid from Partnership assets to the extent available (but the Investor Limited Partner shall not have any personal liability to any General Partner or Affiliate(s) thereof under any circumstances on account of any such loss or damage incurred by a General Partner or Affiliate(s) thereof or on account of the payment thereof). If one or more of the representations and warranties contained in this Agreement by a General Partner or made by a General Partner, Special Limited Partner, any Guarantor or their Affiliates in connection with the Loans shall prove to be untrue or inaccurate in any material respect, or if a General Partner, Special Limited Partner, any Guarantor or their Affiliates shall default in its performance of any agreement or covenant hereunder beyond the expiration of any applicable grace period, or shall commit any action or omit to take any action which constitutes gross negligence, misconduct, fraud or any breach of fiduciary or contractual duty then the General Partners shall indemnify, defend and hold harmless the Investor Limited Partner (and its members, affiliates, successors and assigns) and the Partnership from and against any loss, claim, damage, liability or expense incurred by such persons resulting from any such material untruth or inaccuracy or from any such failure of performance, including, without limitation, reasonable attorneys’ fees and accountants’ fees. The indemnification obligation of the General Partners hereunder shall include, without limitation, any loss, claim, damage, liability or expense incurred by such person resulting from any such material untruth or inaccuracy or from any such failure of performance, including, without limitation, reasonable attorneys’ fees and accountants’ fees. The indemnification obligation of the General Partners hereunder shall include, without limitation, any loss, claim, damage, liability or expense of any such person resulting from (a) any claim concerning the operation of the Project or the Partnership with respect to any time prior to the Closing, (b) any claim concerning the information presented by a General Partner as to the transactions contemplated by this Agreement and (c) any claim made against the Investor Limited Partner by any person involved in the offering of interests therein due to the untruth or inaccuracy of any representation or warranty made by a General Partner hereunder or of any information provided hereunder by a General Partner, including any cost or expenses incurred by such indemnified party in defending such claims.

8.11 Certain General Partner Payment Obligations.

(a) Construction Completion Guaranty

(i) The Partnership has entered or will enter into the Construction Contract in a form approved by the Investor Limited Partner and has delivered or will deliver a true and correct copy thereof to the Investor Limited Partner. The General Partners shall be responsible for (A) Substantial Completion of the Project not later than the date that is (i) six (6) months following the Completion Date (subject to Unavoidable Delays not to exceed 60 days), or (ii) the required date for Substantial Completion under any applicable Loan Documents; (B) payment when due of all Excess Development Costs; (C) keeping all development sources “in balance” so as to assure timely Substantial Completion and to advance such amounts at any time such advances are reasonably required to be made in order to keep the development “in balance”; (D) completion of any environmental remediation work at the Project required by any applicable Authority; and (E) causing the Contractor to complete any “punch-list” items in accordance with the Plans and Specifications; and (F) fulfilling all actions required to assure that the Project satisfies the Fifty Percent Test.
(ii) The General Partners shall provide such funds (or shall defer payment of all or a portion of the cash Development Fee that would otherwise be then payable, but only to the extent that the General Partners demonstrate, to the reasonable satisfaction of the Investor Limited Partner, that any such deferred Development Fee shall be fully repayable from Net Cash Flow on or prior to the maturity date of the Developer Fee Note) as may be necessary to pay for any amounts due pursuant to this Section 8.11(a). No amount paid by the General Partners pursuant to this Section 8.11(a) shall be treated as a General Partner Advance and the General Partners shall have no right to receive any repayment on account of such payment; provided, however, that if any such advance will not result in any adverse tax consequences to the Investor Limited Partner (as determined by tax counsel to the Investor Limited Partner), including, without limitation, satisfaction of the Fifty Percent Test, then amounts advanced pursuant to this Section 8.11(a) may be treated as a General Partner Advance.

(iii) The obligations of the General Partners described in this Section 8.11(a) are referred to as the “Completion Guaranty.”

(b) Operating Deficit Guaranty. If an Operating Deficit shall exist, the General Partners shall provide such funds to the Partnership as shall be necessary to pay such Operating Deficit(s) until the Stabilization Capital Contribution. Any amounts paid by the General Partners pursuant to this Section 8.11(b) prior to the occurrence of the Stabilization Capital Contribution shall be treated as a General Partner Advance and the General Partners shall have the right to receive any repayment on account of such payment. From and after the occurrence of the Stabilization Capital Contribution, for a period of 60 calendar months (the “ODG Period”), the General Partners shall, after the utilization of funds in the Operating Reserve, promptly provide such funds to the Partnership as shall be necessary to pay any Operating Deficit(s), provided, however, if the Stabilization Capital Contribution is delayed or does not occur, under no circumstances shall the ODG Period extend beyond the earlier of (i) the end of the eighth (8th) year of the Credit Period or (ii) the seventh (7th) anniversary of the Stabilization. Any funds provided pursuant to this Section 8.11(b) during the ODG Period shall constitute a General Partner Advance. The General Partners’ obligations to fund General Partner Advances shall be limited to an amount equal to $[________] (the “ODG Cap”). At the end of the ODG Period and prior to the release of the Operating Deficit Payment Obligation, the General Partners shall replenish the Operating Reserve to an amount not less than the Alternate Minimum Balance. The obligations of the General Partners described in this Section 8.11(b) are referred to as the “Operating Deficit Payment Obligation.”

(c) Permanent Loan Shortfall Guaranty. The General Partners shall provide such funds as may be necessary to pay for any Permanent Loan Shortfall and to cause the closing of the Permanent Loan to occur prior to the earlier of (i) the date upon which the Permanent Lender’s commitment to make the Permanent Loan expires and (ii) the Stabilization Date. A “Permanent Loan Shortfall” shall be the amount by which (A) the Permanent Loan Amount exceeds (B) the actual principal amount of the Permanent Loan that the Permanent Lender is willing to fund upon the closing of the Permanent Loan. The General Partners shall provide such funds (or shall defer payment of a portion of the Development Fee that would otherwise be then payable) as may be necessary to pay for any Permanent Loan Shortfall before Conversion. If the General Partners determine, with the Consent of the Investor Limited Partner, that the actual
principal amount of the Permanent Loan shall be sufficient for the needs of the Project, there shall be no Permanent Loan Shortfall, regardless of whether the Permanent Loan Amount exceeds the principal amount of the Permanent Loan. Except for repayments from development sources, any payments made pursuant to this paragraph shall be made in the form of a loan from either the General Partners or such other Person and on such terms as the Investor Limited Partner shall approve so as to minimize the after-tax effect of such payment to the Investor Limited Partner; provided, however, that such payment shall not be in the form of a loan if counsel to the Investor Limited Partner determines that by reason of such additional debt with respect to the Project that for federal income tax purposes the Investor Limited Partner will no longer be a Partner of the Partnership, the Partnership will no longer be the owner of the Project or it is likely that the Investor Limited Partner will not be allocated losses and Federal Tax Credits as contemplated herein during the Credit Period. Any amounts by the General Partners pursuant to this Section 8.11(c) shall be treated as a General Partner Advance and the General Partners shall have the right to receive repayment on account of such payment.

(d) Federal Tax Credit Recapture Guaranty.

(i) If a Federal Tax Credit Recapture/Reduction Event occurs, to the extent such event is caused by a breach by a General Partner of its representations, warranties, covenants, or duties described in Sections 4.3, 4.4 or 4.5, and such event is not caused by (a) the breach of the obligations of the Investor Limited Partner under this Agreement or (b) Change in Law, then the General Partners shall make the payments set forth in Section 8.11(d)(ii) below (the "Federal Tax Credit Recapture/Reduction Event Payments") to the Investor Limited Partner.

(ii) The Federal Tax Credit Recapture/Reduction Event Payments shall be paid on an After-Tax Basis in the following amounts in the following manner:

A. within thirty (30) days after the Federal Tax Credit Recapture/Reduction Event, the aggregate amount of any tax deficiency assessed against the Investor Limited Partner or its members with respect to the Federal Tax Credits which are the subject of the Federal Tax Credit Recapture/Reduction Event and any interest and penalties imposed by the Code on the Investor Limited Partner or its members with respect to such deficiency, and

B. within seventy-five (75) days after the end of each calendar year after the occurrence of a Federal Tax Credit Recapture/Reduction Event, an amount equal to the sum of (x) $0.925 multiplied by all reductions in Federal Tax Credits allocable by the Partnership to the Investor Limited Partner with respect to the Project from the level reflected on the Projected Federal Tax Credit Schedule set forth in Schedule 1 (as adjusted to reflect any adjustments pursuant to Sections 5.2(a)(ii) and 5.2(b)) and (y) any interest and penalties imposed on the Investor Limited Partner or its members with respect to such reduction. If it is determined by the Investor Limited Partner that such Federal Tax Credit Recapture/Reduction Event shall also reduce the amount of Federal Tax Credits allocable by the Partnership to the Investor Limited Partner in succeeding calendar years, then the amount due under this Section 8.11(d)(ii)(B) shall include
$0.925 multiplied by the aggregate amount of the reduction of Federal Tax Credits for the succeeding calendar years plus any interest and penalties imposed on the Investor Limited Partner or its members with respect to such aggregate reduction.

(iii) Any payment made by the General Partners pursuant to this Section 8.11(d) shall not result in (1) any increase to the Capital Account of a General Partner, or (2) any claim by the General Partners against the Partnership of any kind or (3) any decrease to the Capital Account of the Investor Limited Partner.

(iv) All payments required to be made by the General Partners hereunder shall bear interest at the rate of twelve percent (12.0%) per annum or the highest rate of interest permitted by law in the State, whichever is lower, from the date that such payment was due until such payments are received by the Investor Limited Partner.

8.12 Development Fee.

(a) The Partnership has entered into a Development Agreement dated as of even date herewith with the Developer in the form of Exhibit B for its services in connection with the rehabilitation of the Project. In consideration for such services, a Development Fee in a total amount equal to $[6,916,532] or the maximum amount permitted by the Agency, the Code and the regulations promulgated thereunder, if less, shall be payable by the Partnership, in accordance with the terms of the Development Agreement and Articles VII and VIII. Each installment of the Development Fee shall be paid 70% to RIDC and 30% to La Cienaga, on a pari passu basis. The Development Budget contemplates that the Development Fee will be payable, provided the development sources are “in balance” at the time each such installment is due: (i) $[1,755,000] on the date that the Initial Capital Contribution is made, (ii) $[877,500] on the date that the Completion Capital Contribution is made, (iii) $[702,000] on the date that the Stabilization Capital Contribution is made, (iv) $[175,500] on the date that the 8609 Capital Contribution is made, and (v) the remainder, if any, to be paid pursuant to the Developer Fee Note. Pursuant to the terms of this Agreement, payment of some or all of the Development Fee may be deferred and paid pursuant to the terms of the Developer Fee Note and the Development Agreement. The portion of the Development Fee that is not deferred in this manner is referred to herein as the “non-deferred portion” of the Development Fee. The portion of the Development Fee that is required to be paid pursuant to the Developer Fee Note is referred to herein as the “deferred Development Fee.” It is currently anticipated that $[3,406,532] of the Development Fee will be deferred. The portion of the Development Fee that is treated as the non-deferred portion thereof and the portion that is treated as deferred as of any date shall be subject to the Consent of the Investor Limited Partner not to be unreasonably withheld. The Eligible Basis of the Project shall only include such portion of the Development Fee as is allocable to the Project (in the amount of $[6,916,532]) and is projected to be paid at or prior to the later of (x) the end of the 13th year of the Compliance Period, and (y) the end of the 15th year following the Closing. For the avoidance of doubt, all of the Development Fee shall be deemed earned on or before Substantial Completion and the Operating Reserve shall be funded in full prior to the payment of Development Fee at the time of the Stabilization Capital Contribution. Notwithstanding anything to the contrary herein, as of the time of Substantial Completion, the aggregate amount
of the Development Fee will be permanently reduced to the extent necessary in order for the Partnership to satisfy the Fifty Percent Test. Such reduction will first be applied to reduce the amount due under the Developer Fee Note, if any. If the entire deferred portion of the Development Fee is eliminated such that the amount due under the Developer Fee Note is $0, and if and to the extent that any further reduction is required in order to satisfy the Fifty Percent Test, then the non-deferred portion of the Development Fee due to Developer will next be reduced, pro rata (and if the reduced amounts of the non-deferred portion of the Development Fee have already been paid to Developer, Developer, shall promptly repay such reduced amount to the Partnership).

(b) Upon the making of the Stabilization Capital Contribution and provided all other current obligations of the Partnership have been satisfied, it is anticipated that 100% of the remaining non-deferred portion of the Development Fee will be paid from such Stabilization Capital Contribution if not already paid. The balance of the Development Fee (if any) that shall be deferred pursuant to a Developer Fee Note ("Developer Fee Note"), which Developer Fee Note shall accrue interest at the Long-Term Applicable Federal Rate in effect on the date of the issuance of the Developer Fee Note and shall mature upon the later of the 15th anniversary of Closing or the end of the 13th year of the Compliance Period (which maturity date shall not be subject to change by the General Partners). The deferred portion of the Development Fee shall be payable out of Net Cash Flow pursuant to Section 7.3, Section 7.5, and the Development Agreement. If, in any year, there is insufficient Net Cash Flow to pay the full amount of the annual payment of the deferred portion of the Development Fee due, the unpaid amount shall accrue and be payable the following year. The obligations of the Partnership to pay the Development Fee shall be recourse to the Partnership’s assets only and shall be non-recourse to the Partners. If, as of the maturity date of the deferred portion of the Development Fee, any unpaid Development Fee exists, the Administrative General Partner shall immediately make a Capital Contribution to the Partnership in an amount sufficient to enable the Partnership to cause the Partnership to pay such deferred Development Fee and interest thereon and if Related/Pueblo del Sol I Development Co., LLC and/or LOMOD PDS LLC is no longer a General Partner, the Administrative General Partner shall cause the full unpaid amount of the Development Fee and interest thereon to be paid upon such withdrawal or removal of a General Partner.

8.13 Obligation of General Partners to Pay Fees in Event of Default. If (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 such period as the Investor Limited Partner reasonably determines is necessary to avoid prejudice to the Partnership or the Investor Limited Partner, or (b) a default shall have occurred and be continuing under any of the Loans for reasons other than the Investor Limited Partner’s failure to make a Capital Contribution that is due and payable according to the provisions hereof (i.e., the Investor Limited Partner shall not be deemed to have failed to make a Capital Contribution if all conditions to the making of such Capital Contribution have not been satisfied) or (c) foreclosure proceedings shall have been commenced and be continuing against the Project for reasons other than the Investor Limited Partner’s failure to make a Capital Contribution that is due and payable according to the terms hereof (i.e., the Investor Limited Partner shall not be deemed to have failed to make a Capital Contribution if all conditions to the making of such Capital Contribution have not been satisfied), which proceeding is not dismissed
within 30 days thereof, then (i) the General Partners shall be in default of this Agreement, and the Partnership shall withhold payment of any installment of fees and/or allowance payable pursuant to Section 8.12, and (ii) the General Partners shall be liable for the Partnership’s payment of any and all installments of the Development Fee payable pursuant to Section 8.12, and such payment shall discharge the Partnership’s obligation to make such payment.

All amounts so withheld by the Partnership under this Section 8.13 shall be promptly released to the payees thereof only after the General Partners have cured the default justifying the withholding, as demonstrated by evidence reasonably acceptable to the Investor Limited Partner.


(a) Without the Consent of any other Partner, the Investor Limited Partner shall have the right to remove the General Partners and the Special Limited Partner and cause itself or its designee to be admitted as the general partner hereunder (i) for any intentional misconduct or gross negligence by a General Partner with respect to any matter in the discharge of its duties and obligations as a General Partner, or (ii) upon the occurrence of any of the following:

A. a General Partner or Special Limited Partner shall have violated any material provisions of the Project Documents or other document required in connection with the Loans or any material provisions of the Lender, and/or Agency requirements applicable to the Project, which violation has not been explicitly waived in writing by the Lender, or the Agency, as applicable, if such violation, after giving of applicable notice and the expiration of all applicable cure periods, results in, or would with the passage of time result in, material detriment to or a material impairment of the Project or assets of the Partnership or could reasonably result with the passage of time in the Investor Limited Partner not recognizing the Projected Tax Credits or in a recapture of Tax Credits allocated to the Investor Limited Partner and such violation or breach has not been cured within (1) thirty (30) days after the General Partner has received written notice thereof or (2) such cure period, if any, provided under the applicable Project Document, other document required in connection with the Loans, or such Lender and/or Agency requirement applicable to the Project, whichever is shorter;

B. other than as provided in subsections (I) and (J) below, any General Partner, Developer or Guarantor shall have violated any of their respective obligations under this Agreement, the Development Agreement, or the Guaranty (including, without limitation, any Net Worth Requirements), or violated any material provision of applicable law and such violation or breach has not been cured within thirty (30) days after the General Partner has actual notice of such violation or breach;

C. a default shall have been declared under the Loans or under any Loan Document and such default shall be continuing beyond any applicable
cure period set forth in the Loan Documents or otherwise afforded by the applicable Lender;

D. a General Partner shall have conducted its own affairs or the affairs of the Partnership in such manner as would be likely to:

(1) cause the termination of the Partnership for federal income tax purposes; or

(2) cause the Partnership to be treated for federal income tax purposes as an association taxable as a corporation;

E. the amount of Actual Federal Credits for any year after the second year of the Credit Period are, or are projected by the Accountants to be, less than 80% of the Projected Federal Credits for that year;

F. a General Partner or Special Limited Partner shall have violated any material provision of this Agreement (other than those described in Section 8.14(a)(B) above), which violation has not been explicitly waived in writing by the Investor Limited Partner, if such violation results in, or would with the passage of time result in, a material detriment to or an impairment of the Project or assets of the Partnership;

G. the Project shall fail to satisfy the Fifty Percent Test as of the time required pursuant to the Code;

H. an event of Bankruptcy has occurred with respect to a General Partner, Special Limited Partner and/or a Guarantor;

I. any General Partner, Special Limited Partner, or Guarantor has been convicted by a court of competent jurisdiction of a felony criminal offense or any General Partner, Special Limited Partner, or Guarantor has pleaded guilty to such an offense and such General Partner, Special Limited Partner, or Guarantor has not been removed and replaced with an entity or entities acceptable to the Investor Limited Partner within thirty (30) days of such conviction;

J. any General Partner or Special Limited Partner has breached its fiduciary or any General Partner or Special Limited Partner or an Affiliate thereof has committed fraud with respect to the Partnership, an Affiliate of the Partnership or the Investor Limited Partners;

K. an event of withdrawal has occurred with respect to any General Partner or Special Limited Partner in violation of Article IX;

L. the General Partners fails to remove the Management Agent within ten (10) days after the Investor Limited Partner has given notice requiring such removal pursuant to Section 8.14;
M. any General Partner, Special Limited Partner, or an Affiliate thereof is removed as a general partner or managing member of any entity in which the Investor Limited Partner or an Affiliate thereof are members or limited partners due to the gross negligence, fraud or willful misconduct of such General Partner, Special Limited Partner, or Affiliate;

N. all IRS Forms 8609 for Buildings have not been received by the Investor Limited Partner within two (2) years of the tax return filing deadline for the year in which Conversion occurs; provided that it shall not be a default hereunder if the General Partners have timely submitted to the Agency a true and complete set of all materials required to be submitted to the Agency for the issuance of the Forms 8609 and the failure to issue such Forms 8609 is solely a result of delays caused by the Agency and through no fault of the General Partners and the General Partner(s) are not otherwise in default of this Agreement (beyond any applicable cure periods);

O. any failure to maintain the HAP Contract and such HAP Contract is not reinstated or a replacement subsidy obtained in lieu thereof within sixty (60) days; or

P. any failure to maintain the Property Tax Exemption and such Property Tax Exemption is not reinstated within ninety (90) days.

(b) The Investor Limited Partner shall give Notice to all Partners, and to the Lender, of its determination that the General Partners and Special Limited Partner shall be removed or that it or its designee be admitted as general partner. If the Investor Limited Partner determines to remove the General Partners and the Special Limited Partner, the General Partners and the Special Limited Partner shall have 30 days after receipt of such Notice, or if such default is not reasonably capable of being cured in such 30 day period, such longer time as is reasonably necessary to cure such default, provided that the General Partners or Special Limited Partner commences such cure within such 30 day period and thereafter diligently pursues the cure of such default to completion, but in no event longer than 60 days after receipt of such Notice to cure such default, in which event if such default is so cured the interests of the Partnership and the Investor Limited Partner to cure any default or other reason for such removal in which event they shall remain as General Partners and Special Limited Partner. If, at the end of 30 days or 60 days, as applicable, the General Partners and/or the Special Limited Partner have not cured the default or other reason for such removal, each shall cease to be a General Partner and/or Special Partner, as applicable, and the powers and authorities conferred on it as a General Partner or Special Limited Partner, if any, under this Agreement shall cease and the Interest of the General Partners and Special Limited Partner shall be transferred to the Investor Limited Partner, or if so designated, its designee, which, without further action, shall become the sole general partner; in such event, upon becoming the 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 the General Partners and Special Limited Partner be removed is as set forth in Section 8.14(a)(ii)(B), (E), (G), (H), (J), (K) and/or (M), then there shall be no requirement for Notice and no opportunity to cure any such default. If the Investor Limited Partner has determined to cause itself or its designee to be admitted as a
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 Partners or at any time thereafter. If the Investor Limited Partner or its designee is admitted as a general partner pursuant to this Section 8.14, it shall not preclude the Investor Limited Partner from exercising its right to remove the General Partners and the Special Limited Partner at any time thereafter pursuant to the provisions of this Section 8.14. Notwithstanding the foregoing, if a General Partner is able to demonstrate, to the reasonable satisfaction of the Investor Limited Partner, that the default at issue has occurred solely with respect to one General Partner (or its Affiliate) (the “Defaulting General Partner”), but not the other General Partner (or its Affiliate) (the “Non-Defaulting General Partner”), then the Investor Limited Partner shall not have the automatic right to remove the Non-Defaulting General Partner as a result of such default.

(c) If a General Partner and/or Special Limited Partner are removed as aforesaid, the removed General Partners and/or Special Limited Partner shall be and shall remain liable for all obligations and liabilities incurred by it as a General Partner or Special Limited Partner of the Partnership through the date of removal, including but not limited to the obligations and liabilities of a General Partner with respect to its obligations set forth in this Agreement (including without limitation the payment of all obligations under the Completion Guaranty) and each Guarantor shall remain liable under the Guaranty for all such obligations and liabilities incurred by the General Partners and Special Limited Partner through the date of removal of such General Partner(s) and/or Special Limited Partner; provided however, that if amounts otherwise payable to such General Partner(s) and/or the Special Limited Partner as fees are applied to meet the obligations of such General Partner(s) and/or the Special Limited Partner as stated in Sections 5.4 and 8.12, such application shall serve to reduce any such liabilities of the removed General Partner(s) and/or Special Limited Partner or any of its successors, except for any liability incurred as the result of his or its gross negligence, misconduct, fraud or breach of his or its fiduciary duties as a General Partner of the Partnership.

(d) If a General Partners and/or Special Limited Partner is removed as Partner of the Partnership, then, immediately prior to removal, the Administrative General Partner shall make a Capital Contribution to the Partnership in an amount equal to the Partnership’s proportionate share of any unpaid principal and accrued interest of the Development Fee, and the Partnership shall thereupon make a payment in an equal amount to pay the Developer all unpaid principal and accrued interest of the Development Fee. Upon any such removal of the General Partners, the Partnership shall not be obligated to repay any General Partner Advances or other Partner Loans to the Partnership made by the removed General Partner and/or Special Limited Partner, as applicable.

8.15 Selection of Management Agent. The Partnership, with the approval of the Agency and/or the Lender, if required, shall engage such person, firm or company as the General Partners may select, and as the Investor Limited Partner may approve, which approval shall not be unreasonably withheld, conditioned or delayed to manage the operation of the Project. The Investor Limited Partner hereby approves the McCormack Baron Management Services, Inc. as the Management Agent subject to the terms and conditions of this Section 8.15 and Sections 8.16 and 8.17. The Management Agent shall be paid the Management Fee subject to the approval of the Agency and/or the Lenders, if required. The Management Agent shall be required to prepare monthly operating statements with respect to the Project which statements shall be provided to
the General Partners no later than 30 days following the end of each month, and the Management Agent shall disclose any event or occurrence with respect to the Project which is asserted by an Authority to be violation of any Federal, state or local statute or regulation. The Management Agreement and the management plan for the Project shall be in a form acceptable to the Agency and/or the Lender, if required, and acceptable to the Investor Limited Partner; such Management Agreement shall have an initial term of beginning approximately on the effective date as defined in Section 15.20 and extending through the first year of management operations and shall be renewable annually thereafter, and shall provide, among other things, (i) that it shall be cancelable without penalty upon 30 days prior notice from the Partnership (except that, with respect to the initial Management Agreement, during the first year of management operations, in which the Management Agent may be terminated without cause only upon 90 days’ notice); (ii) within 60 days of each renewal of the Management Agreement, the Management Agent will provide a certificate to the General Partners certifying in writing its continued compliance with the Laws and Regulations and indicating if there has been any material breaches or changes in its processes, procedures, or personnel related to the Management Agent’s compliance with the Laws and Regulations during the preceding year; (iii) the Management Agent will give Notice to the General Partners within three Business Days of the identification of any potential breach, infraction, or violation by the Management Agent of the Laws and Regulations, including but not limited to an oral or written customer complaint, notice of violation, regulatory inquiry or investigation, or notice of fine, fee or penalty; and (iv) the Management Agent shall (A) comply with all applicable laws and regulations, including but not limited to the Laws and Regulations, and all federal, state and local laws and regulations requiring notification to impacted individuals as a result of an Incident and (B) take appropriate actions to contain and mitigate any Incident involving personal information under the control of the Management Agent, and (C) unless otherwise prohibited by applicable law, and subject to any delay requested by the relevant enforcement agency, Management Agent shall notify the General Partners as soon as possible, but at most within 24 hours of learning of any Incident involving personal information under the control of the Management Agent. If the Management Agent is an Affiliate of a General Partner, the Management Agent will be obligated to defer, without interest, up to forty percent (40%) of the Management Fee to the extent necessary at any time to prevent a default under the Loans or to avoid the existence of an Operating Deficit.

8.16 Removal of the Management Agent. The General Partners shall cause the Management Agreement to provide that (i) the Partnership may upon receiving the approval of the Investor Limited Partner and receiving any required approval of the Lender, dismiss or not renew the Management Agent as the entity responsible for the Project under the terms of the Management Agreement, (ii) the Partnership shall at the direction of the Investor Limited Partner (or the Investor Limited Partner shall have the authority on behalf of the Partnership to) remove the Management Agent (A) with respect to any Management Agent that is not an Affiliate of a General Partner or a Guarantor, for any reason upon 60 days’ notice (except during the first year of management operations with respect to the initial Management Agreement, in which the Management Agent may be terminated without cause only upon 90 days’ notice), (B) with respect to any Management Agent that is an Affiliate of a General Partner or a Guarantor, for cause upon a breach of the of the Management Agreement, (C) immediately in the event of theft or fraud by the Management Agent, and (D) if the Management Agent is an Affiliate of a General Partner, immediately upon the removal of a General Partner and (iii) upon any
termination of such agreement the Management Agent shall cooperate with the Partnership and its replacement to effectuate a smooth transition of management.

8.17 Replacement of the Management Agent. Upon the termination of the Management Agreement 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 a General Partner, is not an Affiliate of such General Partner, shall be named by the General Partners, subject to the approval of the Lender, if required, and the approval of the Investor Limited Partner.

8.18 Loans to the Partnership. If 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, with the Consent of the Investor Limited Partner, borrow such funds as are needed from any Partner or other Person or organization, including the General Partners, for such period of time and on such terms as the General Partners, the Investor Limited Partner and, if so required, the Lender(s), may agree and at the rate of interest then prevailing for comparable loans (except for General Partner Advances); provided, however, that no such additional loans shall be secured by any mortgage or other encumbrance on the property of the Partnership without the prior approval of the Investor Limited Partner and the approval of any Lender, if required; except that such approvals shall not be required in the case of the hypothecation of personal property purchased by the Partnership and not included in the security agreements executed by the Partnership at the time of Closing. Loans made under this Section shall be repaid as set forth in the definition of Net Cash Flow in Article II (except for General Partner Advances), but any amount of any such loan that is outstanding at the time of the occurrence of any of the events described in Sections 7.5 or 11.1 shall be repaid as provided in Section 7.5. Upon prior written notice to the General Partners, the Investor Limited Partner or its Affiliates shall have the right at any time, or from time to time, to make loans to the Partnership for the purposes of eliminating Operating Deficits, preventing or curing defaults under the Project Documents or causing the Partnership to comply with the Project Documents or any applicable laws, and upon making such loans the General Partners shall apply proceeds of such loans as directed by the Investor Limited Partner. Such loans shall bear interest at a rate equal to the lesser of (i) twelve percent (12%) per annum or (ii) the maximum rate permitted for such loans under applicable law and, upon making such loans, the General Partners shall apply the proceeds of such loans as directed by the Investor Limited Partner.

8.19 Operating and Capital Budgets. Prior to the Closing (with respect to the remainder of the Partnership’s then current Taxable Year) and not less than 30 days prior to the commencement of each subsequent Taxable Year including Substantial Completion and thereafter, the General Partners shall submit to the Investor Limited Partner for its review and approval (which approval shall not be unreasonably withheld), proposed operating and capital budgets for the Project and the Partnership for the next fiscal year (the “Operating Budget”). Such Operating Budgets shall specifically list all budgeted expenses in all major categories including, but not limited to, administration, operation, repairs and maintenance, utilities, taxes, insurance, interest, debt service with respect to the Loans, capital improvements, and all budgeted expenses which are to be paid to the General Partners or their Affiliates. The Investor
Limited Partner shall submit its response to such proposed Operating Budgets to the General Partners within 45 days (or such shorter period of time as may be requested by the Lender, but in no event less than 30 days) after its receipt of such proposed budgets; such response shall either evidence its approval of the proposed budgets or shall contain specific comments and recommendations with respect thereto. If no such response is submitted to the General Partners within such period, the Investor Limited Partner will be deemed to have approved such Operating Budget but only if the Investor Limited Partner receives a written notice from the General Partners at least 10 days prior to the end of such period stating that such Operating Budget shall be deemed approved if the Investor Limited Partner does not respond by the end of such period. If a response is submitted to the General Partners within such period but such Operating Budget is not approved by the Investor Limited Partner prior to the commencement of such fiscal year for which such Operating Budget applies, the General Partners shall operate the Partnership and the Project utilizing the last approved Operating Budget from the prior fiscal year with each line item thereof increased by three percent.

8.20 Replacement Reserve. On or before Closing, the Partnership shall make an initial deposit of $281,298 into a reserve fund of the Partnership ("Reserve Fund for Replacements"). Thereafter, commencing no later than the Stabilization Date, the Partnership shall be obligated to make additional deposits into the Reserve Fund for Replacements, within the first 10 days of each month, equal to (on an annualized basis) the greater of (i) the amount required by the Lender and (ii) $350 per apartment unit per year, increasing annually by the greater of (a) 3.0% per annum or (b) the CPI Percentage. If the Reserve Fund for Replacements exceeds the amount required by the Lender to be deposited into a replacement reserve account held by the Lender, then only such excess shall be deposited in the Reserve Fund for Replacements maintained by the Partnership. Any interest earned on such account shall become a part thereof. No withdrawals from the Reserve Fund for Replacements shall be made except with the Consent of the Investor Limited Partner, which shall not be unreasonably withheld, conditioned or delayed.

8.21 Operating Reserve. Concurrently with the payment of the Stabilization Capital Contribution, the General Partners shall be obligated to cause the Partnership to establish a separate interest-bearing account in a depository institution insured by the Federal Deposit Insurance Corporation and approved by the Investor Limited Partner ("Operating Reserve"), which approval shall not be unreasonably withheld, conditioned or delayed, into which the Partnership, on the Closing Date, will deposit and maintain an amount equal to $1,416,490 (the "Minimum Balance") or such greater amount as required by any Lender. All interest earnings on the Operating Reserve will be retained in the account and used for the aforesaid purposes. The Operating Reserve requires the signature of the General Partners and the Consent of the Investor Limited Partner, before withdrawals therefrom can be made to pay any Operating Expenses of the Project, debt service obligations or other expenses of the Partnership. During the ODG Period, withdrawals can be made up to 100% of the Minimum Balance, provided that at the end of the ODG period the Operating Reserve is replenished up to $990,050 (the "Alternate Minimum Balance"). To the extent withdrawals are made from the Operating Reserve, such funds shall be replenished from Net Cash Flow in accordance with Section 7.3. Upon the Conversion, the Operating Reserve requirements shall be adjusted to take into account any similar requirements under the Permanent Loan Documents.
8.22 Release of Reserves. Notwithstanding any language to the contrary in this Agreement, for the full term of the Extended Use Agreement, all unexpended funds in all 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 (which release shall be subject to the Investor Limited Partner’s Consent) to pay deferred developer fees following the achievement of a minimum annual debt service ratio of 1.15 for three (3) consecutive years following Stabilization.

8.23 Partnership Management Fee. Commencing on Substantial Completion, the General Partners shall cause the Partnership to pay the annual Partnership Management Fee as follows: 50% to the Administrative General Partner and 50% to the Managing General Partner on a pari passu basis. The Partnership Management Fee shall be pro-rated for periods less than a full calendar year and shall be payable from the Net Cash Flow of the Partnership available for distribution pursuant to Section 7.3(a). If the Partnership Management Fee for any year is not paid in full by the Partnership or the General Partners from Net Cash Flow, the unpaid amount shall accrue (without interest) and shall be payable commencing on the applicable Payment Date until fully paid, from Net Cash Flow available in future years as contemplated by Section 7.3(a) or if not fully paid when the Project is sold, then from net proceeds of a Capital Transaction pursuant to Section 7.5.

8.24 Asset Management Fee. Commencing on Substantial Completion, the General Partners shall cause the Partnership to pay the annual Asset Management Fee to the Investor Limited Partner. The Asset Management Fee shall be pro-rated for periods less than a full calendar year and shall be payable from the Net Cash Flow of the Partnership available for distribution pursuant to Section 7.3(a). If the Asset Management Fee for any year is not paid in full by the Partnership or the General Partners from Net Cash Flow, the unpaid amount shall accrue (without interest) and shall be payable commencing on the applicable Payment Date until fully paid, from Net Cash Flow available in future years as contemplated by Section 7.3(a) or if not fully paid when the Project is sold, then from net proceeds of a Capital Transaction pursuant to Section 7.5.

8.25 Property Tax Exemption. Commencing with the year in which this Agreement is executed and continuing in each year thereafter, Managing General Partner shall promptly apply for, and diligently pursue, a real property tax exemption for the Project pursuant to California Revenue & Taxation Code Section 214(g), or any successor statute thereto. Managing General Partner shall take all actions necessary to qualify the Project for such real property tax exemption. On an annual basis, upon receipt of the real property tax exemption for the Project, Managing General Partner shall deliver a copy thereof to Investor Limited Partner. If the application and/or qualification process for such real property tax exemption is delayed due to events or circumstances outside of Managing General Partner’s control, Managing General Partner shall be allowed additional time to apply for and pursue such real property tax exemption equal to the period of time that such events or circumstances cause the delay, but in no event so long as to result in the disqualification of the Project for such real property tax exemption. The parties acknowledge that the Property Tax Savings contemplated by the Property Tax Exemption, as amended and as further defined in the rules and regulations of the BOE (the “Property Tax Rules”), are necessary in order for the Partnership to meet its debt underwriting and financing assumptions, and therefore to keep the Project affordable to low income tenants.
The parties further acknowledge that the Partners would not undertake to develop the Project and provide the affordable housing created by it unless the Property Tax Savings were available to help underwrite the Loans. The Partners shall use their best efforts to maintain the Property Tax Exemption during the life of the Partnership.

ARTICLE IX

WITHDRAWAL OF GENERAL PARTNER OR SPECIAL LIMITED PARTNER; TRANSFERS OF INTERESTS

9.1 Withdrawal of the General Partner; Special Limited Partner.

(a) Prior to the end of the Restricted Period (as that term is defined in Section 9.4(b) below), no General Partner or Special Limited Partner may withdraw from the Partnership or sell, transfer or assign or permit the sale, transfer or assignment of its Interest (including without limitation any collateral assignment or encumbrance) in whole or in part as a General Partner (or Special Limited Partner, as applicable) or sell, transfer or otherwise dispose of any majority or controlling interest (or any other interests exceeding 10%), directly or indirectly, in such General Partner (or Special Limited Partner, as applicable), except in each case with the prior Consent of the Investor Limited Partner and as collateral (by a collateral assignment) for any of the Loans, and of the Agency and the Lender, if required, and only after being given written approval by the necessary parties as provided in Section 9.2, and by the Agency and the Lender, if required, of the General Partner (or Special Limited Partner, as applicable) to be substituted for the withdrawing General Partner (or Special Limited Partner, as applicable) or to receive all or part of the withdrawing General Partner’s Interest as General Partner (or Special Limited Partner’s Interest as Special Limited Partner, as applicable). All transfers by a General Partner (or Special Limited Partner, as applicable) which result in a Person directly or indirectly owning an Interest in a General Partner (or Special Limited Partner, as applicable) shall be subject to know-your-customer analysis and reviews and any required regulatory reviews applicable to Investor Limited Partner.

(b) After the end of the Restricted Period, the General Partners (and Special Limited Partner, if applicable) may at any time and with the Consent of the Investor Limited Partner which shall not be unreasonably withheld (and also subject if applicable to obtaining any required Consent of the Lender and any required approval of HUD of the Form 2530 associated with such transfer to the extent applicable) transfer, sell or assign its General Partner Interest (or Special Limited Partner Interest, if applicable) to any third party. Such General Partner (or Special Limited Partner, if applicable) shall give Notice of such transfer, sale or assignment to the Investor Limited Partner not less than 30 days prior to such transfer, sale or assignment. All transfers by a General Partner (or Special Limited Partner) which result in a Person directly or indirectly owning more than ten percent (10%) of the Interest in a General Partner (or Special Limited Partner, as applicable) shall be subject to know-your-customer analysis and reviews and any required regulatory reviews applicable to Investor Limited Partner.

(c) If a General Partner (or Special Limited Partner, if applicable) withdraws from the Partnership or sells, transfers or assigns its entire Interest pursuant to Section 9.1(a), or sells, transfers or disposes of any controlling interest in the applicable General Partner (or
Special Limited Partner, as applicable), it shall be and shall remain liable for all obligations and liabilities incurred by it as a General Partner (or Special Limited Partner, if applicable) 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. Any transfer, sale, assignment or withdrawal by a General Partner (or Special Limited Partner, if applicable) under this Section 9.1 shall be at the sole cost and expense of such General Partner (or Special Limited Partner, as applicable). The General Partner (or Special Limited Partner, as applicable) whose interest is being transferred shall pay such reasonable expenses as may be incurred by the Partnership in connection with such transfer.

9.2 Admission of a Successor or Additional General Partner or Special Limited Partner. A Person shall be admitted as a General Partner (or Special Limited Partner, if applicable) 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 (provided that no General Partner Consent shall be required for any admission pursuant to Section 8.14) and the Investor Limited Partner, and consented to by the Agency, and the Lender and HUD, 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, 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 (or Special Limited Partner, as applicable), and this Agreement evidencing the admission of such Person as a General Partner (or Special Limited Partner, as applicable) shall have been filed and all other actions required by Section 1.5 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 (or Special Limited Partner, as applicable), to do business in the State and to be bound by the terms and provisions of this Agreement;

(d) If requested by the Investor Limited Partner, counsel for the Partnership shall have rendered an opinion that the admission of the successor or additional Person is in conformity with the Code 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;

(e) the Partnership and the Investor Limited Partner shall have been reimbursed for all reasonable expenses, including reasonable legal fees incurred by the Partnership and the Investor Limited Partner in connection with such assignment; and
(f) a Guarantor shall be replaced by a successor Guarantor provided by the successor General Partner, with the Consent of the Investor Limited Partner.

9.3 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 9.1(a), then the Partnership shall be dissolved, unless within 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 and its Interest shall without further action be converted to a special limited partner interest; 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 expiration of 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 an Investor Limited Partner Interest shall not affect any rights, obligations or liabilities (including without limitation, any of the General Partner’s obligations under Section 8.11) 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).

(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 shall immediately (i) give Notice to the Investor Limited Partner of such Bankruptcy, death, dissolution or adjudication 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 his or its having ceased to be a General Partner. Such action or actions by the remaining General Partner shall, if permission of a bankruptcy court is necessary, be deemed to have been taken subject to Section 9.3(d) below. The remaining General Partner or General Partners and the Investor Limited Partner 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 9.3.
(d) The General Partner, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, agrees that if 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 9.3, the “Bankruptcy Code”), or if any involuntary petition is filed against a General Partner, which is not dismissed within 90 days from the date of such filing, then, in such event, any other Partner 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 the General Partner from filing for protection under the Bankruptcy Code.

(e) The Partners acknowledge and agree that this Agreement is a contract under which the Investor Limited Partner is excused from accepting performance from the General Partner, its assignee or trustee, if a General Partner makes application for or seeks protection under any of the Sections or Chapters of the Bankruptcy Code, or if an involuntary petition is filed against such General Partner. 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 the General Partner, shall be able to prevent such assumption or assignment.

(f) If a General Partner makes application for or seeks relief or protection under any of the Sections or Chapters of the Bankruptcy Code, or if any involuntary petition is filed against said General Partner, then, in such event, any Partner may apply to or move 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.

9.4 Restrictions on Transfer of Investor Limited Partner’s Interest.

(a) The Investor Limited Partner may at any time and without the Consent of any other Partner transfer, sell, or assign its Investor Limited Partner Interest to (i) any Affiliate, (ii) to any limited partnership of which Goldman Sachs & Co. LLC, or any subsidiary or Affiliate thereof is a general partner, (iii) to any limited liability company of which Goldman, Sachs & Co. LLC, or any subsidiary or Affiliate thereof is a general partner (provided, however, that no such transfer, sale, assignment or pledge shall release the Investor Limited Partner from its obligations to make Capital Contributions in accordance herewith), or (iv) after the Restricted Period (as that term is defined in Section 9.4(b) below), to any third party and upon the assumption by any such transferee of the obligations of the transferor hereunder the transferor shall be automatically released from further liability hereunder as an Investor Limited Partner. The Investor Limited Partner or its successor shall give notice of such transfer, sale or assignment to the other Partners prior to or within a reasonable time after such transfer, sale of assignment (but no such Notice shall be required in the case of a pledge or collateral assignment by the Investor Limited Partner of its Partnership Interest). In addition, the Investor Limited Partner may at any time and without the consent of any other Partner grant a lien on or collaterally assign its Interest to a lender to the Investor Limited Partner. If a lender to the Investor Limited Partner to which the Investor Limited Partner has granted a lien encumbering
the Interest of the Investor Limited Partner gives notice to the General Partner that such lender is foreclosing on such Interest, then the Interest of the Investor Limited Partner may be transferred to such lender without the consent of any other Partner (but subject if applicable to obtaining any required approval of HUD of the Form 2530 associated with such transfer). In addition, the Investor Limited Partner shall have the right without the Consent of any other Partner to transfer its rights (but not its obligations) under this Agreement to any Partner.

(b) Prior to the first to occur of (i) the making by the Investor Limited Partner of its 8609 Capital Contribution pursuant to Section 5.1(c) or (ii) any event or occurrence described in Section 8.14(a) (the period prior to the first to occur of the events described in clauses (i) and (ii) of this subsection (b), the “Restricted Period”), except as permitted by Section 9.4(a), no sale, transfer or assignment of the Interest of the Investor Limited Partner shall be permitted unless the General Partners shall have consented thereto, which consent shall not be unreasonably withheld and (if applicable) HUD shall have approved the Form 2530 associated with such transfer. In addition, the Lender, if required, also shall have consented thereto. For the purposes of this subsection (b), if the Investor Limited Partner has determined that it (or its parent) is unable to benefit from the tax benefits provided under this Agreement or the Investor Limited Partner is required to transfer for regulatory reasons and, as a result of any such determination, the Investor Limited Partner desires to sell, transfer or assign its Interest in the Partnership, the parties hereby agree that it shall be unreasonable for the General Partners to withhold its consent to any such sale, transfer or assignment by the Investor Limited Partner; provided, however, that no such consent of the General Partners shall be required if GSB LIHTC Investor LLC remains liable to make any remaining Capital Contributions of the Investor Limited Partner.

(c) After the Restricted Period, the Investor Limited Partner may at any time and without the Consent of any other Partner (but subject if applicable to obtaining any required Consent of the Lender and any required approval of HUD of the Form 2530 associated with such transfer) transfer, sell, assign or pledge its Investor Limited Partner Interests to any third party. The Investor Limited Partner shall give Notice of such transfer, sale or assignment to the other Partners 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 Investor Limited Partner Interest).

(d) The General Partners shall promptly cooperate with any request by the Investor Limited Partner in connection with the transfer, sale, assignment or pledge of its Interests, including 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 Investor Limited Partner Interest, as the General Partners are 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 5.1(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 materially adversely affect the essential economic or other interests of the General Partners hereunder.
(e) The Investor Limited Partner whose interest is being transferred shall pay such reasonable expenses as may be incurred by the Partnership in connection with such transfer, including but not limited to, any transfer taxes caused by such transfer.

(f) Nothing in this Agreement shall limit the authority of the Investor Limited Partner which is an entity to cause or permit the sale, transfer and/or assignment of equity interests within itself (other than the interest of the managing member or general partner of such entity prior to the end of the Restricted Period), in the sole discretion of the Investor Limited Partner, and no such sale, transfer or assignment shall be deemed to constitute a transfer of the Interests of the Investor Limited Partner for any purpose hereof.

9.5 Admission of Substitute Investor Limited Partner.

(a) Subject to the other provisions of this Article IX, 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 Investor Limited Partner of the Partnership only upon the satisfactory completion of the following:

(i) 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 Partners may require in order to effect the admission of such Person as an Investor Limited Partner;

(ii) an amended Agreement and/or Articles evidencing the admission of such Person as an Investor Limited Partner shall have been filed for recording pursuant to the requirements of the Act, if necessary;

(iii) if the assignee is not a natural person, the assignee shall have provided the General Partners 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; and

(iv) the assignee or the assignor shall have reimbursed the Partnership for all reasonable expenses, including all reasonable legal fees and recording charges, incurred by the Partnership in connection with such assignment.

(b) For the purpose of allocation of profits, losses and credits, and for the purpose of distributing cash of the Partnership, a Substitute Investor Limited Partner shall be treated as having become, and as appearing in, the records of the Partnership as a Partner upon his signing of an amendment to this Agreement, agreeing to be bound hereby.

(c) The General Partners shall reasonably cooperate with the Person seeking to become a Substitute Investor 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 Articles 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 Interests of the Investor Limited Partner of the conditions contained in this *Article IX* to the admission of such Person as an Investor Limited Partner of the Partnership. Any cost or expense reasonably incurred in connection with such admission shall be borne by the Substitute Investor Limited Partner.

(d) Solely for purposes of adjusting Partners’ Capital Accounts, if any new Partners are admitted to the Partnership as substitute Partners pursuant to this *Section 9.5*, the book value of the Partnership’s assets shall be adjusted to reflect the fair value, as determined by the Administrative General Partner, based upon the Capital Contribution of such new Partners, in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(f), and the difference between fair value and book value, if any, shall be treated as gain or loss, allocable as Profits or Losses, in accordance with *Section 7.2(a)*.

9.6 Rights of Assignee of Partnership Interest.

(a) 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.

(b) Any Person who is the assignee of all or any portion of an Investor Limited Partner’s Interest, but does not become a Substitute Investor Limited Partner and desires to make a further assignment of such Interest, shall be subject to all the provisions of this *Article IX* to the same extent and in the same manner as any Investor Limited Partner desiring to make an assignment of its Interest.

9.7 General Restriction on Transfer.

(a) Notwithstanding anything to the contrary in this Agreement, no Transfer by a Partner of its Interest in the Partnership (or any economic or other interest, right or attribute therein) may be made to any Person if (a) in the opinion of legal counsel for the Partnership, it would result in the Partnership being treated as an association taxable as a corporation, or (b) such transfer is effectuated through an “established securities market” or a “secondary market” (or the substantial equivalent thereof) within the meaning of Code § 7704.

**ARTICLE X**

**RIGHTS AND OBLIGATIONS OF INVESTOR LIMITED PARTNER**

10.1 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
10.2 Limitation on Liability of Investor Limited Partners. The liability of the 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. The Investor Limited Partner shall not have any other liability to contribute money to, or in respect of the liabilities or obligations of, the Partnership, nor shall the Investor Limited Partner be personally liable for any obligations of the Partnership, except as and to the extent provided in the Act. The Investor Limited Partner shall not be obligated to make loans to the Partnership.

10.3 Other Activities. Any Investor Limited Partner and any Affiliate thereof may engage in or possess interests in other business ventures of every kind and description for its own account, including without limitation, serving as general or limited partner of other partnerships or managing member or member of other limited liability companies which own, either directly or through interests in other partnerships or limited liability companies, government-assisted housing projects similar to the Project wherever located. 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.

10.4 Investor Limited Partner as Lender. Subject to provisions of this Agreement with respect to related party loans, any member or Affiliate of the Investor Limited Partner, including, without limitation, a bank, insurance company, GSUIG Real Estate Member LLC or other financial institution (such member being referred to herein as a “Mortgagee”) at any time may make, guarantee, own, acquire, or otherwise credit enhance, in whole or in part, a loan secured by a mortgage, deed of trust, trust deed, or other security instrument encumbering the Project (for purposes of this Section 10.4 only, any such loan being referred to as a “Mortgage Loan”). Under no circumstances will a Mortgagee be considered to be acting on behalf or as an agent or the alter ego of such Investor Limited Partner. A Mortgagee may take any actions that the Mortgagee, in its reasonable discretion, determines to be advisable in connection with a Mortgage Loan (including in connection with the enforcement of a Mortgage Loan). By acquiring an interest in the Partnership, each Partner acknowledges that to the extent permitted by applicable law no Mortgagee owes the Partnership or any Partner any fiduciary duty or other duty or obligation whatsoever by virtue of such Mortgagee being a member of the Investor Limited Partner. Neither the Partnership nor any Partner will make any claim against a Mortgagee, or against the Investor Limited Partner, relating to a Mortgage Loan and alleging any breach of any fiduciary duty, duty of care, or other duty whatsoever to the Partnership or to any Partner based in any way upon the Mortgagee’s status as a member of the Investor Limited Partner.

10.5 No Fiduciary Duty. Notwithstanding anything to the contrary herein and to the fullest extent permitted by law, the Partnership, the General Partners and each Partner hereby expressly agree (i) that no fiduciary or other duties will be owed by the Investor Limited Partner (in any capacity the Investor Limited Partner or its Affiliates may be acting hereunder) or a Lender to the Partnership (or any of its subsidiaries), the General Partners, or any other Partner of the Partnership, (ii) that in evaluating and deciding what actions and decisions to make for the Partnership, the Investor Limited Partner may consider and advance such interests, including its
own interests, as the Investor Limited Partner shall determine in its discretion and (iii) that the Investor Limited Partner shall not be liable to the Partnership (or any of its subsidiaries) or to other Partners in respect of such duties.

ARTICLE XI

SALE, DISSOLUTION AND LIQUIDATION

11.1 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 incompetency of the General Partner who is at that time the sole General Partner, subject to the provisions of Section 9.3, unless the Investor Limited Partner, within 90 days after receiving Notice of such withdrawal, Bankruptcy, death, dissolution or adjudication of incompetency, elects to designate a successor General Partner and continue the Partnership upon the admission of such successor General Partner 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 the Investor Limited Partner; 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 90 days after receiving Notice of such event elects to continue the Partnership.

11.2 Winding Up and Distribution.

(a) Upon the dissolution of the Partnership pursuant to Section 11.1, (i) articles of dissolution or a Certificate of Cancellation, as applicable, 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 11.2 and the net proceeds of such liquidation, except as provided in Section 11.2(b) below, shall be distributed in accordance with Section 7.5. Liquidation distributions shall be made by the end of the taxable year in which the liquidation occurs or, if later, within 90 days after the date of liquidation.

(b) It is the intent of the Partners that, upon liquidation of the Partnership (within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(g)), any liquidation proceeds available for distribution to the Partners be distributed in accordance with the Partners’ respective positive Capital Account balances and the Partners believe that distributions under Section 7.5 will effectuate such intent. If, upon liquidation, there is any conflict between a distribution pursuant to the Partners’ respective positive Capital Account balances and the intent of the Partners with respect to distribution of proceeds as provided in Section 7.5, the Liquidator shall, notwithstanding the provisions of Section 7.2 and 7.4, allocate the Partnership’s gains, profits and losses in a manner that will cause (as nearly as possible) the Partners’ positive Capital Account balances to match the amounts that would be distributed under Section 7.5, and shall
distribute liquidation proceeds to the Partners in accordance with the Partners’ respective positive Capital Account balances.

(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 Code, 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 11.1, 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.

11.3 Obligation of Partners to Restore Deficit. If the Partnership is liquidated within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g), if a General Partner’s Capital Account has a deficit balance (after giving effect to all contributions, distributions and allocations), such General Partner may but shall not be obligated to make Capital Contributions in the amount of such deficit in compliance with Treasury Regulations Section 1.704-1(b)(2)(ii)(b)(3). In no event will any Investor Limited Partner have any obligation to restore any negative balance in its Capital Account. Notwithstanding the foregoing, an Investor Limited Partner shall have the right, but not the obligation, at any time to elect, in its sole discretion, by Notice given to the Administrative General Partner to become obligated to make a Capital Contribution upon such liquidation equal to all or a portion of any negative balance in its Capital Account which obligation may be subject to such conditions as may be set forth in such Notice, or any subsequent Notice given by the Investor Limited Partner to the Administrative General Partner.

ARTICLE XII

BOOKS AND RECORDS, ACCOUNTING TAX ELECTIONS, ETC.

12.1 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 information relating to the status of the Project and information with respect to the sale by the General Partners or any Affiliate thereof 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 his duly authorized representative, at any and all reasonable times. Any Partner, or his duly authorized representative, upon paying the costs of
collection, duplication and mailing, shall be entitled to a copy of the list of the name and address of the Investor Limited Partners.

12.2 **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 Partners shall determine, and withdrawals shall be made only in the regular course of Partnership business on such signature or signatures as the General Partners may, from time to time, determine with the Consent of the Investor Limited Partner. 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.

12.3 **Accountants; Tax Returns.**

(a) The Accountants shall annually prepare for execution by the Administrative General Partner all tax returns of the Partnership, shall annually audit the books of the Partnership, and shall certify, in accordance with generally accepted accounting principles, 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 Taxable 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. If the Investor Limited Partner notifies the Administrative General Partner that the Investor Limited Partner and its Affiliates deem it necessary to engage another firm of accountants in order to facilitate the preparation of the financial statements of the Investor Limited Partner and/or its Affiliates, the Administrative General Partner shall, with the Consent of the Investor Limited Partner, engage the services of another firm of independent certified public accountants.

(b) The Accountants shall annually prepare for execution by the Administrative General Partner all tax returns of the Partnership in accordance with applicable law. Prior to filing any material income tax return (each, a “Review Return”), the Administrative General Partner shall cause the Accountants to provide a draft of such Review Return to the Investor Limited Partner for the Investor Limited Partner’s review, comment and approval no later than sixty (60) days before the due date of the return (including extensions). No Review Return shall be filed without the prior written consent of the Investor Limited Partner, such consent not to be unreasonably withheld or delayed. Any disputes relating to any Review Return shall be referred to an independent nationally recognized accounting firm approved by the Partners, and the determination of such accounting firm shall be final and binding upon the Partners. Each Partner shall treat Partnership items on its U.S. federal income tax returns consistently with the treatment of such items on the Partnership’s tax returns, as reflected on the Schedules K-1 to such tax returns.

12.4 **Reports to Partners.**

(a) The Administrative General Partner shall cause to be prepared and distributed to all persons who were Partners at any time during a tax year of the Partnership:
(i) Within 180 days after the close of each Taxable Year of the Partnership (or within 90 days after the close of each Taxable Year of the Partnership so long as Affiliates of Goldman Sachs Group Inc. do not hold all of the interests in the Investor Limited Partner, provided that the Investor Limited Partner has provided notice to the Administrative General Partner of the necessity of such accelerated reporting), audited financial statements prepared by the Accountants in accordance with generally accepted accounting principles, which shall include a balance sheet, an income statement, a statement of cash flows and a statement of Partners’ equity, provided that the Administrative General Partner shall supply draft versions of such statements 10 Business Days prior to the due date set forth herein;

(ii) Within 90 days after the close of each Taxable Year of the Partnership such financial information with respect to each Taxable Year of the Partnership as shall be reportable for federal and state income tax purposes (including Schedule K-1 and state apportionment information), provided that the Administrative General Partner shall supply draft versions of such documents at least 60 after the close of each Taxable Year of the Partnership. If such information is not provided to the Partners within 90 days after the close of each Taxable Year of the Partnership, then the Administrative General Partner shall after receipt of ten days’ prior notice and demand pay to the Investor Limited Partner $50.00 per day until such information is provided;

(iii) Prior to Rental Achievement and at any times thereafter as may be requested by the Investor Limited Partner, within 20 days of the end of each calendar month, and thereafter, within 20 days of the end of each fiscal quarter, a report of operations for such month or quarter containing:

   A. a statement of accounts receivable and payable agings;

   B. the check register of the Project;

   C. during initial lease-up, updates to the lease-up budget, reforecasted lease-up schedule and regular updates/traffic reports until the property achieves 100% occupancy;

   D. during initial lease-up, a completed Qualified Occupancy Monitoring form, in a form acceptable to the Investor Limited Partner.

   E. bank statements for any reserve account;

   F. a statement describing (a) any new agreement, contract or arrangement between the Partnership and a General Partner, a Special Limited Partner or any Affiliate thereof, (b) the amount of all fees and other compensation and distributions and reimbursed expenses paid by the Partnership for the quarter to a General Partner, Special Limited Partner or an Affiliate thereof, (c) accounts receivable of over 60 days, (d) accounts payable of over 60 days, (e) copies of all insurance certificates, copies of which have not previously been furnished to the Partners and (f) proof of payment of real estate taxes; and
G. other pertinent information regarding the Partnership and its activities during the period covered by the report.

(iv) Within 20 Business Days of the end of each calendar month, a report of operations for such month containing:

A. a balance sheet, which may be unaudited;

B. a statement of income and expense and a cash flow statement for the period then ended, which may be unaudited;

C. a trial balance in Excel format; and

D. a tax credit monitoring form and rent roll of the Project and an occupancy and rental report setting forth the units leased since the last report, the rent secured, the names of all tenants under applicable leases and a listing of the units yet to be leased in the Project.

E. if the Partnership or the Land benefits from any type of subsidy, insurance or other assistance provided by HUD, such information from time to time as may be required to be reported on a HUD Form 2530 by any “principal” of the Partnership (as such term is defined in regulations promulgated by HUD), including the most recent management and physical rating inspection report(s).

(b) Within 90 days after the end of each tax year of the Partnership the Administrative General Partner shall provide to the Investor Limited Partner:

(i) a certification, in a form satisfactory to the Investor Limited Partner, by the Administrative General Partner that (a) all Loan 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;

(ii) a descriptive statement of all transactions during the tax year between the Partnership and the Administrative General Partner and/or any Affiliate, including the nature of the transaction and the payments involved (including accrued cash or other payments);

(iii) a copy of a third party compliance audit (prepared by a compliance consultant reasonably satisfactory to the Investor Limited Partner) confirming compliance with the Minimum Set-Aside Tests and any Agency or IRS guidance with respect thereto;
(iv) a copy of the annual report to be filed with the Agency concerning the status of the Project as low-income housing;

(v) the occupancy levels of the Project during the preceding Taxable Year; and

(vi) if there are any Operating Deficits or anticipated Operating Deficits, the manner in which such deficits will be funded.

(c) Upon the written request of the Investor Limited Partner for further information with respect to any matter covered in Sections 12.4(a) and 12.4(b) above, for any other item produced or received by the Administrative General Partner or the Management Agent, or for any other information with respect to the Project, the Administrative General Partner shall furnish such information within 20 days of receipt of such request.

(d) The Administrative General Partner, on behalf of the Partnership, shall send to Investor Limited Partner an estimate of such Investor Limited Partner’s share of Tax Credits, profits and losses of the Partnership for federal income tax purposes for the current Taxable Year.

(e) Within five days after any of the following events shall have occurred:

(i) there is a material default by the Partnership or HACLA, as landlord, under the Project Documents or in payment of any mortgage, taxes, interest or other obligation on secured or unsecured debt; or

(ii) any reserve has been reduced or terminated by application of funds therein for purposes materially different from those for which such reserve was established;

the Administrative General Partner shall send the Investor Limited Partner a detailed report of such event.

(f) Within 15 days after any of the following events shall have occurred:

(i) the Administrative General Partner has received any notice of a material fact which may substantially affect further distributions of Net Cash Flow or Capital Transaction proceeds or allocations of Profits, Losses or Credits; or

(ii) any Partner has pledged or collateralized his Interest in the Partnership;

the Administrative General Partner shall send the Investor Limited Partner a detailed report of such event.

(g) After the date of Substantial Completion, the Administrative General Partner, on behalf of the Partnership, shall send to the Investor Limited Partner a copy of (i) all applicable periodic reports covering the status of the Project as may be required by the Agency,
Lender, or any Authority within 10 days of submission of such reports to the Agency, Authority and/or applicable Lender; (ii) all monthly operating statements prepared by the Management Agent within five days of submission of such reports to the Administrative General Partner; and (iii) any other existing operating documents or reports prepared by the Management Agent promptly upon the request of the Investor Limited Partner.

(h) Within 60 days of Substantial Completion, the Administrative General Partner shall cause to be prepared and distributed to the Investor Limited Partner a worksheet detailing the calculation of the Eligible Basis of the Partnership in the Project in a form acceptable to the Investor Limited Partner.

(i) Within 30 days before the expiration of any insurance certificates applicable to the Project, the Administrative General Partner shall provide to the Investor Limited Partner copies of renewal insurance certificates replacing such certificates set to expire.

(j) If the Investor Limited Partner so directs by Notice given to the Administrative General Partner, any or all of the reports described in this Section 12.4 shall be submitted electronically to such data or web site as is identified in such Notice.

(k) If the reports or information provided for in Sections 12.4(a) and 12.4(b) above are, at any time, not provided within 10 days of written notice from the Investor Limited Partner to the Administrative General Partner that such reports have not been received by the Investor Limited Partner, the Administrative General Partner shall be obligated to pay to the Investor Limited Partner the sum of $100 per day beginning on the dates upon which the Investor Limited Partner provides notice to the Administrative General Partner that such report or information was not received when due (the “Information Due Date”) and continuing until the date upon which such report or information is actually delivered to the Investor Limited Partner; provided, however, that with respect to the reports and information required by Sections 12.4(a)(A) and (B), such amount shall increase to $250 per day commencing on the date which is thirty (30) days after the Information Due Date and continuing until such report or information is actually delivered to the Investor Limited Partner, in all such events as liquidated damages; provided further, that any delays beyond the aforesaid dates in the provision of the applicable reports or information due to factors beyond the control of the Administrative General Partner and the Accountants may, in the sole discretion of the Investor Limited Partner and the Accountants may, in the sole discretion of the Investor Limited Partner, be a cause for waiver of the aforesaid liquidated damages, but only if the delayed reports or information were supplied by the applicable aforesaid date in a draft or estimated form.

(l) If the reporting requirements of the Accountants set forth in any of the above provisions of this Section 12.4 are not met, the Investor Limited Partner, in its reasonable discretion, may direct the Administrative General Partner to dismiss the Accountants, and to designate successor Accountants, subject to the approval of the Investor Limited Partner; provided, however, that if the Administrative 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.
(m) The General Partners shall cause to be kept all records (including the tenant qualification documents for each tenant throughout the Compliance Period), and cause to be made all elections and certifications pertaining to the number and size of the units in the Project, occupancy thereof by tenants, income levels of tenants, the units in the Project rent levels, set asides for low-income tenants and any other matters now or hereafter required to satisfy the requirements of the Code, the Agency or any Authority and to qualify for and maintain the full amount of Federal Tax Credits in connection with the occupancy of the Eligible Units.

(n) The Administrative General Partner shall submit to the Investor Limited Partner for its review at least 10 days prior to submission to the Agency any cost certifications or other submissions in connection with obtaining Form 8609’s from the Agency. The absence of any response or objection by the Investor Limited Partner shall not constitute a waiver by the Investor Limited Partner of its rights to challenge any Accountant’s Certificate or other determination with respect to the amount of Federal Tax Credits that the Partnership is entitled to claim.

(o) During the rehabilitation of the Project, the Administrative General Partner shall send or cause the Developer to send (i) copies of the monthly construction requisitions simultaneously with the delivery of such requisitions to the Lender to the Investor Limited Partner and the Engineering Consultant; and (ii) copies of any monthly statements of the Lender(s) showing draws made on the Loans and the outstanding amounts available for draws for rehabilitation (including interest) on such Loans.

(p) In addition to any other regular reporting requirements provided for in this Agreement, upon occurrence of any of the following the Administrative General Partner shall promptly, but in no event later than within five Business Days of its receipt of actual knowledge thereof, provide the Investor Limited Partner a detailed report of such event and including, where applicable, all relevant notices received:

(i) any default by HACLA, as landlord, the Partnership, a General Partner, or Special Limited Partner in any debt, taxes, interest or other financial obligation or under the Project Documents;

(ii) any reserve has been reduced or terminated by application of funds therein for purposes materially different from those for which such reserve was established;

(iii) any default or reduction in benefits receivable by the Partnership under any federal, state or local rent subsidy or other grant agreement;

(iv) any material litigation and/or alleged violation of law by the Partnership, a General Partner, Special Limited Partner, a Guarantor, HACLA, as landlord, or the Project;

(v) notice of noncompliance, or IRS Form 8823 Low Income Housing Agency’s Report of Noncompliance, issued by the Agency;

(vi) any IRS proceeding involving the Partnership;
(vii) notice of any demand for payment or draw under any construction completion guarantee, performance bond or letter of credit regarding HACLA, as landlord, or the Partnership;

(viii) [intentionally omitted];

(ix) notice of any scheduled audit or inspection by the Agency; and

(x) at any time during the rehabilitation of the Project, (i) rehabilitation is, or may be, stopped or suspended for a period of 15 consecutive days, or (ii) rehabilitation has or may be delayed so that in the reasonable determination of the General Partners, (A) Completion may not be achieved by the date set forth in the Construction Contract or (B) after the second year of the Credit Period, the Projected Federal Credit for any year during the Credit Period may not be achieved.

(q) As soon as possible following any natural disaster and/or incident of widespread property damage having an impact on the Project, the Administrative General Partners shall send to the Investor Limited Partner a report containing the following information: (i) the extent of the damage to the Project, (ii) any expected delays in Construction and (iii) the effect that the damage sustained, if any, may have on marketing and lease-up activity.

12.5 Section 754 Elections. In the event of a transfer of all or any part of the Interest of a General Partner, Special Limited Partner, or of the Investor Limited Partner, or of the transfer of all or any part of the member interests in the Investor Limited Partner, the Partnership may, and shall upon the request of the Investor Limited Partner, 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 opinion of the Investor Limited Partner, based upon the advice of the Accountants, 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.

12.6 Fiscal Year and Accounting Method. The fiscal year of the Partnership (including for tax purposes) shall be the fiscal year of the Investor Limited Partner and shall not be changed without the Investor Limited Partner’s Consent. The fiscal year of the Partnership for accounting purposes shall be the calendar year. All Partnership accounts shall be determined on the accrual basis.

12.7 Partnership Representative.

(a) The Administrative General Partner hereby is designated as Partnership Representative of the Partnership, and shall engage in such undertakings as are required of the Partnership Representative of the Partnership, as provided under the Partnership Audit Rules. Notwithstanding the foregoing, the Investor Limited Partner shall have the right by notice given to the Administrative General Partner to act as the Partnership Representative in lieu of the Administrative General Partner for any periods specified in such notice. Each Partner, by its execution of this Agreement, Consents to such designation of the Partnership Representative and
agrees to execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents as may be necessary or appropriate to evidence such Consent.

(b) The Partnership Representative shall have and perform all of the duties required under the Code, including the following duties:

(i) Furnish the name, address, profits interest, and taxpayer identification number of each Partner to the IRS; and

(ii) Within 15 calendar days after the receipt of any correspondence or communication relating to the Partnership or a Partner from the IRS, the Partnership Representative shall forward to each Partner a photocopy of all such correspondence or communication(s). The Partnership Representative shall, within five (5) calendar days thereafter, advise each Partner in writing of the substance and form of any conversation or communication held with any representative of the IRS. Notwithstanding the foregoing, the Investor Limited Partner shall have the right to review and comment on, or participate in, the proposed communications with the IRS and the Partnership Representative shall cooperate with the Investor Limited Partner to carry out the Investor Limited Partner’s rights pursuant to this Section 12.7(b)(ii).

(c) The Partnership Representative shall not without the Consent of the Investor Limited Partner:

(i) Extend the statute of limitations for assessing or computing any tax liability against the Partnership (or the amount of character of any Partnership tax items) or select the forum for judicial review;

(ii) Settle any audit with the IRS or other taxing authority;

(iii) File a request for an administrative adjustment with the IRS or other taxing authority at any time or file a petition for judicial review;

(iv) Initiate or settle any judicial review or action concerning the tax affairs of the Partnership or an amount or character of any partnership tax item(s);

(v) Intervene in any action brought by any other Partner for judicial review of a final adjustment;

(vi) Make or fail to timely make an election under Section 6226 of the Code (or any corresponding election applicable to tiered partnerships under the Partnership Audit Rules);

(vii) Take any other action (or refrain from taking any action) which would have the effect of finally resolving a tax matters affecting the rights of the Partnership or the Investor Limited Partner; or
(viii) Take any other action not expressly permitted by this Section 12.7 on behalf of the Partners of the Partnership in connection with any administrative or judicial tax proceeding.

(d) In the event of any Partnership-level proceeding instituted by the IRS pursuant to the Partnership Audit Rules or any resulting contest, the Partnership Representative shall consult with the Investor Limited Partner regarding the nature and content of all action and defense to be taken by the Partnership in response to such proceeding (including, but not limited to, (i) providing the Investor Limited Partner with copies of all correspondence received from the IRS; (ii) [intentionally omitted]; (iii) providing the Investor Limited Partner with copies of all drafts of correspondence from the Administrative General Partner to the IRS and the Investor Limited Partner shall have a reasonable opportunity to comment on such drafts; and (iv) considering in good faith any suggestions from the Investor Limited Partner regarding such proceedings). The Partnership Representative also shall consult with the Investor Limited Partner regarding the nature and content of all action and defense to be taken by the Partnership in response to any audit or other proceeding pursuant to the Partnership Audit Rules instituted by or on behalf of the Partnership (including the decision to institute proceedings, whether administrative or judicial, and whether in response to a previous IRS proceeding against the Partnership or otherwise). Notwithstanding the foregoing, in the event of any Partnership-level proceeding instituted as described in this Section 12.7(d), the Investor Limited Partner shall have the right, but not the obligation, in its sole discretion, to assume control over such proceeding. If the Investor Limited Partner gives notice of its desire to assume such control, the Partnership Representative will cooperate fully with the Investor Limited Partner.

(e) The Partnership shall indemnify and reimburse the Partnership Representative for all expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with any administrative or judicial proceeding with respect to the tax liability of the Partners. The payment of all such expenses shall be made before any distributions are made from Net Cash Flow or any discretionary reserves are set aside by the Administrative General Partner. In the event the Partnership does not have sufficient funds, the Administrative General Partner shall have the obligation to provide funds for such purpose. Notwithstanding the foregoing, the provisions on liability and indemnification of the Administrative General Partner set forth in Section 8.11 of this Agreement shall be fully applicable to the Partnership Representative in its capacity as such.

(f) Intentionally omitted.

(g) If the Partnership receives a notice of final partnership administrative adjustment that would result in an “imputed underpayment” imposed on the Partnership as that term is defined in Code Section 6225 (as amended by the New Partnership Audit Provisions), then the Partnership shall, if directed by the Investor Limited Partner, elect pursuant to Code Section 6226 (as amended by the New Partnership Audit Provisions) so as to cause the Partners (rather than the Partnership) to make payments with respect to such imputed underpayment.

12.8 Other Capitalized Costs Election. The Partnership shall make elections pursuant to Section 266 of the Code related to the capitalization of certain costs (including, but not limited to, construction period interest) and carrying charges described in Section 266 of the Code.
12.9 **Tax Returns.**

(a) Upon reasonable notice, the Investor Limited Partner shall have the right to receive, review and comment upon any draft tax returns that it may specify, and all reasonable comments of the Investor Limited Partner will be reflected in such tax returns prior to filing. If there is a disagreement concerning whether a comment of the Investor Limited Partner should be thus reflected, the dispute shall be referred to an independent accounting firm selected by the Investor Limited Partner and reasonably acceptable to the Administrative General Partner, whose determination shall be binding.

(b) The Administrative General Partner will engage the Accountants to prepare and file tax and information returns and all other tax filings for the Partnership, which shall be prepared in accordance with applicable law.

(c) Drafts of Schedule K-1 and other information required by the Investor Limited Partner and/or its Affiliates for the preparation of their financial statements or tax returns, including state apportionment information, will be provided to the Investor Limited Partner within 60 days of the end of the Taxable Year or such later date and reasonably agreed to by the Investor Limited Partner. If such information is not provided to the Investor Limited Partner within 90 days after the close of each Taxable Year of the Partnership, then the Administrative General Partner shall after ten days’ prior notice and demand pay to the Investor Limited Partner $50.00 per day until such information is provided. However, any such penalty payment shall not be due to the extent the Administrative General Partner has paid or is required to make a payment pursuant Section 12.4(a)(ii).

(d) If requested by the Investor Limited Partner, final drafts of material tax returns will be provided to the Investor Limited Partner for review and comment no later than 60 days before the due date of such return (including any applicable extensions). Furthermore, such returns will not be submitted to the appropriate taxing authority without the consent of the Investor Limited Partner, such consent not to be unreasonably withheld or delayed. Disputes relating to the tax returns will be referred to an independent accounting firm approved by the Partners. The determination of the accounting firm shall be binding.

12.10 **Tax Matters and Partnership Classification.**

(a) The Partners will treat the Partnership as a partnership for federal income tax purposes and, to the extent relevant, for state income tax purposes.

(b) Each Partner will be bound by the allocations set forth in Article VII and will utilize such allocations in the reporting of its share of the Partnership’s income and loss for tax purposes. Each Partner will report its distributive share of the Partnership’s items of income, gain, loss, deduction, and credit on its separate return in a manner consistent with the reporting to it by the Partnership.

12.11 **Cooperation to Amend.**

(a) The General Partners and the Special Limited Partner shall reasonably cooperate with the Investor Limited Partner to amend this Agreement if, after promulgation of
final or amended Regulations or other guidance or rules issued by the IRS implementing the Partnership Audit Rules, the Investor Limited Partner determines in good faith that an amendment to this Agreement is required in order to maintain the intent of the Partners as expressed in this Section with respect to any issues raised by such final or amended Regulations or other guidance or rules; provided, however, that the Administrative General Partner may object to such amendment to the extent that the Administrative General Partner reasonably determines that such amendment would increase the liability of the Administrative General Partner or materially and adversely alter the obligations of the Administrative General Partner beyond the intent of the Partners as originally expressed hereunder.

ARTICLE XIII

AMENDMENTS

13.1 Proposal and Adoption of Amendments. This Agreement may be amended by the General Partners with the Consent of the Investor Limited Partner; provided that such Consent shall not be unreasonably withheld as to any proposed amendment which does not affect the obligations of the General Partners or the rights or obligations of any of the Partners under this Agreement. The Administrative General Partner will provide each Guarantor ten (10) days prior notice of any amendment.

ARTICLE XIV

VOTING AND MEETINGS

14.1 Method of Giving Consent. Any Consent required by this Agreement may be given by a Consent given by the consenting Partner and received by the Administrative General Partner at or prior to the doing of the act or thing for which the Consent is solicited.

14.2 Submissions to Partners. The Administrative 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 approval of the Investor Limited Partner. Such Notice shall include any information required by the relevant provision or by law.

14.3 Meetings; Submission of Matter for Voting. Subject to the provisions of Section 10.1, a majority in Interests of the Investor Limited Partners shall have the authority to convene meetings of the Partnership and to submit matters to a vote of the Partners.

ARTICLE XV

GENERAL PROVISIONS

15.1 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 as permitted herein. Nothing herein shall be construed to be to the benefit of or enforceable by any third party including, but not limited to, any creditor of the Partnership.
15.2 **No Right of Partition.** Each Partner hereby irrevocably waives any right to partition the Partnership or its assets.

15.3 **Applicable Law.** This Agreement shall be construed and enforced in accordance with the laws of the state of California.

15.4 **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. A copy of a signed signature page hereof transmitted by facsimile or portable document format (.pdf) shall have the same effect as the delivery of a manually executed counterpart hereof.

15.5 **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.

15.6 **Entire Agreement.** This Agreement and the exhibits hereto set 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.

15.7 **Liability of the Investor Limited Partner.** Notwithstanding anything to contrary contained herein, neither the Investor Limited Partner nor any of its members 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. If 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; provided however, that under no circumstances shall the liability of the Investor Limited Partner for any such default be in excess of the amount of Capital Contributions payable by the Investor Limited Partner to the Partnership, under the terms of this Agreement, at the time of such default less the value of the Interest of the Investor Limited Partner, if such Interest is claimed as compensation for damages.

15.8 **Environmental Indemnification.** The Partnership, the General Partners and each Guarantor shall at all times jointly and severally indemnify, defend, 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 (including without limitation attorneys’ and experts’ fees) which may be imposed upon, incurred by or asserted against the Investor Limited Partner with respect to (i) the presence of any Hazardous Materials at any time on, in, affecting, or released from all or any portion of the Project, regardless of whether or not caused by or within the control of a General Partner; (ii) the
violation or alleged violation of any Environmental Law with respect to the Project or any portion thereof; (iii) any violation of a General Partner’s representations, warranties, covenants or obligations as set forth in Sections 4.1(bb); and 4.2(q); and (iv) any attempts by the Investor Limited Partner to enforce the foregoing rights. The foregoing indemnification shall survive the dissolution of the Partnership and/or the death, retirement, incompetency, insolvency, removal, bankruptcy or withdrawal of the General Partner, but only for any claims, suits, actions, debts, damages, costs, charges, losses, obligations, judgments, and expenses relating to events or circumstances occurring prior thereto.

15.9 Notices. Any Notice required by the provisions of this Agreement to be given to one or more Partners shall be addressed as follows:

(a) To the Investor Limited Partner:
GSB LIHTC INVESTOR LLC
Urban Investment Group
c/o Goldman Sachs Group
200 West Street
New York, New York 10282
Attention: Urban Investment Group Portfolio Manager
Email: gs-uig-portfolio-manager@gs.com

with a copy to:
GSB LIHTC INVESTOR LLC
Urban Investment Group
c/o Goldman Sachs Group
200 West Street
New York, NY 10282
Attention: Scott Maxfield
Email: scott.maxfield@gs.com

with a copy to:
gs-uig-docs@gs.com

with a copy to:
Sidley Austin LLP
555 West Fifth Street, Suite 4000
Los Angeles, CA 90013
Attention: Cynthia J. Christian
Telephone No.: (213) 896-6675
Email: cchristian@sidley.com

(b) To the Administrative General Partner:
15.10 **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 8.1(b), 8.3, 8.14 and/or 8.16; provided, however, that the Investor Limited Partner shall not exercise such Power of Attorney unless the documents necessary to effect such provisions of Sections 8.1(b), 8.3, 8.14 and/or 8.16 have been submitted to the General Partners. The General Partners shall not grant any other power of attorney without the Consent of the Investor Limited Partner. The General Partners covenant to execute such other and further documentation as may be necessary to give effect to the grant of the power of attorney described in this Section 15.10.
15.11 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. Whenever in this Agreement and Exhibits hereto, the Investor Limited Partner is provided the right or authority to Consent, approve, determine, exercise discretion or withhold such Consent or approval or to take or not take similar action, such action shall, unless specifically provided otherwise in this Agreement, be taken or withheld in the Investor Limited Partner’s sole and absolute discretion, and in making any determination the Investor Limited Partner shall not be deemed a fiduciary of the Partnership or of any Partner but shall be entitled to take into account solely the interests of the Investor Limited Partner.

15.12 Publicity.

(a) The Investor Limited Partner and its Affiliates shall be permitted to use the Partnership’s name and logo, if any, in their respective marketing materials. The Investor Limited Partner and its Affiliates shall include a trademark attribution notice giving notice of the Partnership’s ownership of its trademarks in the marketing materials in which the Partnership’s name and logo, if any, appear.

(b) Neither the Partnership nor the General Partners will, without the Consent of the Investor Limited Partner, in each instance (a) use in advertising, publicity or otherwise the name of Goldman, Sachs & Co. LLC, the Investor Limited Partner, or any of their Affiliates, or any partner, member or employee of such Affiliate, nor any trade name, trademark, trade device, service mark, symbol or abbreviation, contraction or simulation thereof owned by Goldman, Sachs & Co. LLC, the Investor Limited Partner, or any of their Affiliates, or (b) represent directly or indirectly, that any product or service offered by the Partnership has been approved or endorsed by Goldman, Sachs & Co. LLC, the Investor Limited Partner, or any of their Affiliates.

(c) Notwithstanding anything to the contrary in this Agreement, the Investor Limited Partner (and each employee, representative, or other agent of the Investor Limited Partner) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the investment by the Investor Limited Partner in the Partnership and all materials of any kind (including opinions or other tax analyses) that are provided to the Investor Limited Partner relating to such tax treatment and tax structure.

15.13 Goodwill. Neither the Partnership name, nor the right to its use, nor the same goodwill, if any, shall be considered as an asset of the Partnership, and no valuation shall be put thereon for the purpose of liquidation or distribution, or for any other purpose whatsoever.

15.14 Consent to Jurisdiction. Each Partner (i) irrevocably submits to the jurisdiction of any state or federal court sitting in Los Angeles, California, in any action arising out of this Agreement, (ii) agrees that all claims in such action may be decided in such court, (iii) waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum and (iv) consents, to the fullest extent it may effectively do so, to the service of process by mail. A
final judgment in any such action shall be conclusive and may be enforced in other jurisdictions. Nothing herein shall affect the right of any party to serve legal process in any manner permitted by law or affect its right to bring any action in any other court.

15.15 **Judicial Reference.**

(a) Each of the parties hereto agrees that any and all disputes, claims and controversies arising out of this Agreement or the transactions contemplated thereby (including, without limitation, actions arising in contract or tort and any claims by a party against a party hereto related in any way to this Agreement or the transactions contemplated hereunder) (a “**Dispute**”) shall be subject to the terms of this Section 15.15.

(b) Any and all such Disputes shall be heard by a referee and resolved by judicial reference pursuant to California Code of Civil Procedure § 638 et seq. The parties shall use their respective commercially reasonable and good faith efforts to agree upon and select such referee, who shall be a retired California state or federal judge, provided, however, that the parties shall not appoint a referee that may be disqualified pursuant to California Code of Civil Procedures § 641 or § 641.2 without the prior written consent of all the parties. If the parties are unable to agree upon a referee within ten (10) calendar days after a party serves written notice of intent for judicial reference upon the other party or parties, then the referee shall be selected by the court in accordance with California Code of Civil Procedure § 640(b). The referee shall render a written statement of decision and shall conduct the proceedings in accordance with the California Code of Civil Procedure, the Rules of Court and the California Evidence Code, except as otherwise specifically agreed by the parties and approved by the referee. The referee’s statement of decision shall set forth findings of fact and conclusions of law. The referee’s decision shall be entered as a judgment in the court in accordance with the provisions of California Code of Civil Procedure §§ 644-645. The decision of the referee shall be appealable to the same extent and in the same manner that such decision would be appealable if rendered by a judge of the superior court.

(c) If a Dispute includes multiple claims, some of which are found not subject to this Agreement, the parties shall stay the proceedings of the Disputes or part or parts thereof not subject to this Agreement until all other Disputes or parts thereof are resolved in accordance with this Agreement. If there are Disputes by or against multiple parties, some of which are not subject to this Agreement, the parties shall sever the Disputes subject to this Agreement and resolve them in accordance with this Agreement.

(d) Nothing in this Section 15.15 shall be deemed to apply to or limit the rights of any party (i) to exercise self help remedies, including, without limitation, setoff, or (ii) to foreclose judicially or nonjudicially against any real or personal property collateral, or to exercise judicial or nonjudicial power of sale rights, or (iii) to obtain from a court provisional or ancillary remedies, including, without
limitation, injunctive relief, writ(s) of possession, prejudgment attachment, protective order(s) or the appointment of a receiver, or (iv) to pursue rights against a party in a third-party proceeding in any action brought against such party, including, without limitation, actions in bankruptcy court. Such party may exercise the foregoing rights before, during or after the pendency of any judicial reference proceeding. The failure to exercise any of the foregoing remedies shall not constitute a waiver of the right of any party, including, without limitation, the claimant in any such action, to require submission to judicial reference the merits of the Dispute giving rise to such remedies. No provision in this Agreement regarding submission to jurisdiction and/or venue in any court is intended or shall be construed to be in derogation of the provision in this Section 15.15 for judicial reference of any Dispute.

(e) During the pendency of any Dispute which is submitted to judicial reference in accordance with this Section 15.15, each of the parties to such Dispute shall bear equal share of the fees charged and costs incurred by the referee in performing the services described herein. The compensation of the referee shall not exceed the prevailing rate for like services. The prevailing party shall be entitled to reasonable court costs and legal fees, including customary attorneys’ fees, expert witness fees, the fees of the referee and other reasonable costs and disbursements charged to the party by its counsel, in such amounts as determined by the referee.

(f) Each party hereto acknowledges and agrees that the provisions of this Section 15.15 constitute a material inducement to enter into this Agreement and to consummate the transactions contemplated hereunder, and that the parties will continue to be bound by and rely on such provisions in the course of their dealings with regard to any Dispute governed by the provisions of this Section 15.15. Each party hereto further warrants and represents that it has reviewed these provisions with legal counsel of its own choosing, or has had the opportunity to do so, and that it knowingly and voluntarily agrees to abide by the provisions of this Section 15.15 having had the opportunity to consult with legal counsel.

(g) THIS SECTION 15.15 CONSTITUTES A “REFERENCE AGREEMENT” BETWEEN OR AMONG THE PARTIES WITHIN THE MEANING OF AND FOR THE PURPOSES OF CALIFORNIA CODE OF CIVIL PROCEDURE § 638. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS EVIDENCE OF EITHER OR ALL PARTIES’ CONSENT AND AGREEMENT TO HAVE ANY AND ALL DISPUTES HEARD AND DETERMINED BY A REFEREE UNDER CALIFORNIA CODE OF CIVIL PROCEDURE § 638. THE PARTIES ACKNOWLEDGE THAT JUDICIAL REFERENCE PROCEEDINGS CONDUCTED IN ACCORDANCE WITH THIS SECTION 15.15 WOULD BE CONDUCTED BY A PRIVATE REFEREE ONLY, SITTING WITHOUT A JURY.
15.16 Miscellaneous. The Project Documents as well as this Agreement and all instruments and agreements contemplated hereby (collectively, the “Transaction Documents”) are also governed by the following except as expressly stated otherwise in any particular Transaction Document. Article and Section titles or captions contained in a Transaction Document are inserted only as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of the Transaction Document or the intent of any provision hereof. Whenever the singular number is used in a Transaction Document and when required by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders and the word “person” shall include corporation, firm, company, or other form of association. Signatures on the Transaction Documents may be effected manually or electronically and may be delivered by means of personal delivery, mail, electronic signal and/or facsimile and the transmission of a facsimile of a manually-executed signature page of any Transaction Document shall have the same effect as the delivery of a manually-executed counterpart thereof. The rights and obligations arising under the Transaction Documents exist exclusively for the benefit and duty of the individuals and entities executing the Transaction Documents and, in the case of the Investor Limited Partner, the members of the Investor Limited Partner. The Transaction Documents shall be binding upon and inure to the benefit of the successors, permitted assigns, heirs and executors of the respective parties. Any party’s failure to enforce any provision of the Transaction Documents shall not constitute a waiver of the right to enforce such provision. The provisions of the Transaction Documents may be waived only in a writing by the party intended to be benefited by the provisions, and a waiver by a party of a breach hereunder by the other party shall not be construed as a waiver of the Transaction Documents. The Transaction Documents shall be governed by the laws of the State without giving effect to those principles of conflict of laws that might otherwise require the application of the laws of another jurisdiction. No rule of strict construction shall be applied against any party. Time is expressly made of the essence with respect to the performance of each and every obligation under the Transaction Documents. If the Investor Limited Partner is obligated to take action to enforce its rights under any Transaction Document, all of the Investor Limited Partner’s costs of enforcement shall be added to the amount owed to the Investor Limited Partner and shall be payable to the Investor Limited Partner by the applicable obligee upon demand. The parties shall cooperate together, take such additional actions, sign such additional documentation and provide such additional information as reasonably necessary to accomplish the objectives set forth in the Transaction Documents. The parties have read the Transaction Documents and have executed them voluntarily after having been apprised of all relevant information and risks and having had the opportunity to obtain legal counsel of their choice. This Agreement constitutes the final agreement of the parties with respect to the subject matter hereof and all prior or contemporaneous agreements of the parties are hereby merged herein. In the event of any conflict between the terms of this Agreement and those of any document entered into prior to this Agreement, this Agreement shall govern. If any party consists of more than one person or entity all of the rights and obligations contained herein shall be joint and several rights and obligations of each such person or entity. The Transaction Documents may be enforced by rights and remedies in law and in equity, including injunctive relief and all of such rights and remedies shall be cumulative. The parties shall perform their respective obligations under the Transaction Documents in compliance with all applicable laws; provided, however, that notwithstanding anything to the contrary herein, neither the Investor Limited Partner nor any of its Affiliates shall be required to divest any of their businesses, properties or assets, or take or agree to take any
other action (including agreeing to hold separate any business or assets or take other similar actions) or agree to any limitation or restriction, that the Investor Limited Partner determines would be or presents a risk of being, individually or in the aggregate, adverse to the Investor Limited Partner or any of its Affiliates in order to resolve any objections asserted by any Authority under the Hart-Scott-Rodino Act, the Sherman Antitrust Act or any other foreign antitrust or combination laws with respect to the transactions contemplated by this Agreement or in any of the Transaction Documents. All indemnifications, representations and warranties in the Transaction Documents, if any, shall survive the termination of the Transaction Documents for any reason with respect to circumstances existing prior to that termination. Drafts of the Transaction Documents are not intended to be offers, acceptances or binding contracts. A Transaction Document shall only be binding when duly executed and delivered by all the parties thereto. The parties hereto acknowledge and agree that nothing in this Agreement or the Exhibits or Project Documents shall create a fiduciary duty of Goldman, Sachs & Co. LLC or any Affiliate of Goldman, Sachs & Co. LLC to the Partnership or the Partners. Notwithstanding anything to the contrary herein or in the Exhibits or Project Documents or any actions or omissions by representatives of Goldman, Sachs & Co. LLC or any of its Affiliates in whatever capacity, including as a Partner, it is understood that neither Goldman, Sachs & Co. LLC nor any of its Affiliates is acting as a financial advisor, agent or underwriter to the Partnership or any of its Affiliates unless retained to provide such services pursuant to a separate written agreement.

15.17 Confidentiality.

(a) Subject to any applicable law, rule or regulation (including, but limited to, any public records requirement) binding upon a Partner, no Partner shall disclose or permit the disclosure of any of the terms this Agreement or of any confidential or proprietary information relating to the Overall Project or the business of the Partnership (collectively, the “Confidential Information”), except that such disclosure may be made (i) to any Person who is a member, partner, officer, director or employee of such Partner or an Affiliate of such Partner or counsel to or accountants of such Partner or an Affiliate of such Partner solely for their use and on a need-to-know basis, as long as such Persons are notified of the Partners’ confidentiality obligations hereunder agree to be bound by the confidentiality provisions herein contained; (ii) with the prior written consent of the other Partners, (iii) subject to the next paragraph, as requested or required pursuant to a subpoena, civil investigative demand (or similar process), order, statute, rule or other legal or similar requirement promulgated or imposed by a court or by a judicial, regulatory, self-regulatory (including stock exchange) or legislative body, organization, commission, agency or committee or otherwise in connection with any judicial or administrative action or proceeding or to a regulatory authority (whether in a report or pursuant to audit, examination, interrogatories or requests for information or documents or routine supervisory oversight), (iv) to any governmental authority as required by the terms of any regulatory agreement, and (v) to any Lender, the Agency or HUD and their consultants and employees, and (vi) as may be required or requested by the IRS or any other taxing authority in connection with the partnership interest in the Partnership or the Tax Credits related thereto, including in connection with a request for any private letter ruling, any determination letter or any audit. For the avoidance of doubt, each Partner acknowledges that the affairs of the Partnership are proprietary and confidential. The provisions of this Section 15.18 shall survive the withdrawal of any Partner from the Partnership or the transfer of any Partner’s interest in the Partnership and shall be enforceable against such
Partner after such withdrawal or transfer. Notwithstanding anything to the contrary and without limiting any of the exceptions set forth in clauses (i) through (vi) of this § 15.18, if the Partnership or any Partner is obligated to disclose Confidential Information to a governmental authority, the Partners shall discuss and agree how to respond to such request, including the determination of what information should be redacted. The parties further agree that no Partner shall make a public announcement of the proposed transaction unless agreed to in writing by the Partners. Notwithstanding the foregoing, no prior notice of or other action shall be required in respect to any disclosure made to any banking, financial, tax, accounting or similar supervisory authority exercising its routine supervisory or audit functions.

(b) If a Partner receives a request or demand to disclose any Confidential Information pursuant to Section 15.18(a)(iii), other than with respect to disclosure to a regulatory authority or pursuant to law or regulation (whether in a report or pursuant to audit, examination, interrogatories or requests for information or documents or routine supervisory oversight), that Partner shall (i) promptly notify the other Partners thereof, (ii) consult with the other Partners on the advisability of taking steps to resist or narrow that request or demand and (iii) if disclosure is required or deemed advisable by the General Partners, cooperate with any of the other Partners to obtain an order or other assurance that confidential treatment will be accorded the Confidential Information that is disclosed.

(c) Notwithstanding anything herein to the contrary, each Partner may disclose to any person, without limitation of any kind, the U.S. federal and state income tax treatment and tax structure of the transaction and all materials of any kind (including tax opinions or other tax analyses) that are provided to such Partner relating to such tax treatment and tax structure. However, any information relating to the U.S. federal or state income tax treatment or tax structure shall remain subject to the confidentiality provisions hereof (and the foregoing sentence shall not apply) to the extent reasonably necessary to enable any person to comply with applicable securities laws. “Tax structure” is limited to any facts relevant to the U.S. federal or state income tax treatment of the transaction. Notwithstanding the foregoing, no prior notice of or other action shall be required in respect to any disclosure made to any banking, financial, tax, accounting or similar supervisory authority exercising its routine supervisory or audit functions.

15.18 No Third Party Beneficiary. Except for Parent as to Section 8.4 only, no creditor or other third party having dealings with the Partnership shall have the right to enforce the right or obligation of any Partner to make Capital Contributions or loans or to pursue any other right or remedy hereunder or at law or in equity, it being understood and agreed that the provisions of this Agreement shall be solely for the benefit of; and may be enforced solely by, the parties hereto and their respective successors and assigns. None of the rights or obligations of the Partners herein set forth to make Capital Contributions or loans to the Partnership shall be deemed an asset of the Partnership for any purpose by any creditor or other third party nor may such rights or obligations be sold, transferred or assigned by the Partnership or pledged or encumbered by the Partnership to secure any debt or other obligation of the Partnership or of any of the Partners. Without limiting the generality of the foregoing, a deficit Capital Account of a Partner shall not be deemed to be a liability of such Partner nor an asset or property of the Partnership.
15.19 **Effective Date.** This Agreement shall be effective as of the date first above written.

**ARTICLE XVI**

**SPECIAL PROVISIONS RELATING TO HUD**

16.1 **RAD Provisions.** Notwithstanding any other provisions of this Amended and Restated Agreement of Limited Partnership to the contrary, the following provisions shall govern:

16.1.1 The Partnership and its Partners acknowledge that the Project will receive the benefit of financial assistance provided by HUD under Section 8 of the U.S. Housing Act of 1937 (42 U.S.C. 1437, et. seq.) (the “Housing Act”) as a result of the conversion of 34 public housing units to long-term project-based Section 8 rental assistance contracts as permitted by the RAD Program, as amended, on behalf of the 34 RAD units and related appurtenance (“RAD Units”) comprised in the Project. In return for its receipt of such assistance and RAD conversion authority, the Partnership agrees to develop, operate and maintain the RAD Units in accordance with all requirements applicable to RAD conversions, including, but not limited to, (i) the RAD Use Agreement; (ii) the Rental Assistance Demonstration Program Conversion Commitment between HACLA and HUD, as assigned to and assumed by the Partnership (the RCC); (iii) all applicable statutes and any regulations issued by HUD pursuant thereto that apply to the Project, including all RAD statutes and regulations, and amendments thereto, as they become effective; and (iv) all current requirements in HUD handbooks and guides, notices, and mortgagee letters that apply to the Project, and all future updates, changes and amendments thereto, as they become effective (collectively, (i) through (iv) above are the “RAD Requirements”).

16.1.2 Notwithstanding any provision to the contrary herein, in the event of a conflict or inconsistency between a provision contained in this Agreement and a requirement set forth in the applicable RAD Requirements, then the applicable RAD Requirements shall (except as such requirements may have been expressly waived in writing by HUD) in all instances be controlling.

16.1.3 The execution by HUD of the RAD Use Agreement and RCC, including any documents identified in the RAD Use Agreement and RCC in connection with the development, operation or maintenance of the RAD Units, shall not be deemed to be HUD approval for this Agreement to amend, modify, or otherwise alter the applicable RAD Requirements.

16.1.4 The Partnership expressly acknowledges that, in return for its receipt of assistance under the Housing Act, the RAD Units are subject to, among other requirements, a low-income use requirement, restrictions on disposition (both with respect to the RAD Units and to transfers of the interest of the Partnership under this Agreement), and to restoration requirements (in the event of a partial or total casualty loss or condemnation of the RAD Units), as more fully set forth in the RAD Use Agreement and the RCC.
16.1.5 The Partnership agrees to ensure that every contract, or other legally binding agreement, entered into between the and any third party with respect to the development, rehabilitation, management, operation or disposition of the RAD Units requires such third party to comply with the Applicable RAD Requirements in connection with the RAD Units.

16.1.6 This Agreement may not, without the prior written approval of HUD, be amended in any way that, in the opinion of HUD, may adversely affect the development, rehabilitation and/or continued maintenance and operation of the RAD Units in accordance with the applicable RAD Requirements.

16.1.7 Should the provisions of this Section 16 conflict with any of the provisions of this Agreement, the provisions of this Section 16 shall control.

[NO FURTHER TEXT ON THIS PAGE]
IN WITNESS WHEREOF, the undersigned has affixed its signature to this Amended and Restated Agreement of Limited Partnership of PUEBLO DEL SOL I HOUSING PARTNERS, L.P. as of the date first above written.

ADMINISTRATIVE GENERAL PARTNER:

Related/Pueblo del Sol I Development Co., LLC, a California limited liability company

By: ____________________________
Name: __________________________
Title: __________________________

[Signatures continue on next page.]
IN WITNESS WHEREOF, the undersigned has affixed its signature to this Amended and Restated Agreement of Limited Partnership of PUEBLO DEL SOL I HOUSING PARTNERS, L.P. as of the date first above written.

MANAGING GENERAL PARTNER:

LOMOD PDS LLC, a California limited liability company

By: _____________________________
Name: ___________________________
Title: ____________________________

[Signatures continue on next page.]
IN WITNESS WHEREOF, the undersigned has affixed its signature to this Amended and
Restated Agreement of Limited Partnership of PUEBLO DEL SOL I HOUSING PARTNERS,
L.P. as of the date first above written.

SPECIAL LIMITED PARTNER:

Housing Promise Corporation, a California
nonprofit public benefit corporation

By: _____________________________
Name: __________________________
Title: __________________________

[Signatures continue on next page.]
IN WITNESS WHEREOF, the undersigned has affixed its signature to this Amended and Restated Agreement of Limited Partnership of PUEBLO DEL SOL I HOUSING PARTNERS, L.P. as of the date first above written.

WITHDRAWING LIMITED PARTNER:

Related Futures, LLC, a California limited liability company

By: ________________________________
Name: ______________________________
Title: ________________________________

[Signatures continue on next page.]
IN WITNESS WHEREOF, the undersigned has affixed its signature to this Amended and Restated Agreement of Limited Partnership of PUEBLO DEL SOL I HOUSING PARTNERS, L.P. as of the date first above written.

INVESTOR LIMITED PARTNER:

GSB LIHTC Investor LLC, a Delaware limited liability company

By: __________________________________________
Name: Andrea Gift Allan
Title: Authorized Signatory

[Signatures continue on next page.]
IN WITNESS WHEREOF, the undersigned has affixed its signature to this Amended and
Restated Agreement of Limited Partnership of PUEBLO DEL SOL I HOUSING PARTNERS,
L.P. as of the date first above written.

DEVELOPER AND PARENT, WITH RESPECT TO ITS
OBLIGATIONS UNDER THIS AGREEMENT:

Related Irvine Development Company, LLC, a California
limited liability company

By: __________________________
Name: 
Title:

La Cienega LOMOD, Inc., a California nonprofit public
benefit corporation

By: __________________________
Name: 
Title:
This First Amendment to Disposition and Development Agreement for Pueblo Del Sol—Phase I (the “Amendment”), is made and entered into as of ______________, 2020, by and between the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic (the “Authority”) and PUEBLO DEL SOL I HOUSING PARTNERS, L.P., a California limited partnership (the “Developer” and collectively with the Authority, the “Parties”) with reference to the following recitals of fact:

R E C I T A L S:

A. WHEREAS, the Parties entered into that certain Disposition and Development Agreement for Pueblo de Sol – Phase I, dated November 13, 2019 (the “Original Agreement”) regarding the proposed acquisition and development of real property located at 1400 Gabriel Garcia Marquez Street, Los Angeles, CA 90033, as more specifically set forth therein (the “Property”); and

B. WHEREAS, the Parties desire to amend the Original Agreement as set forth in this Amendment.

A G R E E M E N T:

1. Original Agreement. Except as amended hereby, the Original Agreement remains unmodified and in full force and effect. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Original Agreement.

2. Recital K; Section 2.3; – The Parties hereto acknowledge while the Original Agreement contemplates that the Authority will acquire the Project from AVHP pursuant to the Distribution Agreement and then sell it to the Developer, the Parties have agreed that the Authority will form HACLA PDS LLC, a California limited liability company having the Authority as the sole member, to acquire the Project from AVHP and then sell the Project to Developer.

3. Definitions. The following terms are hereby deleted in their entirety and replaced with the following:

   “Acquisition Document Execution Date” means the date before Closing agreed to by the Parties.

   “Seller” means HACLA PDS LLC, a California limited liability company.

4. Section 2.7(b). The third sentence of Section 2.7(b) of the Original Agreement is hereby deleted in its entirety and replaced with the following:

   “The Ground Lease shall provide for, without limitation, subject to final negotiations with lenders and investors, a term commencing on the date of Closing and expiring approximately 65 years after recordation of the Memorandum of Ground Lease or such other period as may be required for tax structuring purposes or as the parties may agree.”

5. Section 4.3(b). The Purchase Price for purposes of Section 4.3(b) is agreed to be $29,520,000.
6. **Section 4.3(c)(iii).** The first sentence of Section 4.3(c)(iii) of the Original Agreement is hereby deleted in its entirety and replaced with the following:

“(iii) the Acquisition Loan shall mature 55 years following Permanent Loan Conversion, and shall earn interest at rate of 3% per annum compounding annually and shall be repaid out of seventy percent (70%) of Net Cash Flow remaining in the priority described in the Amended and Restated Partnership Agreement.”

7. **Schedule of Performance.** The Schedule of Performance attached to the Original Agreement is hereby deleted and replaced the Schedule of Performance attached hereto as Exhibit A.

8. **Purchase and Sale Agreement.** With respect to Section 11(a) of the Purchase and Sale Agreement, the Parties hereby agree that Seller agrees that it will maintain all insurance required by approved Amended and Restated Partnership Agreement and the Project Loans with respect to the Property (or comparable insurance) until the earlier of the Close of Escrow (as defined in the Purchase and Sale Agreement) or the termination by Buyer or Seller of its obligation to complete the Transaction.

9. **Financing Plan.** – The parties here acknowledge that the Financing Plan attached hereto as Exhibit B constitutes the Final Financing Plan contemplated by the Original Agreement.

10. **Applicable Law.** This Amendment shall be construed and enforced in accordance with the laws of the State of California.

11. **Counterparts.** This Amendment 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.

12. **Severability of Provisions.** Each provision of this Amendment shall be considered severable, and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Amendment is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Amendment which are valid.

13. **Amendment Binding.** This Amendment shall be binding upon and inure to the benefit of the heirs, executors, administrators, legal representatives and permitted successors and assigns of the parties hereto. Except as amended hereby, the Original Agreement remains unchanged and in full force and effect and the parties hereto hereby ratify and reaffirm the terms of the Original Agreement as amended hereby.

[signature page(s) to follow]
IN WITNESS WHEREOF, the Parties have duly executed this Agreement by their duly authorized signatories effective on or as of the date written at the commencement of this Agreement.

DEVELOPER:

PUEBLO DEL SOL I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Pueblo del Sol I Development Co., LLC,
a California limited liability company,
its Administrative General Partner

By: __________________________________
Frank Cardone, President

By: LOMOD PDS LLC, a California limited liability
company, its Managing General Partner

By: La Cienega LOMOD, Inc.,
a California nonprofit corporation,

By: __________________________________
Tina Smith-Booth, President

[signatures continue on the following page]
AUTHORITY:

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

By: _____________________________
    Douglas Guthrie
    President and Chief Executive Officer

APPROVED AS TO FORM:

By: _______________________________
    Authority Counsel

APPROVED AS TO FORM AND LEGALITY:

GOLDFARB & LIPMAN LLP,
Authority Special Counsel

By: __________________________
    Michelle Brewer, Esq.
EXHIBIT A

SCHEDULE OF PERFORMANCE

This Schedule of Performance sets forth the schedule for various activities under the Disposition and Development Agreement (the “Agreement” or the “DDA”) to which this Exhibit is attached. The description of items in this Schedule of Performance is meant to be descriptive only, and shall not be deemed to modify in any way the provisions of the DDA to which such items relate. Section references herein to the DDA are intended merely as an aid in relating this Schedule of Performance to other provisions of the DDA and shall not be deemed to have any substantive effect. This Schedule of Performance assumes a Closing within one hundred and eighty (180) days after an allocation of tax exempt bonds for the Rental Development and may be extended as permitted under the terms of the tax exempt bond allocation.

<table>
<thead>
<tr>
<th>ACTION</th>
<th>OUTSIDE/FINAL DATE FOR ACTION</th>
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<tbody>
<tr>
<td>1. Authority adopts Inducement Resolution.</td>
<td>Completed</td>
</tr>
<tr>
<td>2. Developer hires Major Consultants for predevelopment activities.</td>
<td>Completed</td>
</tr>
<tr>
<td>3. NEPA – Developer submits to HCID [Recital P].</td>
<td>Completed</td>
</tr>
<tr>
<td>4. Authority conducts TEFRA hearing</td>
<td>Completed</td>
</tr>
<tr>
<td>5. Acquisition [Section 3.3(a)(iv)]. Authority shall acquire the limited partner interests.</td>
<td>Completed</td>
</tr>
<tr>
<td>6. Authority completes land exchange with LAUSD [Section 2.7(a)].</td>
<td>Prior to closing of the construction loan</td>
</tr>
<tr>
<td>7. Submission of Interim Financing Plan [Section 4.3(e)]. Developer shall provide Authority with an interim rehabilitation scope of work, schedule and proforma.</td>
<td>Completed</td>
</tr>
<tr>
<td>8. Authority Approval of Interim Financing Plan [Section 4.3(e)]. Authority shall provide Developer with written approval of Interim rehabilitation scope of work, schedule and proforma.</td>
<td>Completed</td>
</tr>
<tr>
<td>9. Authority provides PBV letter commitment [Section 2.6(a)].</td>
<td>Completed</td>
</tr>
<tr>
<td>10. CDLAC Application submission to the Authority. Developer shall submit a complete application to the Authority, the Bond Issuer.</td>
<td>Completed</td>
</tr>
<tr>
<td>11. TCAC Application [Section 3.1(a)(viii)]. The Developer shall have applied for financing from TCAC.</td>
<td>Completed</td>
</tr>
<tr>
<td>12. CDLAC Application [Section 3.1(a)(viii)]. The Developer shall have applied for financing from</td>
<td>Completed</td>
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<tr>
<td>13. Authority and Developer shall request a Concept Call with HUD for the RAD Conversion</td>
<td>Completed</td>
</tr>
<tr>
<td>14. Authority submits RAD Financing Plan Submission</td>
<td>Completed</td>
</tr>
<tr>
<td>15. Submit a Section 3 Economic Opportunity Plan. Developer to work with General Contractor in preparing a plan for construction phase.</td>
<td>Earlier of ninety (90) days prior to the closing of the construction loan or two (2) months after selection of the General Contractor.</td>
</tr>
<tr>
<td>16. Authority obtains RAD Conversion Commitment [Section 2.6(b)].</td>
<td>Completed</td>
</tr>
<tr>
<td>17. Submission of Final Financing Plan [Section 4.1(b)]. Developer shall provide Authority with a final rehabilitation scope of work, schedule and proforma.</td>
<td>Completed</td>
</tr>
<tr>
<td>18. Authority Approval of Final Financing Plan [Section 4.1(b)].</td>
<td>Within ten (10) days of receipt</td>
</tr>
<tr>
<td>20. Construction Contract [Section 5.6]. Developer shall submit construction contract and specifications to Authority.</td>
<td>prior to the closing of the construction loan</td>
</tr>
<tr>
<td>21. Permits and Approvals [Section 5.6]. Developer shall have obtained the necessary Permits and Approvals to undertake the Final Scope of Work.</td>
<td>prior to the closing of the construction loan</td>
</tr>
<tr>
<td>22. Closing and Commencement of Rehabilitation [Section 3.1(a)(vi)-(viii)]. Developer and Authority shall execute the Ground Lease and Closing Documents, as applicable, and commence the Rehabilitation.</td>
<td>Later of ninety (90) days after receipt of RAD Conversion Commitment or one hundred and eighty (180) days after TCAC/CDLAC allocations</td>
</tr>
<tr>
<td>23. Completion of Rehabilitation [Section 6.2]. Developer shall complete the Rehabilitation and Relocation of Residents per the Relocation Plan during construction and Authority shall assist in the relocation activities</td>
<td>Within twenty-two (22) months of Commencement of Rehabilitation</td>
</tr>
<tr>
<td>24. Permanent Loan Conversion.</td>
<td>Within six (6) months of completion of Rehabilitation.</td>
</tr>
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Exhibit B

Final Financing Plan

[attached]
CONSTRUCTION FUNDING AGREEMENT

by and between

CITIBANK, N.A.,
as Funding Lender

and

PUEBLO DEL SOL I HOUSING PARTNERS, L.P.,
as Borrower

Dated as of

October 1, 2020

Relating to:

$[31,700,000]

Borrower Loan originated by Housing Authority of the City of Los Angeles, as Governmental Lender
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## ARTICLE 10 INCORPORATION OF EXHIBITS

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CONSTRUCTION FUNDING AGREEMENT

This CONSTRUCTION FUNDING AGREEMENT (this “Agreement”), is entered into as of October 1, 2020, by and between PUEBLO DEL SOL I HOUSING PARTNERS, L.P., a California limited partnership (“Borrower”), and CITIBANK, N.A., a national banking association (together with its successors and assigns, “Funding Lender”).

RECITALS:

WHEREAS, Borrower has applied to the Housing Authority of the City of Los Angeles, a public body, corporate and politic, duly created, established and authorized to transact business under the laws of the State of California (“Governmental Lender”), and to Funding Lender, for a loan, for the acquisition, construction, rehabilitation and development of a 201-unit multifamily residential project located in the City of Los Angeles, Los Angeles County, California, known or to be known as Pueblo del Sol Phase I (the “Project”); and

WHEREAS, the Borrower has requested that Funding Lender enter into that certain Funding Loan Agreement, dated as of the date hereof (the “Funding Loan Agreement”), by and among the Governmental Lender, U.S. Bank National Association, a national banking association, as fiscal agent (“Fiscal Agent”) and the Funding Lender, under which the Funding Lender will make a loan (the “Funding Loan”) to the Governmental Lender; and

WHEREAS, the proceeds of the Funding Loan are being loaned to Borrower (“Borrower Loan”) under that certain Borrower Loan Agreement, dated as of the date hereof (the “Borrower Loan Agreement”), by and between the Governmental Lender and the Borrower to finance the acquisition, rehabilitation and development of the Project; and

WHEREAS, the Borrower Loan is evidenced by that certain Multifamily Note, dated as of the Closing Date, in the maximum principal amount of $31,700,000 made by Borrower payable to the order of Governmental Lender (the “Borrower Note”) and secured by, among other things, that certain Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of the date hereof, executed by Borrower for the benefit of Governmental Lender (the “Security Instrument”; together with the Borrower Note, the Borrower Loan Agreement and all other documents executed in connection with the Borrower Loan, including this Agreement, the “Borrower Loan Documents”), which Security Instrument encumbers the Project; and

WHEREAS, the Borrower Note, the Security Instrument and the Borrower Loan Agreement are being assigned by Governmental Lender to Funding Lender to secure the Funding Loan; and

WHEREAS, in order to assure that the Improvements (as defined herein) are completed and paid for in a timely manner, Borrower and Funding Lender are desirous of reducing to writing all of their agreements regarding the manner in which the Improvements will be completed and paid for.
NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Funding Lender and Borrower agree as follows:

ARTICLE 1  DEFINITIONS.

1.1 Definitions. As used herein, the following terms have the meanings set forth below; provided, however, that any capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Borrower Loan Agreement:

“Agreement” shall mean this Construction Funding Agreement, as amended, modified, supplemented or restated from time to time including all the exhibits, appendices and schedules attached hereto, all of which are incorporated herein by this reference and made a part hereof.

“Annual Debt Service Constant” shall mean the constant annual percentage determined by Funding Lender necessary to fully amortize the Borrower Loan in level monthly annuity payments over a thirty five (35) year period at the Underwriting Rate (when expressed as a percentage, carried out to at least six (6) decimal places).

“Approved Developer Fee Schedule” shall mean the payment of Developer Fees in accordance with the following schedule:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Timing of Payment</th>
</tr>
</thead>
</table>

“Beneficiary Parties” as used herein shall mean Funding Lender, Governmental Lender, any Servicer and their respective successors and assigns. The term “Beneficiary Parties” shall also include any lawful owner, holder or pledgee of the Borrower Note.

“Borrower” has the meaning given to that term in the introductory paragraph of this Agreement, together with its successors or assigns by merger, acquisition or otherwise, subject to Section 9.21.

“Borrower Deferred Equity” shall mean the Equity Contributions to be made by the Equity Investor to Borrower pursuant to the Partnership Agreement other than Borrower Initial Equity, in accordance with the following schedule:
<table>
<thead>
<tr>
<th>Amount</th>
<th>Timing of Payment</th>
</tr>
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<tbody>
<tr>
<td>$[_______]</td>
<td>[Achievement of [100%] Completion]</td>
</tr>
<tr>
<td>$[_______]</td>
<td>Conversion</td>
</tr>
<tr>
<td>$[_______]</td>
<td>8609s</td>
</tr>
<tr>
<td>$[_______]</td>
<td>Total</td>
</tr>
</tbody>
</table>

**“Borrower Initial Equity”** shall mean an initial installment of the Equity Contributions made to Borrower by the Equity Investor in an amount of at least $[______] to be made on or prior to the Closing Date.

**“Borrower Loan”** has the meaning set forth in the Recitals.

**“Borrower Loan Agreement”** has the meaning set forth in the Recitals.

**“Calculation Period”** shall mean three (3) consecutive full calendar months occurring prior to the Conversion Date, as the same may be extended pursuant to Section 7.2 hereof.

**“Completion Date”** shall mean October 30, 2022.

**“Conditions to Conversion”** shall have the meaning set forth in Exhibit F.

**“Construction Documents”** shall mean each Construction Contract, the Architect’s Agreement, the Plans and Specifications, any engineering contract, and all other documents and agreements governing the construction or rehabilitation of the Improvements, as applicable.

**“Conversion Fee”** shall mean $10,000.

**“Conversion Package”** shall mean all items that must be delivered to Funding Lender pursuant to Exhibit F on or before the Conversion Package Submission Date.

**“Conversion Package Submission Date”** shall mean the date that is three (3) months prior to the Outside Conversion Date, as the same may be extended pursuant to the provisions of Section 7.2.

**“Cost Breakdown”** shall mean the schedule of costs for the Project attached hereto as Exhibit B as the same may be amended from time to time with Funding Lender’s consent.

**“Cost Saving”** shall mean, with respect to any line item, the amount of the undisbursed or saved portion thereof resulting from the fact that (i) the work attributable to such line item has been completed without the expenditure of all amounts in the Cost Breakdown allocated to such line item or (ii) Borrower shall have demonstrated to Funding Lender’s satisfaction that such line item will be completed without the expenditure of all amounts allocated to such line items in the Cost Breakdown.
“Deposit Account Control Agreement” shall mean the Deposit Account Control Agreement, dated as of the date hereof, by and among Borrower, Funding Lender, as secured party, and Citibank, N.A., as bank.

“Developer Fee” shall mean the fees and/or compensation payable to Related Irvine Development Company, LLC, a California limited liability company, and La Cienega LOMOD, Inc., a California nonprofit public benefit corporation, pursuant to the Development Agreement, dated October __, 2020, between Borrower and such developer.

“Development Costs” shall mean all costs incurred by Borrower for the acquisition, rehabilitation and/or equipping of the Project, as more particularly described in the Cost Breakdown, including the cost of the Project, the costs of site preparation, and costs of renovation, rehabilitation and installation of the Improvements. Development Costs shall include the reasonable costs of labor and materials actually expended or incurred by Borrower and incorporated in the Improvements, and the costs of furnishings, fixtures and equipment. Development Costs will also include certain indirect costs, to the extent provided in the Cost Breakdown, which may include the costs of prints, appraisals, soil testing, surveys and other professional fees and costs, tax credit application fees, construction fees, taxes, insurance and bonding fees, marketing costs, initial lease up costs, interest, financing fees, and fees and costs related to the origination of the Borrower Loan.

“Event of Default” has the meaning given to that term in Section 8.1.

“Extended Outside Conversion Date” shall mean May 1, 2023, provided however, if the Extended Outside Conversion Date is not a Business Day, such date shall be extended to be the next succeeding Business Day.

“Extension Fee” shall mean a fee in an amount to be determined by Funding Lender in its sole and absolute discretion, which fee shall be payable in connection with any discretionary extension of the Outside Conversion Date in accordance with Section 7.2.2.

“Financing Statements” shall mean those certain UCC-1 financing statements designating Borrower as debtor, Governmental Lender as secured party and Funding Lender as assignee secured party, intended to perfect Governmental Lender’s security interest in the Collateral now owned or hereafter acquired by Borrower, in form and substance satisfactory to Funding Lender, to be filed in the Office of the Secretary of State of the State, and in such other offices for recording or filing such statements in such jurisdictions as Funding Lender shall desire to perfect Governmental Lender’s security interest or to reflect such interest in appropriate public records.

“Fiscal Agent” shall have the meaning ascribed thereto in the Recitals to this Agreement.

“Force Majeure” shall mean a cessation of construction or rehabilitation caused by conditions beyond the control of Borrower, including, without limitation, acts of God or the elements, acts of war, acts of terrorism, fire, strikes and disruption of shipping, provided that (i) Borrower notifies Funding Lender of such condition in writing within 15 days, and such cessation does not exceed an aggregate period of sixty (60) consecutive days; (ii) Borrower shall have made adequate provision, acceptable to Funding Lender, for the protection of materials
stored on-site or off-site and for the protection of the Improvements to the extent then constructed or rehabilitated, as the case may be, against deterioration and against other loss or damage or theft; (iii) Borrower shall furnish to Funding Lender satisfactory evidence that such cessation of construction or rehabilitation will not adversely affect or interfere with the rights of Borrower under labor and materials contracts or subcontracts relating to the construction or operation of the Improvements; and (iv) Borrower shall furnish to Funding Lender satisfactory evidence that the completion of the construction or rehabilitation of the Improvements can be accomplished by the Completion Date.

“Funding Requisition” shall, with respect to a proposed Disbursement, mean a certificate in substantially the form attached hereto as Exhibit C.

“Governmental Lender Note” shall mean that certain Housing Authority of the City of Los Angeles Multifamily Mortgage Revenue Note (Pueblo del Sol Phase I) Series 2020A dated the Closing Date in the original maximum principal amount of $[31,700,000.00], made by the Governmental Lender and payable to Funding Lender, as it may be amended, supplemented or replaced from time to time.

“Hard Costs” shall mean the cost of labor and materials directly related to the construction and/or rehabilitation of the Project as set forth in the Cost Breakdown.

“Improvements” shall mean the 201-unit multifamily residential project to be constructed or rehabilitated upon the Land and known or to be known as Pueblo del Sol Phase I, and all other buildings, structures, fixtures, equipment and other improvements and personal property to be constructed, rehabilitated and/or installed at or on the Land in accordance with the Cost Breakdown and the Plans and Specifications.

“Loan Proceeds” shall mean proceeds of the Borrower Loan pending their disbursement to Borrower in accordance with Article 3 of this Agreement.

“Major Contract” shall mean any Construction Contract for labor or materials, or both, in connection with the Improvements which is for an aggregate contract price equal to or greater than $250,000, whether pursuant to one contract or agreement or multiple contracts or agreements, after taking into account all change orders.

“Major Subcontracts” shall mean any subcontract for labor or materials, or both, in connection with the Improvements which is for an aggregate contract price equal to or greater than _______.

“Material Property Agreement” has the meaning given to that term in the Security Instrument.

“Maximum Permanent Period Amount” shall mean $[17,600,000].

“Minimum Permanent Period Amount” shall mean an amount equal to fifty percent (50%) of the Maximum Permanent Period Amount.
“Multifamily Underwriting Guidelines” shall mean multifamily underwriting guidelines generated by the Credit Enhancer (or if there is no Credit Enhancer, the Funding Lender’s internal multifamily underwriting guidelines), as in effect from time to time.

“Origination Fee” shall mean an origination fee in an amount equal to nine tenths of one percent (0.90%) of the maximum amount of the Funding Loan, due and payable by the Borrower to Funding Lender contemporaneously with the Borrower’s execution of this Agreement, which Origination Fee is non-refundable and shall be deemed fully earned by Funding Lender upon the execution of this Agreement by Funding Lender and Borrower.

“Outside Conversion Date” shall mean November 1, 2022, as the same may be extended to the Extended Outside Conversion Date pursuant to Section 7.2 hereof; provided however, if the Outside Conversion Date is not a Business Day, such date shall be extended to be the next succeeding Business Day.

“Payment and Performance Bonds” shall mean dual-obligee payment and performance bonds (or a letter of credit in lieu of such bonds) relating to the general contractor for the entire Project (or, if required by Funding Lender, each Contractor that enters into a Major Contract with Borrower), issued by a surety company or companies authorized to do business in the State and acceptable to Funding Lender, and in form and content reasonably acceptable to Funding Lender, in each case in an amount not less than the full contract price; together with a dual obligee and modification rider naming Funding Lender and in the form and substance acceptable to Funding Lender which shall be attached thereto; provided, however, that if Payment and Performance Bonds have been provided by any Contractor under a Major Contract in accordance with the terms hereof, any subcontractor of such Contractor shall not be required to post any Payment or Performance Bonds in respect of such subcontract.

“Permanent Period Amount” shall mean the principal amount of the Borrower Loan following the calculation provided for in Exhibit G to this Agreement.

“Plans and Specifications” shall mean the plans and specifications for the construction and/or rehabilitation, as the case may be, of the Project approved by Funding Lender.

“Potential Default” shall mean any condition or event which, but for the lapse of time or the giving of notice, or both, would constitute an Event of Default.

“Pro Forma Rent Schedule” shall mean the schedule attached hereto as Exhibit D.

“Property Jurisdiction” shall mean the State of California.

“Required Debt Service Coverage Ratio” shall mean 1.15 to 1.00.

“Required Loan to Value Ratio” shall mean 85% or 90% based on the value of permanent below market financing and assuming project rents on 80% or more of the units are discounted to a level at least ten percent (10%) below market rentals.

“Retainage” shall mean, for each Construction Contract, the greater of (a) ten percent (10.0%) of all amounts required to be paid to any Contractor under the Construction Contract
[until the Project has been 50% completed, as determined by Funding Lender, after which time no further Retainage shall be withheld], or (b) the actual retainage required under such Construction Contract, which shall be released upon satisfaction of the conditions set forth in Section 3.13.

“Soft Costs” shall mean the fees and costs that are not directly related to the onsite construction or rehabilitation of the Project, as set forth in the Cost Breakdown, including, without limitation (to the extent set forth in the Cost Breakdown), the Origination Fee, interest payable with respect to the Borrower Loan, architectural costs, engineering costs, permit fees, inspection fees, marketing costs, furniture and fixture costs, taxes, escrow fees, title and other insurance premiums, recording fees, wiring fees, legal fees, accounting fees, appraisal fees and all other closing costs.

“Substantial Completion Date” shall mean the date that is three (3) months prior to the Completion Date.

“Substantially Complete” or “Substantially Completed” shall mean the Funding Lender has determined that construction or rehabilitation, as the case may be, of the Improvements is sufficiently complete in accordance with the Construction Contract so that Borrower can occupy or utilize the Project for its intended use, as evidenced by the issuance of a temporary certificate of occupancy or equivalent issued by the appropriate Governmental Authority or an AIA G-704 2000 (Certificate of Substantial Completion).

“Underwriting Rate” shall mean 4.50% per annum.

“Underwritten Management Fee” shall mean a fee per annum equal to [__]% of gross income from the Project.

“Underwritten NOI” shall have the meaning set forth in Exhibit G.

1.2 Accounting Terms. For purposes of this Agreement, all accounting terms not otherwise defined herein or in the Recitals have the meanings assigned to them in conformity with GAAP consistently applied.

1.3 Other Interpretive Provisions. References to “Articles”, “Sections”, “subsections”, “paragraphs”, “subparagraphs”, “Appendices”, “Recitals” and “Exhibits” shall be to Articles, Sections, subsections, paragraphs, subparagraphs, Appendices, Recitals, and Exhibits of this Agreement unless otherwise specifically provided. Any of the terms defined in this Article 1 may be used in singular or plural form. As used herein, the singular includes the plural, and the masculine gender includes the feminine and neuter genders, and vice versa, unless the context otherwise requires. In interpreting the meaning of this Agreement or of any other Borrower Loan Document: (i) ”includes” and “including” shall not be limiting; (ii) ”or” shall not be exclusive; and (iii) ”all” shall include “any”, and “any” shall include “all”. Except as otherwise provided herein, references to any document or instrument defined in this Article 1 are to such document or instrument as amended or supplemented from time to time with Funding Lender’s consent or as otherwise permitted by this Agreement. The titles and headings of articles, sections or subsections of this Agreement are intended for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement. No listing
of specific instances, items or matters as examples shall in any way limit the scope or generality of any language of this Agreement. The language of this Agreement shall be construed as a whole according to its fair meaning, and not strictly for or against any party.

ARTICLE 2 CONDITIONS PRECEDENT.

2.1 Documents. The closing of the Borrower Loan is expressly conditioned upon (i) the satisfaction of all of the conditions set forth in Sections 2.1, 2.2 and 2.3; (ii) the Title Company’s unconditional commitment to issue the Title Insurance Policy; and (iii) Borrower’s delivery to Funding Lender of the following documents, together with such other documents that Governmental Lender or Funding Lender may reasonably require, in form and content satisfactory to Funding Lender, duly executed (and acknowledged where necessary) by the appropriate parties thereto:

2.1.1 This Agreement, duly executed by Funding Lender and Borrower;

2.1.2 The Security Instrument, duly executed and acknowledged by Borrower, which shall be duly delivered to the Title Company to be recorded in the official records of the County;

2.1.3 The Financing Statement, which shall be duly filed with the Secretary of State of the State and in such other offices for recording or filing such statements in such jurisdictions as Funding Lender shall desire to perfect Governmental Lender’s security interest or to reflect such interest in appropriate public records;

2.1.4 The other Security Documents;

2.1.5 An executed copy of the Partnership Agreement;

2.1.6 A true copy of all of the organizational documents of General Partner, including, without limitation, the operating agreement and articles of incorporation or organization of General Partner, if General Partner is a limited liability company, and the certificate or articles of incorporation and bylaws of General Partner, if General Partner is a corporation;

2.1.7 A borrowing authorization of General Partner duly executed by General Partner on behalf of Borrower;

2.1.8 An authorization of any Guarantor which is not an individual to guaranty completion of the Project and payment of the Borrower Payment Obligations;

2.1.9 A signature authorization form and disbursement instructions, duly executed by Borrower and by the authorized signatories specified therein;

2.1.10 The original Payment and Performance Bonds with respect to each Contractor that enters into a Major Contract with Borrower, all in form and substance acceptable to Funding Lender and from a surety approved by Funding Lender, with dual obligee riders naming Funding Lender; provided, however, that if Payment and Performance
Bonds have been provided by any Contractor under a Major Contract in accordance with the terms hereof, any Subcontractor of such Contractor shall not be required to post any Payment and Performance Bonds in respect of such subcontract;

2.1.11 An Appraisal on the Project confirming the prospective as-built value, as operated at its intended affordable housing use, with restricted rents at levels required under the Related Documents and any other land use and regulatory agreements affecting the Project;

2.1.12 Executed copies of the Construction Contract, Management Agreement, Architect’s Agreement, Contractor’s consent to assignment of the Construction Contract, Architect’s consent to assignment of the Architect’s Agreement and Manager’s consent to assignment of the Management Agreement, each in a form acceptable to Funding Lender;

2.1.13 An itemized, certified statement of the sources of all funds to be provided to Borrower in connection with the development of the Project, including all loans and Equity Contributions made or to be made to Borrower, the date(s) or estimated date(s) of such loans or Equity Contributions, any conditions to availability of such loans or Equity Contributions, and the amount of such loans or contributions which have been used by Borrower in the acquisition of the Project and the construction or rehabilitation of the Improvements to the Closing Date, all of which shall be subject to approval and verification by Funding Lender;

2.1.14 A notice of commencement in form and substance acceptable to Funding Lender, to the extent required under applicable law;

2.1.15 Three (3) complete sets of the Plans and Specifications;

2.1.16 The Construction Schedule;

2.1.17 An environmental site assessment report with respect to the Project, in form and substance acceptable to Funding Lender and prepared by an environmental engineering firm acceptable to Funding Lender;

2.1.18 Copies of all grading, foundation, building permits and all other construction permits, licenses and authorizations from all applicable Governmental Authorities or third parties necessary for the completion of the construction or rehabilitation, as the case may be, of the Improvements and the operation of, and access to, the Project;

2.1.19 Originals or, if permitted by Funding Lender, certified copies, of insurance policies evidencing the maintenance of insurance by Borrower required by the Security Instrument;

2.1.20 Evidence satisfactory to Funding Lender that all undisbursed Loan Proceeds and Other Borrower Moneys are sufficient to pay all costs of completion of the construction or rehabilitation, as the case may be, of the Improvements, in accordance with the Borrower Loan Documents;
2.1.21 The Title Insurance Policy;

2.1.22 An ALTA/NSPS survey and surveyor’s certificate, certified to Borrower, Governmental Lender, Funding Lender, the Title Company and any other party designated by Funding Lender, in form and substance acceptable to Funding Lender and meeting the requirements of Funding Lender, including a legal description of the Project, the square footage of the Project (as well as whether or not any portion of the Project is in a flood risk zone) showing the locations of the currently existing Improvements, easements, building or setback lines, rights-of-way and dedications affecting the Project, and showing no state of facts objectionable to Funding Lender or the Title Company in their reasonable discretion;

2.1.23 Uniform Commercial Code lien searches and judgment, litigation and bankruptcy searches, with respect to Borrower, Guarantor and each of Borrower’s partners or members, from appropriate state and/or county offices;

2.1.24 Certificates issued by the Secretary of State of the State and the relevant state of formation showing Borrower, General Partner and any Guarantor which is not an individual, to be in existence and in good standing under the laws of such state, together with certified organizational documents and resolutions of the partners or members of Borrower authorizing and approving the closing and consummation of the Borrower Loan and all instruments, documents and agreements executed in connection therewith and of any Guarantor which is not an individual authorizing and approving the Guaranties;

2.1.25 A written opinion from counsel for Borrower and Guarantor in all respects satisfactory to Governmental Lender and Funding Lender;

2.1.26 The Pro-Forma Rent Schedule has been approved by Funding Lender; and

2.1.27 Any other documents that Governmental Lender or Funding Lender may reasonably request.

2.2 Other Requirements. The closing of the Borrower Loan and the issuance of the Governmental Lender Note are subject to the further conditions that on the Closing Date:

2.2.1 The Governmental Lender shall have adopted and delivered to Funding Lender certified copies of resolutions satisfactory to Funding Lender, authorizing the execution, delivery and performance by Governmental Lender of the Governmental Lender Note, the Funding Loan Agreement and the other Funding Loan Documents to be executed by the Governmental Lender, and the Related Documents to be executed by Governmental Lender, and on the Closing Date such resolutions shall be in full force and effect;

2.2.2 Funding Lender shall have received evidence satisfactory to Funding Lender, in Funding Lender’s sole discretion, that the applicable allocating agency has allocated a portion of the annual volume cap or eligible carry-forward to Governmental Lender for the issuance of the Governmental Lender Note;
2.2.3 Funding Lender shall have received evidence satisfactory to Funding Lender, in its sole discretion, of an action by the applicable allocating agency confirming the availability of low income housing tax credits and that a tax credit investor acceptable to Funding Lender has issued its commitment for the tax credits, the terms and amount of which must be acceptable to Funding Lender;

2.2.4 Funding Lender shall have received payment of all amounts required by this Agreement to be paid to Funding Lender on or before the Closing Date;

2.2.5 The Borrower Initial Equity shall have been paid to Title Company for subsequent disbursement;

2.2.6 Funding Lender shall have received satisfactory evidence of the availability to the Project of all public utility services and facilities needed for construction, rehabilitation, use, occupancy and/or operation of the Improvements;

2.2.7 Funding Lender shall have received satisfactory evidence that all roads, streets, traffic turn lanes and accessways necessary for the full utilization of the Improvements for their intended purposes have either been completed or the necessary rights of way or authorizations therefor have either been acquired by the appropriate Governmental Authority or have been dedicated to public use and accepted by said Governmental Authority, and all necessary steps have been taken by Borrower and said Governmental Authority to assure the complete construction and installation thereof by the time needed for construction, rehabilitation and/or occupancy and operation of the Improvements;

2.2.8 Funding Lender shall have received satisfactory evidence that all taxes, fees and other charges in connection with the execution, delivery and recording of the Borrower Loan Documents and the Funding Loan Documents have been paid, and all delinquent taxes, assessments or other governmental charges or liens affecting the Project, if any, have been paid;

2.2.9 Funding Lender shall have received satisfactory evidence that the Project is not located in an area identified as a flood prone area as defined by the U.S. Department of Housing and Urban Development pursuant to the Flood Disaster Act of 1973, or Borrower shall have obtained insurance against loss by flood in an amount equal to the maximum amount available under the National Flood Insurance Program or any successor thereto;

2.2.10 Funding Lender shall have received satisfactory evidence that Borrower has complied with all covenants, conditions, restrictions and reservations affecting the Project, that the Project is duly and validly zoned for the intended use, and that Borrower has obtained all zoning, subdivision and environmental approvals, permits and maps required to be obtained in order to construct the Improvements;

2.2.11 Funding Lender shall have received satisfactory evidence that all undisbursed Loan Proceeds and Other Borrower Moneys are sufficient to pay all costs of completion of the construction or rehabilitation, as the case may be, of the Improvements and
operation of the Project through the Outside Conversion Date in accordance with the Borrower Loan Documents;

2.2.12 Funding Lender shall have received payment in full of the Origination Fee; and

2.2.13 Funding Lender shall have received copies of, and shall have approved, all of the Subordinate Loan Documents.

2.3 **Representations Correct; No Default.** The closing of the Borrower Loan and the issuance of the Governmental Lender Note are subject to the further conditions that on the Closing Date:

2.3.1 The representations and warranties contained herein and in each written document delivered by Borrower, General Partner or Guarantor to Governmental Lender or Funding Lender in connection with this Agreement shall be true and correct in all material respects on and as of the Closing Date to the same extent as though made on and as of such date;

2.3.2 Since the date(s) of the most recent financial statements provided to Funding Lender with respect to Borrower, General Partner or Guarantor and the Project, no Material Adverse Change shall have occurred in the financial condition or business of Borrower, General Partner, Guarantor or the Project;

2.3.3 No Event of Default or Potential Default shall have occurred and be continuing; and

2.3.4 Funding Lender shall have received a certificate, signed by an Authorized Borrower Representative and dated the Closing Date, confirming the satisfaction of the foregoing conditions set forth in this Article 2 as of the Closing Date.

**ARTICLE 3 DISBURSEMENTS.**

The proceeds of the Borrower Loan and Other Borrower Moneys shall be disbursed as follows:

3.1 **General Disbursement Conditions.** The Cost Breakdown contains the sources and uses of funds for the payment of Development Costs. Any portion of the Borrower Initial Equity that is not expended on the Closing Date and the Borrower Deferred Equity received on or prior to the Conversion Date shall be deposited in an account held pursuant to the terms of the Deposit Account Control Agreement. Loan Proceeds and the installments of the Equity Contributions required to pay Development Costs shall be disbursed as and when provided in the Cost Breakdown for the payment of Development Costs in the manner hereinafter provided. Borrower shall be responsible, subject to Funding Lender’s approval, for the allocation of the funding sources for the payment of Development Costs. Funding Lender will approve and make Disbursements as described in the Cost Breakdown upon satisfaction of the conditions set forth in this Agreement. Subject to the terms hereof, Loan Proceeds may be disbursed to Borrower to pay Development Costs in accordance with the Cost Breakdown, as the same may be amended.
from time to time with the written approval of Funding Lender, provided that any Disbursement shall not be made unless Borrower has provided evidence acceptable to Funding Lender that Loan Proceeds and Other Borrower Moneys are available in amounts sufficient to complete the Project. In connection with any such requested Disbursement, Borrower shall provide invoices and other evidence satisfactory to Funding Lender to demonstrate that such costs have been incurred and such work has been completed and installed at the Project (except as otherwise permitted under Section 3.5.1).

Borrower shall not submit more than one Funding Requisition per Calendar Month. Funding Lender shall use commercially reasonable efforts to disburse or approve Disbursement in accordance with (or disapprove) each Funding Requisition within ten (10) Business Days following receipt thereof. Funding Lender’s obligation to approve any periodic Disbursement is subject to Borrower’s delivery to Funding Lender of the documentation described in Section 3.5, together with such other documents that Funding Lender may reasonably require, in form and content satisfactory to Funding Lender, duly executed (and acknowledged where necessary) by the appropriate parties thereto and all additional conditions, if any, applicable to the making of such Disbursement and set forth in this Article 3 shall be satisfied on the date of such Disbursement.

Borrower acknowledges and agrees that, in the event the conditions to Disbursements set forth in this Article 3 are not timely satisfied and Funding Lender, in its sole discretion, elects not to waive any of such conditions in order to make or approve a Disbursement, Borrower (i) agrees that Funding Lender shall have no liability to Borrower resulting therefrom, and (ii) waives any claims against Funding Lender for any failure to permit or make a Disbursement due to the failure of any such condition, notwithstanding the fact that Borrower has previously incurred costs in connection with the construction or rehabilitation of improvements on the Project.

3.2 Cost Breakdown.

3.2.1 Funding Lender shall approve and make Disbursements based on the Cost Breakdown.

3.2.2 The Cost Breakdown restricts Disbursements to line items in cost categories. Borrower agrees to use Disbursements solely in conformity with the Cost Breakdown. If the Improvements cannot be completed in strict conformity with the most recently approved Cost Breakdown, Borrower shall immediately submit to Funding Lender for its approval a revised Cost Breakdown in substantially the same format as Exhibit B. The revised Cost Breakdown shall identify Borrower’s requested changes in any line items and shall be accompanied by Borrower’s written statement of reasons for the changes. Funding Lender shall approve or disapprove any such request within fifteen (15) days after its submittal to Funding Lender, and approval shall not be unreasonably withheld. Borrower shall execute such documentation and provide such endorsements to the Title Insurance Policy as Funding Lender may reasonably require, if any, in connection with the revised Cost Breakdown. If further changes are required, Borrower shall seek Funding Lender’s approval following the procedures outlined above. Funding Lender need not approve and Funding Lender and/or Fiscal Agent need not make further Disbursements unless and until Funding Lender approves the revised Cost Breakdown if Funding Lender determines that additional
Other Borrower Moneys are necessary to complete the Project, and Funding Lender may, if it approves the revised Cost Breakdown, condition further Disbursements on Borrower’s provision of additional Other Borrower Moneys in an amount equal to any increased costs reflected in such revised Cost Breakdown (after giving effect to any Cost Savings), as approved.

3.2.3 So long as no Event of Default has occurred and is continuing, and all other terms and conditions for a Disbursement have been satisfied, Borrower may reallocate the funds allocated in the Cost Breakdown from the “Contingency” line item in an amount proportionate to the stage of completion of the construction or rehabilitation, as the case may be, of the Improvements without Funding Lender approval, or in such other amounts as Funding Lender shall approve; provided, however, the reallocation shall be subject to the limitations of Section 5.2 and change orders must be approved in accordance with Section 5.2. By way of example, if the Improvements are twenty percent (20%) complete, as determined by Funding Lender and the Construction Consultant, Borrower shall be entitled to reallocate not more than twenty percent (20%) of the original “Contingency” line item amount (determined on a cumulative basis taking into account any previous draws from the “Contingency” line item).

3.2.4 Except to the extent permitted under Section 3.2.3, Borrower may not reallocate Cost Savings and/or use contingency funds set forth in the “Contingency” line item of the Cost Breakdown without the prior consent of Funding Lender, which consent shall not be unreasonably withheld, conditioned or delayed. If Borrower shall demonstrate to Funding Lender’s satisfaction that a Cost Savings has been realized with respect to any line item, Funding Lender shall allow Borrower to reallocate the balance of the Borrower Loan allocable to such overbudgeted line item to the Contingency line item. Subject to the proportionality limitations set forth in Section 3.2.3, Borrower may reallocate the “Contingency” line item to other underbudgeted line items for costs in respect of other uncompleted line items, provided that: (i) with respect thereto, the conditions to any such Disbursement shall have been satisfied; (ii) a revised construction budget, which shall be in the form of the Cost Breakdown and which shall indicate revisions made to date to the Cost Breakdown (including the reallocation of budget amounts as a result of such Cost Savings) shall have been furnished to and approved by Funding Lender; (iii) no line item for Hard Costs shall be reallocated to pay any line item for Soft Costs until all Hard Costs shall have been paid for and completion of the construction or rehabilitation, as the case may be, of the Improvements is achieved and Funding Lender is in receipt of all items required by Section 3.6 (Final Disbursement) of this Agreement; (iv) any reallocation of Cost Breakdown will not have the effect of reducing the net sum which Borrower estimates will be available to it from Loan Proceeds to pay trade contractors for the construction and/or rehabilitation of the Improvements; (v) there are sufficient remaining funds under each line item (as determined by Funding Lender and Construction Consultant), as so reallocated, to complete construction and/or rehabilitation of such line items and the Improvements as provided for in this Agreement and the other Borrower Loan Documents; and (vi) no Event of Default then exists.
3.3 **Borrower Loan in Balance.**

3.3.1 The Borrower Loan is “in balance” whenever the amount of the undisbursed Loan Proceeds plus any Other Borrower Moneys as shown in the Cost Breakdown most recently approved by Funding Lender, are sufficient in the reasonable judgment of Funding Lender to pay, through completion of the Project, all of the following sums: (i) all remaining costs of construction, rehabilitation, marketing, ownership, maintenance and leasing of the Project; and (ii) all remaining interest and all other remaining sums which may accrue or be payable under the Borrower Loan Documents or the Related Documents. Notwithstanding the foregoing, if, at any time, Funding Lender determines, in Funding Lender’s reasonable discretion, that it is unlikely that Borrower will receive all or a portion of the Other Borrower Moneys, Funding Lender can exclude such amount from its determination of whether the Borrower Loan is “in balance.” Funding Lender may not exclude from such calculation Loan Proceeds which are otherwise properly payable under the Cost Breakdown. The Borrower Loan is “out of balance” if and when Funding Lender in its reasonable judgment determines that there are insufficient funds (including all undisbursed Loan Proceeds and any Other Borrower Moneys provided or to be provided by Borrower) to pay for all such remaining costs and sums payable under the Borrower Loan Documents and Related Documents.

3.3.2 Borrower acknowledges that the Borrower Loan may become “out of balance” in numerous ways, not all of which may now be foreseen. Borrower further acknowledges that the Borrower Loan may become “out of balance” from a shortage of funds in any single line item or category of the Cost Breakdown, even if there are undisbursed Loan Proceeds or Other Borrower Moneys in other line items or categories. Undisbursed Loan Proceeds or Other Borrower Moneys in one category or line item (e.g., site work costs), other than the “Contingency” line item, may not be applied to another category or line item unless either (i) the Cost Breakdown (as most recently approved by Funding Lender) allows such use (and only to the extent specifically allowed), (ii) the Construction Consultant has determined that the work related to the line item or category for which there are undisbursed funds has been satisfactorily completed with all applicable lien releases having been obtained, or (iii) Funding Lender consents in writing to such use in each instance.

3.3.3 Whenever the Borrower Loan becomes “out of balance,” after giving effect to the provisions of Section 3.3.2, Funding Lender may make written demand on Borrower to provide evidence satisfactory to Funding Lender of the availability of additional Other Borrower Moneys in an amount sufficient in Funding Lender’s reasonable judgment to cause the Borrower Loan to be “in balance.” If required by Funding Lender, Borrower shall submit, for Funding Lender’s approval, a revised Cost Breakdown within ten (10) days after any such demand. Whenever the Borrower Loan becomes “out of balance,” Funding Lender may also, by written demand to Borrower, direct Borrower to deposit with Funding Lender, within ten (10) days of such demand, amounts sufficient in the reasonable judgment of Funding Lender to cause the Borrower Loan to be “in balance.”

3.3.4 At any time, Funding Lender may evaluate the sufficiency and availability of undisbursed Loan Proceeds and Other Borrower Moneys allocated for payment of future interest on the Borrower Loan, exercising its reasonable judgment in light of:
cost overruns or change orders (which in Funding Lender’s sole discretion, may include review of pending change orders); (ii) failure of the Project to lease at the rate of absorption projected by Borrower in the Pro Forma Rent Schedule; and (iii) failure of the Project to rent for at least the minimum monthly rates set forth in the Pro Forma Rent Schedule (unless equivalent reductions in expenses or other adjustments, each approved by Funding Lender, are made which result in an equivalent net operating income and required debt service coverage).

Based on Funding Lender’s evaluation of these data and projections, the Borrower Loan may be “out of balance.” If this occurs, Funding Lender may exercise the rights under Section 3.3.3, or if Funding Lender so chooses, make written demand on Borrower to pay interest on the Borrower Note out of additional Other Borrower Moneys made available by Borrower until the various amounts allocated for payment of future interest under the Borrower Note are sufficient in Funding Lender’s reasonable judgment to cover any and all such interest which might become due during the remaining term of this Agreement.

3.3.5 The provisions of this Section 3 shall not affect in any manner Borrower’s obligation, under Section 5.27 of the Borrower Loan Agreement, to apply available income from the Mortgaged Property to the payment, among other things, of amounts that would otherwise be eligible to be funded from Disbursements of Loan Proceeds.

3.4 Initial Disbursement. Funding Lender shall not be obligated to approve or make any Disbursement unless and until all conditions precedent to the closing contained in Article 2 shall have been satisfied. Funding Lender shall not be obligated to approve or make any Disbursement other than the initial Disbursement of Loan Proceeds on the Closing Date unless and until the Borrower Initial Equity proceeds have been applied towards Development Costs and the following additional conditions precedent shall have been satisfied:

3.4.1 Borrower shall have furnished to Funding Lender a copy of all building and all other construction permits, licenses and authorization from all applicable Governmental Authorities or third parties necessary for the completion of the construction or rehabilitation, as the case may be, of the Improvements, and the operation of, and access to, the Project, and no material violation of any of the provisions thereof shall have occurred; and

3.4.2 [TBD, additional post closing funding conditions.]

3.5 Course-of-Construction Disbursements. Subject to the provisions of this Agreement, Borrower shall be entitled to Disbursements, within the limitations of the Cost Breakdown, of Loan Proceeds and any Other Borrower Moneys held by Funding Lender; provided, however, that, in addition to any other conditions set forth herein or in any other Borrower Loan Document, in order to be entitled to each Disbursement:

3.5.1 Funding Lender shall have received, reviewed and approved the Plans and Specifications and shall have completed its cost review in connection therewith, and such cost review is satisfactory to Funding Lender in all respects; and Funding Lender shall not be required to approve or make any Disbursement in respect of a Soft Cost unless Borrower shall have provided Funding Lender with a copy of the relevant receipt, invoice or contract describing such Soft Cost. The Soft Costs referenced in the preceding sentence include, to the extent provided in the Cost Breakdown, amounts necessary to pay accrued interest on the
Borrower Note and certain other costs and expenses of Funding Lender which are payable by
Borrower or reimbursable by Borrower as set forth in this Agreement. Funding Lender shall
not be required to approve or make any Disbursement in respect of materials stored onsite or
offsite and not yet incorporated into the Mortgaged Property unless Borrower shall have
provided Funding Lender with a copy of the relevant bill of sale, detailed receipt and/or
invoice describing such materials, evidence of adequate, secure and insured transportation and
storage either onsite or in a bonded warehouse or other secure offsite location, independent
verification that the materials are for use in connection with the Project and the Funding
Lender’s security interest in the Mortgaged Property includes such materials.

3.5.2 Borrower shall have fully complied, in all material respects, with all of
Borrower’s covenants hereunder; there shall have occurred and be continuing no breach of
Borrower’s representations and warranties hereunder or under any other Borrower Loan
Document; and no Event of Default shall have occurred which has not been waived in writing
by Funding Lender or cured.

3.5.3 The Improvements for which any Disbursement is requested shall have
been constructed or rehabilitated, as the case may be, substantially in accordance with the
Plans and Specifications, and the construction or rehabilitation thereof and materials used
therein are according to the Plans and Specifications and shall have been certified to be so by
the Architect.

3.5.4 Funding Lender shall have been furnished with an affidavit of Borrower
or Borrower’s duly authorized representative, as to whether or not Borrower or Borrower’s
agent has been served with any written notice, as required or permitted by law, that a lien
upon the Project may be claimed for any amounts unpaid for materials furnished or labor
performed by any person or party. A copy of each such notice, if any, shall be attached to such
affidavit.

3.5.5 Funding Lender shall have been furnished with lien waivers showing
that there are no statutory liens on record for labor or material arising out of the construction
or rehabilitation of the Improvements; provided, however, that if there are any such liens,
Borrower shall have made arrangements satisfactory to Funding Lender and the Title
Company for the disposition or bonding thereof.

3.5.6 The Improvements for which a Disbursement is requested shall not
have been constructed in violation of any law, regulation, covenant, restriction or zoning
ordinance affecting the Project or Improvements.

3.5.7 [Intentionally Omitted].

3.5.8 Borrower shall have furnished to Funding Lender a copy of all building
permits, licenses and authorizations from all Governmental Authorities issued and applicable
to any existing or contemplated Improvements on the Project and no material violation of any
of the provisions thereof shall have occurred.

3.5.9 Any required Payment and Performance Bonds shall have been issued
and be in full force and effect;
3.5.10 No disbursement of Other Borrower Moneys shall be requested by Borrower without the approval of Funding Lender, which approval shall not be unreasonably withheld or delayed.

3.5.11 Funding Lender shall have been furnished with a title endorsement as described in Section 3.14.

3.5.12 The Borrower Loan shall be “in balance,” and the amount of the requested Disbursement, together with the amount of all prior Disbursements, does not exceed the actual costs with respect to line items incurred and completed to date, all as reasonably determined by the Construction Consultant.

3.5.13 Since the date(s) of the most recent financial statements provided to Funding Lender with respect to Borrower, General Partner and/or Guarantor and the Mortgaged Property, no Material Adverse Change shall have occurred in the financial condition or business of Borrower, General Partner, Guarantor or the Mortgaged Property.

3.5.14 If required pursuant to the Subordinate Loan Documents, Borrower shall have obtained Subordinate Lender’s approval to Borrower’s request for such Disbursement, and Funding Lender shall have been furnished with evidence thereof.

3.5.15 Borrower shall have furnished to Funding Lender a Funding Requisition together with an updated Construction Schedule, all in form and substance acceptable to Funding Lender.

3.6 **Final Disbursement.** As to the final Disbursement of Loan Proceeds, Borrower shall have furnished to Funding Lender:

3.6.1 Certificates of occupancy (or their equivalent under local law), to the extent that the nature of the rehabilitation necessitates the issuance of new certificates of occupancy (or their equivalent under local law), and any other required municipal approvals for each of the 201 residential units and all common areas at the Mortgaged Property;

3.6.2 A complete punch list, approved by Borrower and Borrower’s Contractor (and, to the extent punch list items have not been rectified, an amount equal to 150% of the value of such items shall be withheld by Funding Lender pending receipt of evidence of satisfactory completion);

3.6.3 To the extent that any of the construction or rehabilitation of the Improvements modified the foundations or footprint of any building on the Mortgaged Property, a final ALTA “as built” survey reasonably satisfactory to Funding Lender and the Title Company, showing all Improvements;

3.6.4 A satisfactory inspection report by the Construction Consultant as to final completion;

3.6.5 A final contractor’s affidavit from Borrower’s Contractor as to payment of all sums due subcontractors and suppliers;
3.6.6 A final affidavit or certification from the Architect (which shall be in the form of AIA G704 substantial completion certificate) stating that construction or rehabilitation, as the case may be, of the Improvements, has been finally and Substantially Completed in accordance with the Plans and Specifications;

3.6.7 A set of detailed “as built” Plans and Specifications with respect to any newly constructed portions of the Improvements (excluding interior renovations not involving the demolition, relocation or addition of structural elements), approved and identified as such by Borrower and the Architect;

3.6.8 If applicable under the laws of the Property Jurisdiction, a copy of the recorded Notice of Completion with respect to the Project;

3.6.9 Any consent of a surety or other requirement relating to releases of the Payment and Performance Bonds;

3.6.10 Any additional documentation reasonably required by Funding Lender in order to verify the Improvements have been completed in accordance with the terms and conditions of this Agreement and the Borrower Loan Documents; and

3.6.11 Final lien releases from all Contractors, subcontractors, suppliers and materialmen who have provided preliminary notices to Borrower, and a final contractor’s affidavit of payment in full and final release of lien or (subject to the ability of Borrower to obtain the title endorsement referred to in Section 3.7.1 below), if being contested in good faith, the transfer of any filed liens to bond or other surety in a manner sufficient to clear title to the Mortgaged Property.

3.7 Post Completion Requirements. On the Conversion Date, Borrower shall submit to Funding Lender:

3.7.1 An endorsement to the Title Insurance Policy deleting any exception for pending disbursements and mechanics’ liens, showing no adverse changes to title since the prior endorsement and meeting the requirements of Section 3.15; and

3.7.2 Evidence of insurance meeting the requirements of the Security Instrument.

3.8 Funding Lender Approval of Disbursements. With respect to Disbursements of Loan Proceeds, Borrower hereby acknowledges that such Disbursements will only be made or approved by Funding Lender subject to Borrower’s compliance with the terms and conditions of this Agreement and the Borrower Loan Agreement. Funding Lender shall have no obligation to approve, and Borrower shall have no right to receive, Disbursements of the Loan Proceeds for any Development Cost in any Funding Requisition unless and until the entire amount of the available Other Borrower Moneys as detailed in the Cost Breakdown as being applied to that Development Cost prior to or simultaneously with the Loan Proceeds being requested in the applicable Funding Requisition, has been expended on or invested in Development Costs in accordance with the Cost Breakdown or Funding Lender is provided satisfactory evidence that such Disbursement will simultaneously be so expended or invested. In order to obtain a
Disbursement of Loan Proceeds, Borrower must submit a Funding Requisition to Funding Lender together with the other items required to obtain a Disbursement (as set forth in this Article 3). In the event that Funding Lender shall approve any such Funding Requisition, Funding Lender shall deliver such approved Funding Requisition to Fiscal Agent, and Fiscal Agent shall arrange for the disbursement of the Loan Proceeds so approved to be disbursed. Borrower acknowledges that delays may result from the actions or inactions of Funding Lender or Fiscal Agent in arranging for any such Disbursement, and Borrower hereby releases Funding Lender and Fiscal Agent from any claims that Borrower may have against Funding Lender or Fiscal Agent relating to or arising out of any such delay or any such action or inaction, except to the extent arising from the gross negligence or willful misconduct of Funding Lender or Fiscal Agent, as applicable. Borrower further agrees to protect, defend, indemnify and hold harmless Funding Lender from and against any and all claims that may be asserted against Funding Lender relating to or arising out of any such delay or action or inaction by Funding Lender or Fiscal Agent, except to the extent arising from the gross negligence or willful misconduct of Funding Lender.

3.9 Verification of Costs. At Funding Lender’s request, Borrower agrees to provide to Funding Lender copies of all invoices, paid receipts, contracts, subcontracts, purchase orders, bills of sale and similar documentation related to the Project or the Improvements so that Funding Lender can verify all costs set forth in any Funding Requisition.

3.10 Construction Consultant. The parties contemplate that Funding Lender will engage the Construction Consultant, which shall be at Borrower’s sole cost and expense, who shall review as agent for Funding Lender all construction and rehabilitation activities undertaken in regard to the Project. A certificate or indication from the Construction Consultant that construction or rehabilitation, as the case may be, complies with the Plans and Specifications shall be a further condition precedent to Funding Lender’s approval of each Funding Requisition.

3.11 Method of Disbursements. If an Event of Default or a Potential Default has occurred and is continuing, Funding Lender may make Disbursements or direct Fiscal Agent to make Disbursements, at Funding Lender’s option, (i) directly to any Contractor; (ii) jointly to Borrower and any Contractor; (iii) directly to Persons supplying labor, materials and services in connection with the Improvements; or (iv) jointly to Borrower and said Persons. Borrower hereby expressly acknowledges that Funding Lender may approve a Funding Requisition submitted by Borrower but may itself disburse or direct disbursement of Other Borrower Moneys or may make or approve the requested Disbursement in any of the methods described in the preceding sentence, under the circumstances set forth above, whether or not such method is the method selected by Borrower in its Funding Requisition, and Borrower hereby consents to any such action by Funding Lender. Borrower hereby expressly acknowledges that any Disbursement made to any Person other than Borrower under this Section 3.11 shall be deemed to be a Disbursement made to and received by Borrower.

3.12 Disbursements without Requisitions. Funding Lender may, whether or not the conditions of this Article 3 are then satisfied, from time to time direct or authorize Disbursements to itself on behalf of Borrower to pay interest on the payment due dates in accordance with the terms of the Borrower Note and the Funding Loan Agreement, to pay fees of Governmental Lender, Fiscal Agent and Servicer in respect of the Borrower Loan or to pay any other amounts
due under the Borrower Loan Documents that have not been paid by Borrower within the time periods provided in this Agreement or in any other Borrower Loan Documents but only so long as the representations in paragraphs (e) and (f) in the form of Funding Requisition attached as Exhibit C are true with respect to such Disbursement. In addition, if an Event of Default has occurred and is continuing or if Funding Lender reasonably believes it to be necessary to protect the value of the Collateral, Funding Lender may, but is not obligated to, from time to time authorize and make Disbursements or authorize Disbursements by Fiscal Agent on behalf of Borrower: (i) to Governmental Authorities or insurers to pay taxes or insurance Premiums when due, or (ii) directly to the Contractor, any other trade contractor or any other Person to whom payment is due, except to the extent Borrower is contesting such payment in accordance with the provisions of this Agreement. The execution of this Agreement by Borrower shall, and hereby does, constitute an irrevocable direction and authorization by Borrower to Funding Lender and Fiscal Agent to so authorize and make Disbursements. No further direction or authorization from Borrower shall be necessary or required for such direct Disbursements and any Disbursement made under this Section 3.12 shall be deemed to be a Disbursement made to and received by Borrower.

3.13 Retainage, Etc. Funding Lender will approve Disbursements to Borrower in an amount which, when added to all previous advances, will equal the Cost of Improvements which are due and payable by Borrower and the Cost of Improvements theretofore actually expended by Borrower minus the applicable Retainage for each contract and subcontract. The balance shall be withheld as Retainage until the conditions for release set forth below have been satisfied; provided, however, that no Retainage shall be required in respect of Soft Costs. The determination by Funding Lender of the amount of the Cost of Improvements which properly form a predicate for any Disbursement shall be final and conclusive, absent manifest error. Funding Lender shall permit the release of Retainage upon satisfaction of all of the following conditions:

3.13.1 All of the conditions set forth in Sections 3.6 (Final Disbursement), 3.7 (Post Completion Requirements) and 3.15 (Lien-Free Endorsement) of this Agreement have been satisfied;

3.13.2 Borrower shall have provided to Funding Lender evidence of insurance meeting the requirements of the Security Instrument, including, but not limited to, evidence of property insurance covering the Improvements and meeting the requirements of Section 19 of the Security Instrument (replacing any builder’s “all risk” insurance or equivalent coverage previously maintained in lieu of such property insurance);

3.13.3 Borrower delivers to Funding Lender, for each month since construction and/or rehabilitation of the Improvements was completed, a certified rent roll and a monthly statement of income and expenses on a year-to-date basis for Borrower’s operation of the Improvements; and

3.13.4 All of the conditions set forth in the Construction Contract for release of the Retainage have been met.
3.14 **Continuation and Date-Down Endorsements.** As a condition precedent to each Disbursement, Borrower shall (if required by Funding Lender), at its own cost and expense, deliver or cause to be delivered to Funding Lender from time to time such continuation and date-down endorsements to be attached to the Title Insurance Policy issued with respect to the Security Instrument, respectively, in form and substance satisfactory to Funding Lender, as Funding Lender reasonably deems necessary to insure the priority of the Security Instrument as a valid first mortgage lien on the Mortgaged Property as of the date of and including the amount covered by each such Disbursement.

3.15 **Lien-Free or Date-Down Endorsement.** Upon completion of the Project, and as a condition precedent to the final Disbursement of Loan Proceeds, Borrower shall, at Borrower’s own cost and expense, deliver or cause to be delivered to Funding Lender a lien-free endorsement with respect to the Mortgaged Property (or if a lien free endorsement is not available, a “date-down” or “bring-down” endorsement bringing the effective date of the Title Insurance Policy forward), to be attached to the Title Insurance Policy issued with respect to the Security Instrument, which endorsement shall insure that the Mortgaged Property is not subject to the liens of any contractor, subcontractor, materialman or other Person providing labor, materials or services to the Mortgaged Property or otherwise in connection with the Project or any other liens except for Permitted Encumbrances.

3.16 **Delivery of Requests for Disbursement.** Requests for Disbursement may be presented to Funding Lender by, among other methods, telecopy or Electronic Delivery. Borrower acknowledges and assumes all risks relating to the use of such Electronically Delivered Requests for Disbursement and agrees that its obligations under this Agreement shall remain absolute, unconditional and irrevocable as provided in the Borrower Note if Funding Lender honors such Electronically Delivered Funding Requisitions. “Electronic Delivery” or “Electronically Delivered” shall mean delivery of a request or other communication in a Word format, Excel format or a Portable Document Format (PDF) by electronic mail; provided, that if the sender receives notice that the electronic mail was undeliverable, notice must be sent as otherwise required by Section 11.1 of the Funding Loan Agreement.

3.17 **Interest Line Item.** An interest line item has been included in the Cost Breakdown in the amount of $[______]. Provided that no Event of Default has occurred and is continuing, Funding Lender will approve Disbursements of the Borrower Loan represented by the interest line item as needed for the exclusive purpose of paying accrued interest as it comes due under the Borrower Note. Each such advance shall constitute a Disbursement of Loan Proceeds and shall increase the principal amount of the Borrower Loan by an amount equal to such Disbursement. The foregoing sums shall be so disbursed until such time as such line item has been exhausted, so long as no Event of Default has occurred and is continuing. Nevertheless, the inclusion of such line item shall not release the Borrower from its contractual obligation to pay interest under the terms of the Borrower Note to the extent the allowance is insufficient to pay all of the interest under the Borrower Note nor shall the Funding Lender be obligated under the terms of this Agreement or the Borrower Loan Documents to use such line item for the payment of accrued interest.
ARTICLE 4  TITLE INSURANCE.

The Title Insurance Policy issued with respect to the Security Instrument shall provide coverage satisfactory to Funding Lender (including, without limitation, mechanics’ lien coverage), insuring Funding Lender’s interest under the Security Instrument as a valid first mortgage lien on the Project, together with such reinsurance or coinsurance agreements and such endorsements to the Title Insurance Policy as Funding Lender may require, which policy shall contain only such exceptions from its coverage as shall have been approved in writing by Funding Lender, and thereafter Borrower shall, at its own cost and expense, do all things necessary to maintain the Security Instrument as a valid first lien on Borrower’s leasehold interest in the Project.

ARTICLE 5  CONSTRUCTION OF THE IMPROVEMENTS.

5.1  Commencement and Completion.

5.1.1  Borrower shall cause construction or rehabilitation, as the case may be, of the Improvements, to be prosecuted and completed with due diligence and in good faith, and without delay. Each Construction Contract and each Contractor retained by Borrower are subject to prior approval by Funding Lender.

5.1.2  The construction or rehabilitation, as the case may be, of the Improvements, shall be (i) commenced no later than thirty (30) days after the Closing Date, and (ii) Substantially Completed in accordance with the terms and conditions of this Agreement and the Borrower Loan Documents on or prior to the Substantial Completion Date, and (iii) completed in accordance with the terms and conditions of this Agreement and the Borrower Loan Documents on or prior to the Completion Date.

5.1.3  Insofar as nondiscretionary permits and approvals are concerned, Borrower shall secure the issuance of each non-discretionary permit and approval prior to the commencement of any work for which such permit or approval is required. Borrower shall deliver copies of all such permits and approvals to Funding Lender immediately upon the issuance thereof to Borrower.

5.1.4  Borrower shall cause the Improvements to be constructed, rehabilitated, installed and equipped in a good and workmanlike manner in substantial accordance with the Plans and Specifications and in compliance with all applicable Legal Requirements.

5.1.5  Upon written demand from Funding Lender, Borrower shall, at Borrower’s sole cost and expense (and, except to the extent such funds are otherwise available for such purpose in the Cost Breakdown, not from any Loan Proceeds or any amounts on deposit in any account in which Borrower has granted Governmental Lender a security interest), correct any defect in the Improvements or any departure from the Plans and Specifications not theretofore approved in writing by Funding Lender, and it is expressly understood and agreed that no approval or making by Funding Lender or Fiscal Agent of any Disbursement shall constitute a waiver of the right to require compliance with this covenant with respect to any such defects or departures from the Plans and Specifications not theretofore approved by Funding Lender in writing.
5.2 **Change Orders.** Without the prior written consent of Funding Lender, which consent shall not be unreasonably withheld or delayed, Borrower shall not permit any material amendments or modifications of the Construction Documents including the Plans and Specifications; failure to obtain Funding Lender consent as required hereunder shall be an Event of Default. Regardless of whether Funding Lender’s consent to any such amendment or modification is required hereunder, if such amendment or modification will increase the cost of constructing the Improvements, unless and to the extent that Funding Lender agrees in its reasonable discretion that such increase in cost may be paid out of Loan Proceeds available under the “contingency” line item of the Cost Breakdown, Borrower shall deposit with Funding Lender, promptly upon Borrower’s receipt of a written request from Funding Lender, an amount equal to any increase in cost resulting from such amendment or modification; such funds shall be disbursed by Funding Lender upon approval in accordance with Article 3. Notwithstanding the provisions of this Section 5.2, Borrower shall not be required to obtain Funding Lender’s consent to, or to deposit funds with Funding Lender for, any individual change order with respect to the Improvements of $[________] or less, provided the aggregate of all change orders for all the Improvements (including the change order at issue) does not exceed $[________], unless such change order (a) results in an increase in the overall contract price by an amount greater than the remaining contingency reserve in the Cost Breakdown, (b) reduces the floor areas of the building(s) or aggregate number of rooms or units in the Improvements; or (c) substantially changes the Construction Schedule or the scope or design of the work or adversely affects the structural integrity, quality of materials, finishes or amenities or quality of the Improvements.

5.3 **Compliance with Construction Lien Law.** Borrower will comply in all respects with the construction lien law of the Property Jurisdiction as the same may from time to time exist, and Funding Lender shall not be obligated to approve the disbursement of any funds to Borrower or any other person or entity if, in the reasonable opinion of Funding Lender and its counsel, such disbursement would result in a violation of such law. Borrower further covenants and agrees as follows:

5.3.1 Borrower will cause all materials, supplies and goods to be incorporated as part of the Improvements to be delivered to the Project free and clear of all liens and encumbrances so that no party other than Governmental Lender, the Funding Lender and the Subordinate Lender shall have an interest therein. If any construction lien or mechanic’s lien shall be filed against the Project or the Improvements or any interest therein by reason of work, labor, services or materials supplied or claimed to have been supplied, or any other liens or encumbrances shall be recorded, filed or suffered to exist (other than Permitted Encumbrances), and if any such construction lien, mechanic’s lien or other lien or encumbrance is not discharged or bonded off within thirty (30) days of the notice of filing or recording thereof, then Funding Lender may, or, at its option, may direct Fiscal Agent to: (i) pay and discharge such lien or encumbrance; (ii) reserve funds from the Borrower Loan contemplated herein or otherwise for payment of such lien or encumbrance; or (iii) obtain a surety bond for payment of such lien or encumbrance. In such case, the sum which Funding Lender or Fiscal Agent shall have so paid, or any other costs incurred by Funding Lender or Fiscal Agent in connection therewith, shall be deemed a Borrower Payment Obligation hereunder and shall be payable in accordance with the terms hereof. While any such lien or encumbrance remains of record and unbonded, Funding Lender may withhold approval of any further Disbursements hereunder.
5.3.2 Borrower hereby agrees to indemnify and hold Governmental Lender, Fiscal Agent and Funding Lender harmless from any and all losses, claims, and damages, including interest and reasonable attorneys’ fees, which Governmental Lender, Fiscal Agent or Funding Lender may suffer by virtue of any failure by Borrower to comply with any of the provisions of the construction lien law of the Property Jurisdiction unless such failure is the result of gross negligence or willful misconduct of Governmental Lender, Fiscal Agent or Funding Lender, as applicable. Borrower shall make or cause to be made only such payments to the Contractor, or any subcontractors, sub-subcontractors, laborers or materialmen, as are “proper payments” under the construction lien law of the Property Jurisdiction.

5.4 Payment and Performance Bonds. Borrower shall furnish to Funding Lender and shall maintain in effect such Payment and Performance Bonds with respect to the general contractor, or if the general contractor does not obtain such Payment and Performance Bond, such Payment and Performance Bonds shall be obtained with respect to each Contractor that enters into a Major Contract; provided, however, that if Payment and Performance Bonds have been provided by any Contractor under a Major Contract in accordance with the terms hereof, any Subcontractor of such Contractor shall not be required to post any Payment and Performance Bonds in respect of such subcontract. Borrower shall take such action and require such performance as Funding Lender deems necessary under the Payment and Performance Bonds. In the event that any payments under any Payment and Performance Bonds are issued jointly to Borrower and Governmental Lender or Borrower and Funding Lender, Borrower shall endorse any such jointly issued payments to the order of Funding Lender or Governmental Lender, as determined by Funding Lender in its discretion, promptly upon Funding Lender’s demand.

5.5 Construction Information and Verification.

5.5.1 From time to time, within ten (10) days after the written request of Governmental Lender or Funding Lender, Borrower shall deliver to Governmental Lender or Funding Lender, as applicable, any and all of the following information and documents that Governmental Lender or Funding Lender may request, all in forms acceptable to Governmental Lender or Funding Lender, as applicable:

(A) Current Plans and Specifications for the Improvements certified by the Architect as being complete and accurate, and a line item cost breakdown for the proposed construction and/or rehabilitation of the Improvements;

(B) A current, complete and correct list showing the name, address, telephone number and license information of each contractor, subcontractor and material supplier engaged in connection with the construction and/or rehabilitation of the Improvements, together with the amounts paid to the General Contractor through the date of the list and all other information reasonably requested by Governmental Lender or Funding Lender;

(C) True and correct copies of the most current versions of all executed contracts with the General Contractor including any changes;
(D) True and correct copies of all grading, foundation, building and all other construction permits, licenses and authorizations from all applicable Governmental Authorities or third parties necessary for the construction and/or rehabilitation of the Improvements and the operation of, and access to, the Project;

(E) Copies of (i) owner/architect/constructor project meeting minutes; (ii) requests for information (RFI), submittal logs, proposed change orders (PCO), and change order logs; and (iii) independent test results, and (iv) anticipated cost reports, buy-out logs and Major Subcontracts with lien waivers for Cost Plus and Guaranteed Maximum Price projects;

(F) A Construction Schedule showing the progress of construction or rehabilitation, as the case may be, and the projected sequencing and completion times for uncompleted work, all as of the date of the schedule; and

(G) Any update to any item described above which Borrower may have previously delivered to Governmental Lender and/or Funding Lender.

5.5.2 Borrower expressly authorizes Funding Lender and Governmental Lender to contact Architect, Contractor or any contractor, subcontractor, material supplier, surety or any Governmental Authority to verify any information disclosed in accordance with this Section 5.5. Funding Lender and Governmental Lender, as applicable, shall give notice to Borrower of any such contacts, provided that neither Funding Lender nor Governmental Lender shall incur any liability to Borrower by reason of the failure to give such notice, and Borrower’s obligations under the Borrower Loan Documents shall not be affected in any manner by any failure to give such notice. The Construction Contract shall require the Contractor to disclose such information to Governmental Lender and Funding Lender. Any defaulting architect, contractor, subcontractor, material supplier or surety shall be promptly replaced, and Borrower shall promptly deliver all required information and documents to Funding Lender and Governmental Lender regarding each replacement architect, contractor, subcontractor, material supplier and surety. Funding Lender may disapprove any architect, contractor, subcontractor, material supplier, surety or other party whom Funding Lender in its reasonable judgment may deem financially or otherwise unqualified, however, the absence of any such disapproval shall not constitute a representation of qualification.

5.6 Rights of Inspection; Agency; Appraisal.

5.6.1 Inspections; Agency. Funding Lender and the Construction Consultant shall have the right from time to time, upon reasonable advance notice during normal business hours (except in the case of an emergency, in which event such party shall have the right at any time without any advance notice), to enter upon the Mortgaged Property for purposes of inspection. If Funding Lender, in its judgment, based upon the Construction Consultant’s report or otherwise, determines that any work or materials are not in substantial conformity with the Plans and Specifications or with any Legal Requirements, or are not otherwise in substantial conformity with sound building practice, Funding Lender shall have the right to stop the work and to order replacement or correction of any such work or materials regardless of whether or not such work or materials have theretofore been incorporated into the
Inspection by Funding Lender or the Construction Consultant of the Mortgaged Property or the Improvements is for the sole purpose of protecting the security of Funding Lender and is not to be construed as a representation by Funding Lender that there has been compliance with the Plans and Specifications or that the Improvements will be free of faulty materials or workmanship. Borrower may make or cause to be made such other independent inspections as Borrower may desire for its own protection, and nothing contained herein shall be construed as requiring Funding Lender to construct, rehabilitate or supervise the construction or rehabilitation of the Improvements. Effective upon and during the continuance of an Event of Default hereunder, Borrower hereby appoints and authorizes Funding Lender, as Borrower’s agent and attorney-in-fact, to record any notices of completion, cessation of labor, non-responsibility and other notices that Funding Lender deems necessary to record in order to protect any interest of Funding Lender under the provisions of this Agreement or under any other Borrower Loan Document. This agency and power of attorney is a power coupled with an interest and is irrevocable.

5.6.2 Appraisals. If required by Funding Lender (but, provided no Event of Default has occurred and is continuing, not more frequently than once in any three-year period), or if required by law, Funding Lender shall have the right to order an Appraisal of the Mortgaged Property from time to time at the expense of Borrower, which Appraisal shall be satisfactory to Funding Lender in all respects.

5.7 Third-Party Consultants. Funding Lender intends to retain the Construction Consultant (or such other construction consultant as is retained by Funding Lender or Servicer), the reasonable costs of which shall be paid by Borrower, to provide the following services: (i) review final Plans and Specifications and final construction Cost Breakdown and the construction schedule related to the Project, (ii) conduct compliance inspections with respect to the progress of the Project, and (iii) perform such other services as may, from time to time, be required by Funding Lender. This obligation on the part of Borrower shall survive the closing of the transactions contemplated by this Agreement and the repayment of the Borrower Loan. Borrower hereby authorizes Funding Lender, in its discretion, to pay such expenses, charges, costs and fees at any time by a Disbursement of Loan Proceeds.

ARTICLE 6 REPRESENTATIONS AND COVENANTS.

6.1 Borrower Representations. To induce the Funding Lender to execute this Agreement and to induce Governmental Lender to enter into the Borrower Loan Agreement, Borrower represents and warrants for the benefit of the Governmental Lender, Funding Lender and the Servicer, that the representations and warranties set forth in this Section 6 are complete and accurate as of the Closing Date and shall survive the making of the Borrower Loan and will be complete and accurate, and deemed remade, as of the date of each Disbursement, as of the original Outside Conversion Date, as of the date of any extension thereof and as of the Conversion Date in accordance with the terms and conditions hereof.

6.1.1 Address. The Mortgaged Property is located at 1400 Gabriel Garcia Marquez Street, Los Angeles, California 90033.
6.1.2 Condition of Project. No portion of the Mortgaged Property is presently damaged by fire, water, wind or other casualty and any previous damage has been fully restored. There has been no taking or notice of intended taking in condemnation or eminent domain proceedings with respect to the Mortgaged Property or any portion thereof, nor, to the best of Borrower’s knowledge, is any proceeding pending or threatened for the partial or total taking of the Mortgaged Property. To the knowledge of Borrower, there is no aluminum wiring within any building at the Mortgaged Property. If any aluminum wiring is found within any building at the Mortgaged Property, it will be removed and replaced during the course of rehabilitation of the Mortgaged Property by Borrower.

6.1.3 Outstanding Claims and Litigation.

(A) Neither Borrower, any general partner, manager, or managing member of Borrower, nor any guarantor of any of Borrower’s obligations in connection with the Borrower Loan, is involved in any bankruptcy, reorganization or insolvency proceeding (either as creditor or debtor), nor is any such proceeding contemplated or threatened, and neither Borrower, any general partner, manager and/or managing member of Borrower, nor any guarantor of any of Borrower’s obligations in connection with the Borrower Loan, has made a general assignment for the benefit of its creditors, nor is such contemplated or threatened.

(B) There are no judgments or creditors’ liens affecting the Mortgaged Property, Borrower or any general partner, manager and/or managing member of Borrower, and there is no litigation or other claim pending before any court or administrative or other governmental body or overtly threatened by a written communication against Borrower, any general partner, manager and/or managing member of Borrower or the Mortgaged Property or any other properties of Borrower.

(C) Borrower represents and warrants that no delinquencies, defaults, foreclosures or deeds in lieu of foreclosure have occurred (i) relating to any property in which Borrower had an interest at the time of delinquency, default, foreclosure, or deed in lieu of foreclosure or (ii) during the past ten (10) years on any loan obligating Borrower or any general partner, manager and/or managing member of Borrower in any manner, irrespective of the loan purpose or collateral (i.e., not just multifamily loans).

(D) All of the following items regarding the Mortgaged Property which have become due and payable have been paid or, with the approval of Funding Lender, an escrow fund sufficient to pay them has been established: (i) taxes, (ii) government assessments, (iii) insurance premiums, (iv) water, sewer and municipal charges, (v) leasehold payments, if applicable, (vi) ground rents, if applicable, and (vii) any other charges affecting the Mortgaged Property.

6.1.4 Compliance with Laws. The Mortgaged Property conforms, and upon completion of construction and/or rehabilitation, as the case may be, will conform, to all applicable subdivision and use laws, ordinances or codes and local building and housing codes, and will be a legally conforming use with respect to all applicable zoning requirements without reliance on “grandfathering” or a variance. Without limitation of the foregoing, (i)
the Mortgaged Property is zoned so as to permit the existence of the number of apartment units to be constructed pursuant to the Plans and Specifications as a legal conforming use under the present zoning ordinance affecting the Mortgaged Property, (ii) the parking to be provided pursuant to the Plans and Specifications for the Mortgaged Property meets or exceeds the requirements under the present zoning ordinance or other current legal requirements relating to zoning, and (iii) with respect to existing improvements at the Mortgaged Property, if any, the Mortgaged Property is zoned to permit existing improvements to be rebuilt to their presently existing size, shape and density if partially or totally destroyed.

6.1.5 Compliance With Health, Safety And Other Laws. There are no governmental citations issued against Borrower or the Mortgaged Property which remain uncured. To the best of Borrower’s knowledge: (a) no fire, health or safety hazards exist on the Mortgaged Property, and (b) there is no evidence of illegal activities, including without limitation any illegal activity relating to controlled substances, on the Mortgaged Property.

6.1.6 Financial Condition. There are no financial demands on Borrower from any source which would materially adversely affect its financial condition or stability or its ability to satisfy its obligations under the Borrower Loan Documents. Borrower is not presently insolvent, and the proposed Borrower Loan will not render Borrower insolvent. As used in this section, the term “insolvent” means that the sum total of all of an entity’s liabilities (whether secured or unsecured, contingent or fixed, or liquidated or unliquidated) is in excess of the value of all such entity’s non-exempt assets, i.e., all of the assets of the entity that are available to satisfy claims of creditors.

6.1.7 No Labor or Materialmen’s Claims. All parties furnishing labor and materials with respect to the Mortgaged Property have been paid in full and no claims are outstanding. In the event that any work of any kind has been commenced or performed upon the Mortgaged Property or in the event that any materials or equipment have been ordered or delivered to or upon the Mortgaged Property, then (i) prior to the date hereof Borrower has fully disclosed in writing to Funding Lender and the Title Company that work has been commenced or performed on the Mortgaged Property or materials or equipment have been ordered or delivered to or upon the Mortgaged Property, (ii) prior to the date hereof Borrower has obtained and delivered to Funding Lender and the Title Company lien waivers from all contractors, subcontractors, suppliers, or any other applicable party, pertaining to all work commenced or performed on the Mortgaged Property or materials or equipment ordered or delivered to or upon the Mortgaged Property, and (iii) the Title Insurance Policy insuring the lien of the Security Instrument shall take no exception from coverage for any mechanics or materialmens liens.

6.1.8 No Outstanding Trade Payables. Borrower has no trade payables, utility bills, contract payments, deferred payment plans, or similar type arrangement in connection with the Mortgaged Property that are past due.

6.1.9 Rent Roll. The certified rent roll of the Project, dated [August 31], 2020, and delivered to Funding Lender is true and correct (the “Rent Roll”). The apartment units the Rent Roll reflects as leased are occupied by tenants under leases that continue in effect on the date hereof. No tenant is more than 30 days past due in making a rental
payment. There were no rental concessions made in connection with the apartments and/or apartment leases except as described in the Rent Roll. There are no policies or practices presently in effect or pending with regard to any leased or unleased apartment in the Project that would allow any tenant a rental concession. Except as disclosed in the Rent Roll, no party has any possessory interest in the Mortgaged Property or right to occupy the same. No party has any option to purchase the Mortgaged Property or an interest therein except as previously disclosed to, and approved by, Funding Lender.

6.1.10 **Leases.** Except as set forth on the Rent Roll, there are no commercial leases affecting the Mortgaged Property as of this date.

6.1.11 **Collateral.** All of the physical collateral for the Borrower Loan is located at the Mortgaged Property.

6.1.12 **MMP/O&M Program.** Borrower hereby adopts the Moisture Intrusion and Mold Prevent Plan, dated April 2017, prepared by ESIS, Inc. and shall maintain the same during the term of the Borrower Loan. Borrower further agrees to implement any additional operations and maintenance plan that may be necessary or appropriate based on any environmental condition at the Mortgaged Property and maintain the same for the remaining term of the Borrower Loan.

6.1.13 **The Mortgaged Property; Single Asset Status.** The Mortgaged Property contains not less than (i) as to Parcel A, 434,658 square feet of land (approximately 9.98 acres), (ii) as to Parcel B, 12,038 square feet of land (approximately 0.28 acres), (iii) as to Parcel 1, 31,920 square feet of land (approximately 0.73 acres) (iv) as to Parcel 2, 60,394 square feet of land (approximately 1.39 acres), (v) as to Parcel 3, 370,650 square feet of land (approximately 8.51 acres), and (vi) as to Lot 4, 23614 square feet of land (approximately 0.54 acres). There are not less than 506 parking spaces located on the Mortgaged Property, including 2 handicap parking spaces. No part of the Mortgaged Property is included or assessed under or as part of another tax lot or parcel, and no part of any other property is included or assessed under or as part of the tax lot or parcels for the Mortgaged Property. Except as otherwise expressly approved by Funding Lender in writing, Borrower does not own any real property or assets other than the Mortgaged Property and does not operate any business other than the management and operation of the Mortgaged Property.

6.1.14 **Assessments.** To the best of Borrower’s knowledge, there are not presently pending any special assessments against the Mortgaged Property or any part thereof.

6.1.15 **Material Property Agreements.** As of the Closing Date, Borrower has provided to Funding Lender all Material Property Agreements, including all renewals, amendments, modifications, and extensions thereof, together with all exhibits and addenda thereto. Neither Borrower nor any of its officers, directors, employees or agents shall, without the prior written consent of Funding Lender (a) enter into any Material Property Agreement, or (b) amend, waive, supplement, or terminate any provision of any Material Property Agreement previously approved by Funding Lender.
6.1.16 **Subordinate Loan Documents.** Borrower shall comply in all respects with all of the covenants contained in the Subordinate Loan Documents. Borrower shall deliver to Funding Lender for its prior written approval all requests for proceeds of the Subordinate Debt, together with copies of any other forms for construction-related or non-construction-related disbursements submitted by Borrower in connection with the Subordinate Debt. Funding Lender may approve or disapprove a draw request for proceeds of the Subordinate Debt in its sole and independent judgment. Under no circumstances shall Subordinate Lender’s consent or approval be required as a condition to a Disbursement. Borrower acknowledges and agrees that (i) the proceeds of the Subordinate Debt shall be disbursed in approximately such amounts and at approximately such times as set forth in the Subordinate Loan Documents and (ii) at any time after the initial Disbursement of proceeds of the Borrower Loan, Subordinate Lender’s failure to disburse proceeds of the Subordinate Debt that have been requested by Borrower and approved by Funding Lender in approximately such amounts and at approximately such times as set forth in the Subordinate Loan Documents shall constitute an Event of Default under this Agreement and the other Borrower Loan Documents and Funding Lender shall have the right to exercise all rights or remedies under the Borrower Loan Documents in the same manner as in the case of any other Event of Default.

6.1.17 **No Illegal Activity as Source of Funds.** No portion of the Mortgaged Property has been or will be purchased, improved, equipped or furnished with proceeds of any illegal activity.

**ARTICLE 7  CONVERSION.**

7.1 **Conversion Date.** Borrower shall cause each of the Conditions to Conversion to occur and cause the Conversion Date to occur on or before the Outside Conversion Date, as it may be extended hereunder. Unless otherwise agreed in writing by Funding Lender, the Conversion Date shall occur by no later than the third month after the end of the Calculation Period.

7.2 **Extension of Outside Conversion Date.**

7.2.1 Borrower shall have an option to extend the Outside Conversion Date to the Extended Outside Conversion Date, provided that (i) Borrower has provided to Funding Lender not less than thirty (30) days prior Written Notice of its election to extend, (ii) there shall be no Event of Default or Potential Default, (iii) Funding Lender reasonably determines that there is a sufficient amount in the interest line item of the Cost Breakdown such that, together with any Net Operating Income that Funding Lender reasonably determines can be derived from the Improvements, all interest coming due under the Borrower Note, until the Extended Outside Conversion Date will be timely paid; and (iv) Funding Lender has determined that or received adequate assurances from each Subordinate Lender and the Equity Investor that the extension of the Outside Conversion Date will not materially adversely affect the availability of the Subordinate Loan proceeds or Borrower Deferred Equity nor cause a default under the Subordinate Loan Documents or the Partnership Agreement.
7.2.2 The Borrower may, by giving Written Notice to Funding Lender delivered not less than thirty (30) days prior to the Outside Conversion Date, as extended in accordance with the foregoing, request that Funding Lender, acting in its sole and absolute discretion, permit an additional extension of the Outside Conversion Date. Should Funding Lender elect in its sole and absolute discretion to allow an additional extension of the Outside Conversion Date, the extension will be for a period of time acceptable to Funding Lender and will be conditioned upon the satisfaction of Funding Lender’s requirements for granting such extension, which requirements will include, but will not be limited to, there being no Event of Default or Potential Default and the Borrower’s payment of an Extension Fee. The failure to satisfy each of the Conditions to Conversion on or before the Outside Conversion Date (or such earlier time as may be required herein) shall constitute an Event of Default under the Borrower Loan Documents.

7.3 **Calculation of Permanent Period Amount.**

7.3.1 Borrower shall deliver to Funding Lender the Conversion Package on or before the Conversion Package Submission Date. Provided that Funding Lender receives the Conversion Package on or before the Conversion Package Submission Date, Funding Lender shall calculate the Permanent Period Amount in accordance with Exhibit G based upon the Underwritten NOI from the Project during the Calculation Period.

7.3.2 If Borrower has not submitted the Conversion Package to Funding Lender by the Conversion Package Submission Date, Funding Lender shall have the right to calculate the Permanent Period Amount in accordance with Exhibit G based upon the Underwritten NOI from the Project during the three (3) consecutive month period preceding the Conversion Package Submission Date.

7.3.3 Notwithstanding the provisions of Exhibit G hereof or any other provision to the contrary in the Borrower Note, in this Agreement or in the Borrower Loan Agreement, the Permanent Period Amount (i) shall not exceed the Maximum Permanent Period Amount or an amount that results in a loan-to-value ratio of more than the Required Loan to Value Ratio (as determined by Funding Lender) and (ii) subject to such restrictions, shall be the principal amount necessary to cause the ratio of the Underwritten NOI to the amount of principal and interest due in a 12-month period on the Borrower Note following any reamortization of the principal amount thereof as a result of a principal reduction, to equal no less than the Required Debt Service Coverage Ratio.

7.3.4 Following satisfaction of all of the Conditions to Conversion, Funding Lender shall deliver Written Notice to Borrower, in the form of Exhibit H attached hereto and incorporated herein, of: (i) the Conversion Date, (ii) the amount of the Permanent Period Amount, (iii) any required prepayment of the Borrower Note (as described in Section 3.3(a) of the Borrower Loan Agreement) and (iv) any amendments to the amortization schedule, as applicable.

7.3.5 Funding Lender’s calculation of the Permanent Period Amount and any amendments to the amortization of the Borrower Loan shall be, in the absence of manifest error, conclusive and binding on all parties.
ARTICLE 8   EVENTS OF DEFAULT AND REMEDIES.

8.1 Events of Default. The occurrence of any one or more of the following shall constitute an “Event of Default” under this Agreement:

8.1.1 An “Event of Default” shall occur under any of the Security Documents, any of the Borrower Loan Documents, the Borrower Loan Agreement or the Related Documents.

8.1.2 If any portion of Borrower Deferred Equity to be made by Equity Investor and required for (i) completion of the construction or rehabilitation, as the case may be, of the Improvements, (ii) the satisfaction of the Conditions of Conversion or (iii) the operation of the Improvements, is not received in accordance with the terms and conditions of the Partnership Agreement after the expiration of all applicable notice and cure periods and Borrower fails to deposit with or pay to Funding Lender the amount of the unfunded Borrower Deferred Equity in order to maintain the Project “in balance” in accordance with Section 3.3 of this Agreement and in order for Borrower to satisfy the Conditions to Conversion on or prior to the Outside Conversion Date.

8.1.3 Inability of Borrower to satisfy any condition for the receipt of a Disbursement hereunder (other than an Event of Default specifically addressed in this Section 8.1) and failure to resolve the situation to the satisfaction of Funding Lender for a period in excess of thirty (30) days after Written Notice from Governmental Lender or Funding Lender unless such inability shall have been caused by a Force Majeure.

8.1.4 The construction or rehabilitation of the Improvements is abandoned or halted prior to completion for any period of thirty (30) consecutive days unless such cessation of construction or rehabilitation shall have been caused by a Force Majeure.

8.1.5 Borrower shall fail to keep in force and effect any material permit, license, consent or approval required under this Agreement, or any Governmental Authority with jurisdiction over the Project or the Mortgaged Property orders or requires that construction or rehabilitation of the Improvements be stopped, in whole or in part, or that any required approval, license or permit be withdrawn or suspended, and the order, requirement, withdrawal or suspension remains in effect for a period of thirty (30) days unless such failure shall have been caused by a Force Majeure.

8.1.6 Failure by Borrower to satisfy the Conditions to Conversion on or before the Outside Conversion Date.

8.1.7 Failure by Borrower to complete the construction and rehabilitation of the Improvements in accordance with the Plans and Specifications on or prior to the Completion Date unless such inability shall have been caused by a Force Majeure and Borrower shall furnish to Funding Lender satisfactory evidence of Borrower’s ability to satisfy the Conversion Conditions on or prior to the Outside Conversion Date.

8.1.8 Any event shall have occurred or failed to occur under the Partnership Agreement that requires the General Partner to purchase or redeem the Equity Investor’s
interest in Borrower, prior to the Outside Conversion Date unless the Equity Investor has waived such requirement.

8.1.9 Any failure by Borrower to perform or comply with any of its obligations under this Agreement (other than those specified in Sections 8.1.1 through 8.1.8), as and when required, which continues for a period of thirty (30) days after Written Notice of such failure by Funding Lender to Borrower; provided, however, if such failure is susceptible of cure but cannot reasonably be cured within such thirty (30) day period, and the Borrower shall have commenced to cure such failure within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for an additional period of time as is reasonably necessary for the Borrower in the exercise of due diligence to cure such failure, such additional period not to exceed sixty (60) days. However, no such notice or grace period shall apply to the extent such failure could, in Funding Lender’s judgment, absent immediate exercise by Funding Lender of a right or remedy under this Agreement or the other Borrower Loan Documents, result in harm to Funding Lender, impairment of the Borrower Note or Borrower Loan Agreement or any security given under any other Borrower Loan Document.

Funding Lender agrees that, notwithstanding its rights to invoke the remedies permitted by this Section, for so long as Equity Investor has a continuing ownership interest in Borrower, Equity Investor shall be afforded the same notice and cure rights as provided for in the Security Instrument. Any cure of any default made or tendered by the Equity Investor shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

8.2 Remedies.

8.2.1 Notice to Governmental Lender. Upon the occurrence of an Event of Default, Funding Lender shall, at its option, have the right (but not the obligation) to notify Governmental Lender, Fiscal Agent, Borrower and Equity Investor of the occurrence of such Event of Default and Funding Lender (i) shall have all the rights and remedies provided herein and in the other Borrower Loan Documents, including, without limitation, the right to enforce any Liens granted under this Agreement and the Security Documents; and (ii) shall have the option to declare or to cause Governmental Lender to declare all sums then owing hereunder or under any of the other Borrower Loan Documents immediately due and payable by Borrower, without presentment, demand, protest, or notice of any kind; provided that upon the occurrence of any Event of Default resulting from bankruptcy or insolvency of Borrower, the above-described sums, and all amounts reimbursable on demand under this Agreement, shall automatically become immediately due and payable without the necessity of any such declaration by Governmental Lender or Funding Lender, and without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by Borrower.

8.2.2 Abatement of Disbursements. Notwithstanding any provision to the contrary herein or any of the other Borrower Loan Documents, Funding Lender’s and Fiscal Agent’s obligation to approve and to make further Disbursements shall abate (i) during the continuance of any Potential Default, (ii) after any disclosure to Funding Lender of any fact or circumstance that, absent such disclosure, would cause any representation or warranty of
Borrower to fail to be true and correct in all material respects, unless and until Funding Lender elects to permit further Disbursements notwithstanding such event or circumstance; and (iii) upon the occurrence of any Event of Default.

8.2.3 Completion of Improvements. Upon the occurrence of any Event of Default, Funding Lender shall have the right to cause an independent contractor selected by Funding Lender to enter into possession of the Project and to perform any and all work and labor necessary for the completion of the construction or rehabilitation of the Project substantially in accordance with the Plans and Specifications, if any, and to perform Borrower’s obligations under this Agreement. All sums expended by Funding Lender or Governmental Lender for such purposes shall be deemed to have been disbursed to and borrowed by Borrower and shall be secured by the Security Documents.

8.2.4 Power of Attorney. Effective upon the occurrence of an Event of Default, and continuing until and unless such Event of Default is cured or waived, Borrower hereby constitutes and appoints Funding Lender, or an independent contractor selected by Funding Lender, as its true and lawful attorney-in-fact with full power of substitution, for the purposes of completion of the construction, rehabilitation, equipping, installation and operation of the Project and performance of Borrower’s obligations under this Agreement in the name of Borrower, and hereby empowers said attorney-in-fact to do any or all of the following upon the occurrence and continuation of an Event of Default (it being understood and agreed that said power of attorney shall be deemed to be a power coupled with an interest which cannot be revoked until full payment and performance of all obligations under this Agreement and the other Borrower Loan Documents):

(A) to use any of the funds of Borrower or General Partner, including any balance of the Borrower Loan, as applicable, and any funds which may be held by Funding Lender or Governmental Lender or Fiscal Agent for Borrower (including all funds in all deposit accounts in which Borrower has granted to Funding Lender or Governmental Lender a security interest), for the purpose of effecting completion of the construction or rehabilitation, as the case may be, of the Improvements in the manner called for by the Plans and Specifications;

(B) to make such additions, changes and corrections in the Plans and Specifications as shall be necessary or desirable to complete construction or rehabilitation of the Project in substantially the manner contemplated by the Plans and Specifications;

(C) to employ any contractors, subcontractors, agents, architects and inspectors required for said purposes;

(D) to employ attorneys to defend against attempts to interfere with the exercise of power granted hereby;

(E) to pay, settle or compromise all existing bills and claims which are or may be liens against the Mortgaged Property, the Improvements or the Project, or may be necessary or desirable for the completion of the construction or rehabilitation, as the case may be, of the Improvements, or clearance of objections to or encumbrances on title;
(F) to execute all applications and certificates in the name of Borrower, which may be required by any other construction contract;

(G) to prosecute and defend all actions or proceedings in connection with the Mortgaged Property and/or the Project and to take such action, require such performance and do any and every other act as is deemed necessary with respect to the completion of the construction or rehabilitation, as the case may be, of the Improvements which Borrower might do on its own behalf;

(H) to let new or additional contracts to the extent not prohibited by their existing contracts;

(I) to employ watchmen and erect security fences to protect the Project from damage or injury; and

(J) to take such action and require such performance as it deems necessary under any of the bonds or insurance policies to be furnished hereunder, to make settlements and compromises with the sureties or insurers thereunder, and in connection therewith to execute instruments of release and satisfaction.

8.2.5 Set Off; Waiver of Set Off. Upon the occurrence of an Event of Default, Funding Lender may, at any time and from time to time, without notice to Borrower or any other Person (any such notice being expressly waived), set off and appropriate and apply (against and on account of any obligations and liabilities of Borrower to Funding Lender arising under or connected with this Agreement, the Borrower Loan Agreement and the other Borrower Loan Documents and the Funding Loan Documents, irrespective of whether or not Funding Lender shall have made any demand therefor, and although such obligations and liabilities may be contingent or unmatured), and Borrower hereby grants to Funding Lender, as security for the Borrower Payment Obligations, a security interest in, any and all deposits (general or special, including but not limited to Debt evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts) and any other Debt at any time held or owing by Funding Lender to or for the credit or the account of Borrower.

8.2.6 Assumption of Obligations. In the event that the Funding Lender or its assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall succeed to the rights and the obligations of the Borrower under this Agreement, the Borrower Loan Agreement, the Borrower Note, the Regulatory Agreement, and any other Borrower Loan Documents and Funding Loan Documents to which the Borrower is a party. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower.

8.2.7 Accounts Receivable. Upon the occurrence and continuance of an Event of Default, Funding Lender shall have the right, to the extent permitted by law, to impound and take possession of books, records, notes and other documents evidencing Borrower’s accounts, accounts receivable and other claims for payment of money, arising in
8.2.8 Defaults under Other Documents. Funding Lender shall have the right to cure any default under any of the Related Documents and the Subordinate Loan Documents, but shall have no obligation to do so.

8.2.9 Remedies Cumulative; No Waiver. All remedies of Funding Lender provided for in this Agreement are cumulative and shall be in addition to any and all other rights and remedies available under the other Borrower Loan Documents or any other document or by law or equity. No exercise by Funding Lender of any right or remedy shall in any way constitute a cure or waiver of any Event of Default hereunder, or invalidate any act done pursuant to any notice of default, or prejudice Funding Lender in the exercise of any other right or remedy available to Funding Lender. No failure on the part of Funding Lender to exercise, and no delay in exercising, any right or remedy shall operate as a waiver or otherwise preclude enforcement of any of their respective rights and remedies, nor shall any single or partial exercise of any right or remedy preclude any further exercise thereof or of any other right or remedy. Funding Lender need not resort to any particular right or remedy before exercising or enforcing any other.

ARTICLE 9 MISCELLANEOUS.

9.1 Notices. All notices and other communications to Governmental Lender, Funding Lender and Borrower hereunder shall be in writing and shall be delivered in the manner and to the addresses required by the Borrower Loan Agreement.

9.2 Brokers and Financial Advisors. The Borrower hereby represents that it has dealt with no financial advisors, brokers, underwriters, placement agents, agents or finders in connection with the Borrower Loan or the Funding Loan, other than those disclosed to the Funding Lender and whose fees shall be paid by the Borrower pursuant to separate agreements. The Borrower and the Funding Lender shall indemnify and hold the other harmless from and against any and all claims, liabilities, costs and expenses of any kind in any way relating to or arising from a claim by any Person that such Person acted on behalf of the indemnifying party in connection with the transactions contemplated herein. The provisions of this Section 9.2 shall survive the expiration and termination of this Agreement and the repayment of the Borrower Payment Obligations.

9.3 Survival. This Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by the Funding Lender of the Borrower Loan and the execution and delivery to the Funding Lender of the Borrower Note, and shall continue in full force and effect so long as all or any of the Borrower Payment Obligations is unpaid. All the Borrower’s covenants and agreements in this Agreement shall inure to the benefit of the respective legal representatives, successors and assigns of the Funding Lender and the Servicer.

9.4 Preferences. The Funding Lender shall have the continuing and exclusive right to apply or reverse and reapply any and all payment by the Borrower to any portion of the
Borrower Payment Obligations. To the extent the Borrower makes a payment under the Borrower Loan, or the Funding Lender or the Servicer receives proceeds of any collateral, which is in whole or part subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the Borrower Payment Obligations or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by the Funding Lender or Servicer.

9.5 **Waiver of Notice.** The Borrower shall not be entitled to any notices of any nature whatsoever from the Funding Lender or the Servicer except with respect to matters for which this Agreement or any other Borrower Loan Document specifically and expressly provides for the giving of notice by the Funding Lender or the Servicer, as the case may be, to the Borrower and except with respect to matters for which the Borrower is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice. The Borrower hereby expressly waives the right to receive any notice from the Funding Lender or the Servicer, as the case may be, with respect to any matter for which no Borrower Loan Document specifically and expressly provides for the giving of notice by the Funding Lender or the Servicer to the Borrower to the fullest extent provided by law.

9.6 **Offsets, Counterclaims and Defenses.** To the fullest extent provided by law the Borrower hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by the Funding Lender or the Servicer with respect to a Loan Payment. Any assignee of Governmental Lender’s or Funding Lender’s interest in and to the Borrower Loan Documents shall take the same free and clear of all offsets, counterclaims or defenses that are unrelated to the Borrower Loan Documents which the Borrower may otherwise have against any assignor of such documents, and no such unrelated offset, counterclaim or defense shall be interposed or asserted by the Borrower in any action or proceeding brought by any such assignee upon such documents, and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by the Borrower.

9.7 **Publicity.** The Funding Lender and the Servicer (and any Affiliates of either party) shall have the right to issue press releases, advertisements and other promotional materials describing the Funding Lender’s or the Servicer’s participation in the making of the Borrower Loan or the Borrower Loan’s inclusion in any Secondary Market Transaction effectuated by the Funding Lender or the Servicer or one of its or their Affiliates. All news releases, publicity or advertising by the Borrower or its Affiliates through any media intended to reach the general public, which refers to the Borrower Loan Documents, the Borrower Loan, the Funding Lender or the Servicer in a Secondary Market Transaction, shall be subject to the prior Written Consent of the Funding Lender or the Servicer, as applicable.

9.8 **Construction of Documents.** The parties hereto acknowledge that they were represented by counsel in connection with the negotiation and drafting of the Borrower Loan Documents and that the Borrower Loan Documents shall not be subject to the principle of construing their meaning against the party that drafted them.
9.9 **No Third Party Beneficiaries.** The Borrower Loan Documents are solely for the benefit of the Governmental Lender, the Funding Lender, the Servicer and the Borrower and, with respect to Sections 9.1.3 and 9.1.4 of the Borrower Loan Agreement, the Underwriter Group, and nothing contained in any Borrower Loan Document shall be deemed to confer upon anyone other than the Funding Lender, the Servicer, and the Borrower any right to insist upon or to enforce the performance or observance of any of the obligations contained therein.

9.10 **Funding Lender and Servicer Not in Control; No Partnership.** None of the covenants or other provisions contained in this Agreement shall, or shall be deemed to, give the Funding Lender or the Servicer the right or power to exercise control over the affairs or management of the Borrower, the power of the Funding Lender and the Servicer being limited to the rights to exercise the remedies referred to in the Borrower Loan Documents. The relationship between the Borrower and the Funding Lender and the Servicer is, and at all times shall remain, solely that of debtor and creditor. No covenant or provision of the Borrower Loan Documents is intended, nor shall it be deemed or construed, to create a partnership, joint venture, agency or common interest in profits or income between the Borrower and the Funding Lender or the Servicer or to create an equity interest in the Mortgaged Property in the Funding Lender or the Servicer. Neither the Funding Lender nor the Servicer undertakes or assumes any responsibility or duty to the Borrower or to any other person with respect to the Mortgaged Property, the Project or the Borrower Loan, except as expressly provided in the Borrower Loan Documents; and notwithstanding any other provision of the Borrower Loan Documents: (1) the Funding Lender and the Servicer are not, and shall not be construed as, a partner, joint venturer, alter ego, manager, controlling person or other business associate or participant of any kind of the Borrower or its stockholders, members, or partners and the Funding Lender and the Servicer do not intend to ever assume such status; (2) the Funding Lender and the Servicer shall in no event be liable for any of the Borrower Payment Obligations, expenses or losses incurred or sustained by the Borrower; and (3) the Funding Lender and the Servicer shall not be deemed responsible for or a participant in any acts, omissions or decisions of the Borrower, the Borrower Controlling Entities or its stockholders, members, or partners. The Funding Lender and the Servicer and the Borrower disclaim any intention to create any partnership, joint venture, agency or common interest in profits or income between the Funding Lender, the Servicer and the Borrower, or to create an equity interest in the Mortgaged Property in the Funding Lender or the Servicer, or any sharing of liabilities, losses, costs or expenses.

9.11 **Release.** The Borrower hereby acknowledges that it is executing this Agreement and each of the Borrower Loan Documents to which it is a party as its own voluntary act free from duress and undue influence.

9.12 **Reimbursement of Expenses.** If, upon or after the occurrence of any Event of Default or Potential Default, the Funding Lender or the Servicer shall employ attorneys or incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained herein, the Borrower will on demand therefor reimburse the Funding Lender and the Servicer for fees of such attorneys and such other expenses so incurred.

9.13 **Relationships with Other Customers.** From time to time, Funding Lender may have business relationships with Borrower’s customers, suppliers, contractors, tenants, members,
partners, shareholders, officers or directors, or with businesses offering products or services similar to those of Borrower, or with Persons seeking to invest in, borrow from or lend to Borrower. Borrower agrees that Funding Lender may extend credit to such parties and may take any action it may deem necessary to collect the credit, regardless of the effect that such extension or collection of credit may have on Borrower’s financial condition or operations. Borrower further agrees that in no event shall Funding Lender be obligated to disclose to Borrower any information concerning any other customer.

9.14 Permitted Contests. Notwithstanding anything to the contrary contained in this Agreement, Borrower shall have the right to contest or object in good faith to any claim, demand, levy or assessment (other than in respect of Debt or Contractual Obligations of Borrower under any Borrower Loan Document or Related Document) by appropriate legal proceedings that are not prejudicial to Funding Lender’s rights, but this shall not be deemed or construed as in any way relieving, modifying or providing any extension of time with respect to Borrower’s covenant to pay and comply with any such claim, demand, levy or assessment, unless Borrower shall have given prior Written Notice to Funding Lender of Borrower’s intent to so contest or object thereto, and unless (i) Borrower has, in Funding Lender’s judgment, a reasonable basis for such contest, (ii) Borrower pays when due any portion of the claim, demand, levy or assessment to which Borrower does not object, (iii) Borrower demonstrates to Funding Lender’s satisfaction that such legal proceedings shall conclusively operate to prevent enforcement prior to final determination of such proceedings, (iv) Borrower furnishes such bond, surety, undertaking or other security in connection therewith as required by law, or as requested by and satisfactory to Funding Lender, to stay such proceeding, which bond, surety, undertaking or other security shall be issued by a bonding company, insurer or surety company reasonably satisfactory to Funding Lender and shall be sufficient to cause the claim, demand, levy or assessment to be insured against by the Title Company or removed as a lien against the Mortgaged Property, (v) Borrower at all times prosecutes the contest with due diligence, and (vi) Borrower pays, promptly following a determination of the amount of such claim, demand, levy or assessment due and owing by Borrower, the amount so determined to be due and owing by Borrower. In the event that Borrower does not make, promptly following a determination of the amount of such claim, demand, levy or assessment due and owing by Borrower, any payment required to be made pursuant to clause (vi) of the preceding sentence, an Event of Default shall have occurred, and Funding Lender may draw or realize upon any bond or other security delivered to Funding Lender in connection with the contest by Borrower, in order to make such payment.

9.15 Funding Lender Approval of Instruments and Parties. All proceedings taken in accordance with transactions provided for herein, and all surveys, appraisals and documents required or contemplated by this Agreement and the persons responsible for the execution and preparation thereof, shall be satisfactory to and subject to approval by Funding Lender. Funding Lender’s approval of any matter in connection with the Project or the Mortgaged Property shall be for the sole purpose of protecting the security and rights of Governmental Lender and Funding Lender. No such approval shall result in a waiver of any default of Borrower. In no event shall Funding Lender’s approval be a representation of any kind with regard to the matter being approved.
9.16 **Funding Lender Determination of Facts.** Funding Lender shall at all times be free to establish independently, to its reasonable satisfaction, the existence or nonexistence of any fact or facts, the existence or nonexistence of which is a condition of this Agreement.

9.17 **Calendar Months.** With respect to any payment or obligation that is due or required to be performed within a specified number of Calendar Months after a specified date, such payment or obligation shall become due on the day in the last of such specified number of Calendar Months that corresponds numerically to the date so specified; provided, however, that with respect to any obligations as to which such specified date is the 29th, 30th or 31st day of any Calendar Month: if the Calendar Month in which such payment or obligation would otherwise become due does not have a numerically corresponding date, such obligation shall become due on the first day of the next succeeding Calendar Month.

9.18 **Determinations by Funding Lender.** Except to the extent expressly set forth in this Agreement to the contrary, in any instance where the consent or approval of Funding Lender may be given or is required, or where any determination, judgment or decision is to be rendered by Funding Lender under this Agreement, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by Funding Lender, as applicable (or its designated representative) at its sole and exclusive option and in its sole and absolute discretion.

9.19 **Governing Law.** This Agreement shall be governed by and enforced in accordance with the laws of the Property Jurisdiction, without giving effect to the choice of law principles of the Property Jurisdiction that would require the application of the laws of a jurisdiction other than the Property Jurisdiction.

9.20 **Consent to Jurisdiction and Venue.** Borrower agrees that any controversy arising under or in relation to this Agreement shall be litigated exclusively in the Property Jurisdiction. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Agreement. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. However, nothing herein is intended to limit Beneficiary Parties’ right to bring any suit, action or proceeding relating to matters arising under this Agreement against Borrower or any of Borrower’s assets in any court of any other jurisdiction.

9.21 **Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate. The terms used to designate any of the parties herein shall be deemed to include the heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate, of such parties. References to a “person” or “persons” shall be deemed to include individuals and entities.

9.22 **Severability.** The invalidity, illegality or unenforceability of any provision of this Agreement shall not affect the validity, legality or enforceability of any other provision, and all other provisions shall remain in full force and effect.
9.23 Transfer of Mortgaged Property or Ownership Interest in Borrower. If a Transfer (as defined and permitted in the Security Instrument) of all or part of the Mortgaged Property or of an ownership interest in Borrower shall occur, which Transfer requires the prior written consent of Funding Lender, the transferee(s) shall be required to assume the transferor’s duties and obligations under this Agreement and the other Borrower Loan Documents and shall be required to execute and deliver to Funding Lender such documents as Funding Lender requires to effectuate such assumption of duties and obligations. No transfer and assumption shall relieve the transferor of any of its duties or obligations under this Agreement or any of the other Borrower Loan Documents, unless the Borrower has obtained the prior written consent of Funding Lender to the release of such duties and obligations.

9.24 Entire Agreement; Amendment and Waiver. This Agreement contains the complete and entire understanding of the parties with respect to the matters covered. This Agreement may not be amended, modified or changed, nor shall any waiver of any provisions hereof be effective, except by a written instrument signed by the party against whom enforcement of the waiver, amendment, change, or modification is sought, and then only to the extent set forth in that instrument. No specific waiver of any of the terms of this Agreement shall be considered as a general waiver. Without limiting the generality of the foregoing, no Disbursement shall constitute a waiver of any conditions to Funding Lender’s obligation to make or approve further Disbursements nor, in the event Borrower is unable to satisfy any such conditions, shall any such waiver have the effect of precluding Funding Lender from thereafter declaring such inability to constitute a Potential Default or Event of Default under this Agreement.

9.25 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall constitute an original document and all of which together shall constitute one agreement.

9.26 Captions. The captions of the sections of this Agreement are for convenience only and shall be disregarded in construing this Agreement.

9.27 Servicer. Borrower hereby acknowledges and agrees that, pursuant to the terms of the Security Instrument: (a) from time to time, Funding Lender may appoint a servicer to collect payments, escrows and deposits, to give and to receive notices under the Borrower Note, this Agreement or the other Borrower Loan Documents, and to otherwise service the Borrower Loan and (b) unless Borrower receives written notice from Funding Lender to the contrary, any action or right which shall or may be taken or exercised by Funding Lender may be taken or exercised by such servicer with the same force and effect.

9.28 Beneficiary Parties as Third Party Beneficiary. Each of the Beneficiary Parties shall be a third party beneficiary of this Agreement for all purposes.

9.29 Waiver of Trial by Jury. TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF BORROWER AND THE BENEFICIARY PARTIES EXCEPT FOR GOVERNMENTAL LENDER (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF
RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH SUCH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL. IF FOR ANY REASON THIS WAIVER IS DEEMED TO BE UNENFORCEABLE, ALL SUCH DISPUTES SHALL BE RESOLVED BY JUDICIAL REFERENCE PURSUANT TO THE PROVISIONS OF SECTION 43(J) OF THE SECURITY INSTRUMENT.

9.30 **Time of the Essence.** Time is of the essence with respect to this Agreement.

9.31 **Limitation on Liability.** Borrower assumes all risks of the acts or omissions of Funding Lender, Fiscal Agent and Governmental Lender, provided, however, this assumption is not intended to, and shall not, preclude Borrower from pursuing such rights and remedies as it may have against Governmental Lender, Fiscal Agent and Funding Lender at law or under any other agreement. None of the Beneficiary Parties or any of their respective officers, directors, employees or agents shall be liable or responsible for (i) any acts or omissions of Governmental Lender, Fiscal Agent or Funding Lender; or (ii) the validity, sufficiency or genuineness of any documents, or endorsements, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged other than as a result of the gross negligence of said Beneficial Party. In furtherance and not in limitation of the foregoing, Funding Lender may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, unless acceptance in light of such notice or information constitutes gross negligence or willful misconduct on the part of Funding Lender.

**ARTICLE 10 INCORPORATION OF EXHIBITS.**

The following exhibits to this Agreement are fully incorporated herein:

- **Exhibit A** — Legal Description of the Land
- **Exhibit B** — Cost Breakdown
- **Exhibit C** — Form of Funding Requisition
- **Exhibit D** — Pro Forma Rent Schedule
- **Exhibit E** — [Reserved]
- **Exhibit F** — Conditions to Conversion
- **Exhibit G** — Calculation of Permanent Period Amount
- **Exhibit H** — Form of Written Notice to Borrower Following Satisfaction of the Conditions to Conversion
- **Exhibit I** — Modifications to Construction Funding Agreement
The terms of this Agreement are modified and supplemented as set forth in said Exhibits. To the extent of any conflict or inconsistency between the terms of said Exhibits and the text of this Agreement, the terms of said Exhibits shall be controlling in all respects.
IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Construction Funding Agreement or caused this Construction Funding Agreement to be duly executed and delivered by their respective authorized representatives as of the date first set forth above.

BORROWER:

PUEBLO DEL SOL I HOUSING PARTNERS, L.P., a California limited partnership

By: Related/Pueblo del Sol I Development Co., LLC, a California limited liability company, its administrative general partner

By: ________________________________
Name: Frank Cardone
Title: President

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

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

By: ________________________________
Name: Tina Smith-Booth
Title: President
FUNDING LENDER:

CITIBANK, N.A.

By: 
Name: Kathy Millhouse
Title: Vice President
Deal ID: 60000522
EXHIBIT A

LEGAL DESCRIPTION

[To Be Inserted].
EXHIBIT B

COST BREAKDOWN

[See Attached.]
EXHIBIT C

FORM OF FUNDING REQUISITION

To: Citibank, N.A., as Funding Lender
388 Greenwich Street, Trading 6th Floor
New York, New York 10013

Re: Pueblo del Sol Phase I (the “Project”); Pueblo del Sol Phase I,
Deal ID No. 60000522 (the “Borrower Loan”)

Ladies and Gentlemen:

1. Capitalized terms used, but not defined, herein shall have the meanings set forth
in that certain Construction Funding Agreement (“Construction Funding Agreement”), dated
as of October 1, 2020, by and between Citibank, N.A., as funding lender (“Funding Lender”),
and Pueblo Del Sol I Housing Partners, L.P., a California limited partnership (“Borrower”), or
that certain Borrower Loan Agreement (“Borrower Loan Agreement”), dated as of October 1,
2020, by and between Housing Authority of the City of Los Angeles, a public body, corporate
and politic, duly created, established and authorized to transact business under the laws of the
State of California (“Governmental Lender”), and Borrower.

2. You are requested to disburse proceeds of the Borrower Loan in connection with
the above-referenced Project in the amount(s), to the person(s) and for the purpose(s) set forth
below, provided however, that the amount disbursed may be reduced by the amount of the
Advance constituting an interest payment to the Funding Lender.

Disbursement Number: ____________________________

[INSERT GRID INDICATING AMOUNTS FROM EACH SOURCE FOR THE
ADVANCE, WITH A TOTAL DRAW AMOUNT]

Wire Instructions: Funding Lender will wire pursuant to the Borrower wire instructions
contained in the Authorization to Request Advances. A new Authorization to Request Advances
form must be submitted to Funding Lender if there is a change in Borrower’s wire instructions.

3. The undersigned hereby certifies to Funding Lender and Servicer that:

(a) no Event of Default or Potential Default has occurred and is continuing.

(b) there has been received no notice (i) of any lien, right to lien or attachment upon,
or claim affecting the right of the payee to receive payment of, any of the moneys payable under
such requisition to any of the persons, firms or corporations named therein, and (ii) that any
materials, supplies or equipment covered by such requisition are subject to any lien or security
interest, or if any notice of any such lien, attachment, claim or security interest has been
received, such lien, attachment, claim or security interest has been released, discharged, insured
or bonded over or will be released, discharged, insured or bonded over upon payment of the requisition;

(c) this Requisition contains no items representing payment on account of any percentage entitled to be retained at the date of the Requisition;

(d) the obligation stated on the requisition has been incurred in or about the acquisition, rehabilitation, construction or equipping of the Project and the obligation has not been the basis for a prior Requisition that has been paid;

[(e) this Requisition contains no items representing an issuance cost under Section 147(g) of the Code;

(f) not less than 95% of the sum of: (a) the amounts requisitioned by this Requisition to be funded from the proceeds of tax-exempt obligations plus (b) all amounts previously disbursed from proceeds of tax-exempt obligations, have been or will be applied by the Borrower to pay Qualified Project Costs;

(g) the Borrower acknowledges that fees, charges or profits (including, without limitation, developer fees) payable to the Borrower or a “related person” (within the meaning of Section 144(a)(3) of the Code) are not deemed to be Qualified Project Costs;]

(h) as of the date hereof no event or condition has happened or is happening or exists that constitutes, or that with notice or lapse of time or both, would constitute, an Event of Default under the Construction Funding Agreement, the Borrower Loan Agreement or any other Borrower Loan Document; and

(i) enclosed are the documents and information, if any, required by Funding Lender for this requested Disbursement.

4. The undersigned acknowledges that except as expressly set forth in the Construction Funding Agreement, Funding Lender shall have no duty or obligation to verify the validity, sufficiency or genuineness of any document submitted to Funding Lender or confirm or establish the authority or identity of the person sending this request, and may rely upon the validity of any document and the authority and identity of any such person if Funding Lender complies with the Construction Funding Agreement. Funding Lender is not responsible for errors or omissions made by the Borrower or the duplication of any communication by the Borrower and may act on any communication by reference to an account number only, even if an account name is provided. Funding Lender will notify the Borrower if a communication is not acted upon for any reason.

If the Borrower informs Funding Lender that it wishes to recall this Funding Requisition (and Funding Lender is informed prior to ordering a title continuation in connection with such request to amend), Funding Lender will use its reasonable efforts to comply and the Borrower shall be responsible for all costs related thereto.

5. Attached hereto and incorporated herein by reference is a Written Requisition (Project Fund) requisition as required by the Funding Loan Agreement.
BORROWER:

PUEBLO DEL SOL I HOUSING PARTNERS, L.P., a California limited partnership

By: Related/Pueblo del Sol I Development Co., LLC, a California limited liability company, its administrative general partner

By: ____________________________
Name: Frank Cardone
Title: President

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

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

By: ____________________________
Name: Tina Smith-Booth
Title: President
EXHIBIT D

PRO FORMA RENT SCHEDULE
EXHIBIT E

[RESERVED]
EXHIBIT F

CONDITIONS TO CONVERSION

The conditions set forth in this Exhibit F (collectively, the “Conditions to Conversion”) must be satisfied prior to the occurrence of the Conversion Date.

(a) Completion of Construction and/or Rehabilitation. Borrower shall submit to Funding Lender no later than the Conversion Package Submission Date evidence satisfactory to Funding Lender that Borrower has completed the construction and/or rehabilitation required by this Agreement (the “Work”) (including all amenities, landscaping, signage, parking, and the like (i) in a good and workmanlike manner, (ii) materially and substantially in accordance with the approved Plans and Specifications, including approved change orders, if any, (iii) on a lien-free basis, (iv) in compliance with all legal requirements, including, without limitation, all Legal Requirements, including building codes, zoning requirements, subdivision requirements, fire and safety laws, the requirements of the Americans with Disabilities Act and, if applicable, the design and rehabilitation requirements established pursuant to the Fair Housing Act, as amended, (v) in compliance with the environmental requirements set forth in the Borrower Loan Documents, and (vi) otherwise in accordance with the terms and provisions of this Agreement and the other Borrower Loan Documents. Such evidence shall include the documentation that Borrower is required to provide pursuant to this Agreement and the other Borrower Loan Documents, including, but not limited to, any and all certificates of occupancy (or equivalent documentation) from the local government authority, certificates of Borrower, Borrower’s architect, engineer, the inspecting architect/architectural consultant and other project consultants, if applicable, which shall, among other things, certify that the Work was completed in accordance with the requirements of this Paragraph (a) and have attached thereto supporting documentation from all applicable Governmental Authorities. All such evidence shall be in form and content satisfactory to Funding Lender and shall also be subject to verification, review and inspection, as applicable, by Funding Lender and/or its consultants.

(b) Borrower; Guarantors; Borrower’s Ownership of the Project; No Material Adverse Change. The identity of Borrower and Guarantors shall not have changed (except for such changes as may have been approved by Funding Lender or Transfers permitted by the Security Instrument). To the extent there is a Credit Enhancer, Borrower shall remain eligible under such Credit Enhancer’s requirements for mortgage borrowers and shall continue to own the Project. There shall be no reduction in the Guarantors’ direct or indirect ownership interest in and control over Borrower except as expressly permitted by the Security Instrument. There shall be no Material Adverse Change in the condition, financial or otherwise, of Borrower or any Guarantor which would reasonably negatively impact the ability of Borrower or Guarantor to perform its obligations under any Borrower Loan Document as same is determined by the Funding Lender. There shall be no Material Adverse Change in the financial condition of the Project or any other feature of the transaction from that which existed on the Closing Date. Borrower shall submit to Funding Lender no later than the Conversion Package Submission Date evidence satisfactory to Funding Lender that the requirements of this Paragraph (b) have been satisfied as of such date, provided, however, that such requirements shall continue to be satisfied through the Conversion Date.
(c) **Sources and Uses of Funds.** Borrower shall provide assurances and evidence, satisfactory in form and content to Funding Lender, that Borrower (1) has received or will receive fully and timely, all Equity Contributions to be made to Borrower, proceeds of approved subordinate financing and other cash to be received by Borrower as of such date and the Conversion Date, and has properly applied such Equity Contributions, proceeds, and other cash to the Project to the extent received and (2) has funded or will fund, fully and timely, all cash required to be invested in the Project as of such date and the Conversion Date. Prior to the Conversion Date, Borrower shall not use any proceeds of the Borrower Loan or any income from the Project other than for operating and/or development expenses (including, without limitation, payment of the Developer Fee in accordance with the Borrower Loan Agreement) and there shall be no distribution made to any partners or other owners of Borrower except as otherwise approved by Funding Lender. Borrower shall have submitted to Funding Lender no later than the Conversion Package Submission Date evidence satisfactory to Funding Lender of the satisfaction of the requirements of this Paragraph (c) as of such date, provided, however, that such requirements shall continue to be satisfied through the Conversion Date.

(d) **Low-Income Housing Tax Credits.** Borrower shall have provided on or before the Conversion Package Submission Date evidence satisfactory to Funding Lender that (i) the Project is eligible for low-income housing tax credits, which evidence may be a copy of the accountant’s cost certification and evidence that the application for an IRS Form 8609 has been submitted or will be contemporaneously submitted, (ii) Borrower has taken all steps necessary to obtain such low-income housing tax credits for the Project in the amount required under the Partnership Agreement, and (iii) the Project (A) meets the requirements of a “qualified low-income housing project” within the meaning of Section 42(g) of the Internal Revenue Code and of a “qualified residential rental project” within the meaning of Section 142(d) of the Internal Revenue Code and (B) at all times has been in compliance with (1) all federal, state and local low-income housing and other requirements applicable to the Project and (2) any applicable requirements of the Internal Revenue Code, and the final and temporary regulations issued under the Internal Revenue Code. The requirements of this Paragraph (d) shall continue to be satisfied through the Conversion Date.

(e) **Minimum Occupancy Requirement.** Borrower shall provide to Funding Lender evidence satisfactory to Funding Lender that occupancy at the Project has stabilized and not less than an average of ninety percent (90%) of the residential rental units of the Project were physically occupied under acceptable leases (i.e., legally valid, binding and enforceable written lease agreements with bona fide tenants (excluding employees of the Borrower or any Affiliate of the Borrower) providing for initial lease terms of not less than six months and complying with all Legal Requirements and with the Multifamily Underwriting Guidelines) with appropriate tenants, for the three consecutive full calendar months comprising the Calculation Period. From and after the date construction and/or rehabilitation of the Project is completed, through and including the Conversion Date, Borrower shall promptly deliver to Funding Lender each month a current certified rent roll and such other information as may be reasonably required for Funding Lender to determine the physical occupancy of the Project. The rent rolls for the second and third months of the Calculation Period shall be dated one month and two months, respectively, from the date of the rent roll for the first month of the Calculation Period. Evidence of stabilized occupancy shall include, but is not limited to, such information and documents required by the Multifamily Underwriting Guidelines to establish the annualized stabilized effective gross occupancy (as defined in the definition of “Annualized Effective Gross Occupancy” in the definition of “Conversion Date” in this Agreement).
income of the Project for the three months comprising the Calculation Period including: (i) the percentage of the residential rental units in the Project that have achieved occupancy categorized by bedroom configuration (e.g., one-bedroom, two-bedroom, etc.), square footage and rent type (i.e., low income or market rate); (ii) actual effective gross income produced by the Project in the Calculation Period; and (iii) rental income by unit type.

(f) **Permanent Period Amount; Mandatory Prepayment of the Borrower Loan.** Funding Lender shall have determined the Permanent Period Amount in accordance with the terms of this Construction Funding Agreement, and Borrower shall have made any prepayment required pursuant to Section 3.3 of the Borrower Loan Agreement within the time required therein.

(g) **Title and Survey.** Borrower shall submit to Funding Lender at Borrower’s sole cost and expense on or before the Conversion Package Submission Date, (i) a pro-forma endorsement or a commitment for the final date-down endorsement for the title policy insuring the Borrower Loan that (A) reflects the Security Instrument Amendment (as defined by item (s) below), (B) contains no exceptions other than the Permitted Encumbrances, and (C) otherwise conforms to Funding Lender’s then-current title requirements, and (ii) to the extent that any of the construction or rehabilitation of the Improvements modified the foundations or footprint of any building on the Mortgaged Property, a final ALTA “as-built” survey reasonably satisfactory to Funding Lender and the Title Company, showing all Improvements. Borrower shall deliver to Funding Lender on the Conversion Date a final date-down endorsement to the title policy (or a new title policy to the extent the title company is unable to issue a date down endorsement) that conforms in all respects to the pro-forma approved by Funding Lender.

(h) **Other Real Estate Due Diligence.** In addition to those items required by Paragraph (g) above, Funding Lender must receive, if requested by Funding Lender, at Borrower’s sole cost and expense, on or before the Conversion Package Submission Date satisfactory updates to any and all other third-party reports and other items delivered in connection with Borrower’s application for the Borrower Loan, including, without limitation, the appraisal, any of which may be ordered by Funding Lender, in its sole discretion, directly from the third party.

(i) **Equity Investor.** There shall be no change in the identity or interest of the Equity Investor or the form of Partnership Agreement between Borrower and the Equity Investor approved by Funding Lender as of the Closing Date except as otherwise permitted by Section 21 of the Security Instrument. The requirements of this Paragraph (i) shall continue to be satisfied through the Conversion Date.

(j) **No Event of Default.** There shall be no Event of Default or Potential Default under the Borrower Loan Documents. The requirements of this Paragraph (j) shall continue to be satisfied through the Conversion Date.

(k) **Conversion Fee and other Costs in Connection with Conversion.** Borrower shall pay Funding Lender the Conversion Fee for Funding Lender’s services in processing information to determine whether the Conditions to Conversion have been satisfied, due and payable upon the earlier to occur of (i) the submission of the Conversion Package or
(ii) ninety (90) days prior to the Outside Conversion Date. Additionally, Borrower shall pay any other costs or expenses in connection with the Conversion, including, without limitation, legal fees and all costs associated with the updates of all third-party reports actually incurred within five (5) Business Days after written request therefor from Funding Lender.

(l) **Updated Physical Needs Assessment.** Funding Lender shall have received at Borrower’s cost an updated physical needs assessment, with a replacement reserve analysis, by Funding Lender’s engineering consultant (and, if indicated by such analysis or assessment, the replacement reserves for the Project shall be increased accordingly); provided that an updated physical needs assessment shall not be required if the Work involves only the construction of new buildings and there were no changes to the original Plans and Specifications approved by Funding Lender prior to the closing of the Borrower Loan except such immaterial changes approved or deemed approved by Funding Lender pursuant hereto.

(m) **Management Agent.** To the extent not previously provided, Borrower shall provide Funding Lender with a copy of the management agreement for the management of the Project, satisfying the requirements of Funding Lender’s underwriting criteria. There shall have been no change in the management firm or the management agreement for the management of the Project approved by Funding Lender as of the Closing Date without Funding Lender’s prior written consent. The requirements of this Paragraph (m) shall continue to be satisfied through the Conversion Date.

(n) **Inspections; Audits.** Funding Lender and/or its consultants may, in Funding Lender’s sole discretion, inspect any portion of the units and audit any portion of the tenant lease files, the results of which inspections and/or audits must be acceptable to Funding Lender.

(o) **Deposits.** To the extent not previously paid, Borrower shall have paid to Funding Lender, or Servicer, as applicable, any deposits required to be paid under the Borrower Loan Documents at any time prior to the Conversion Date, including, without limitation, any initial deposit for taxes, insurance, or other escrows.

(p) **Insurance.** Funding Lender shall have received from its insurance consultant a report satisfactory to Funding Lender in its sole discretion that the insurance for the Project conforms in all respects to Funding Lender’s requirements, including, without limitation, confirmation that the policy does not contain an exclusion for acts of terrorism, but only to the extent that terrorism insurance is then being required by Funding Lender for other comparable projects in its portfolio that are located in the same general region as the Mortgaged Property.

(q) **Gap or Bridge Financing Repaid.** Any construction, gap or bridge financing provided to Borrower is paid in full or has become subordinate debt of the Borrower conforming to Funding Lender’s requirements.

(r) **MMP/O&M Program.** Borrower shall have adopted: (i) a Moisture Management Program/Microbial Operations and Maintenance Program in form and substance acceptable to Funding Lender and (ii) any additional operations and maintenance plan that may
be necessary or appropriate as determined by Funding Lender based on any environmental condition at the Project.

(s) **Borrower’s Certification.** On the Conversion Date, Borrower shall certify to Funding Lender in writing that each Condition to Conversion continues to be satisfied as of such date, and that each representation or warranty made by Borrower in Borrower’s application for the Borrower Loan, and the other Borrower Loan Documents, or any other document provided to Funding Lender in connection with the Borrower Loan continues to be true and accurate in all material respects or is updated in a manner satisfactory to Funding Lender as of the Conversion Date.

(t) **Execution and Delivery of Modification to Note and Modification to Security Instrument.** If required by Funding Lender, Borrower shall have executed and delivered an original counterpart copy of an amendment to the Security Instrument (a “Security Instrument Amendment”) and an amendment to the Borrower Note, in form and substance acceptable to Funding Lender, which amends the terms thereof to reflect the final Permanent Period Amount and Maturity Date.

(u) **Special Conditions to Conversion.**

(i) [TBD]
EXHIBIT G

CALCULATION OF PERMANENT PERIOD AMOUNT

1. Underwritten NOI. Funding Lender shall determine the net operating income of the Project (“Underwritten NOI”). Underwritten NOI is the difference between the annualized stabilized effective gross income of the Project and the annualized expenses for the Project as adjusted.

(a) Annualized Stabilized Effective Gross Income. Funding Lender shall base its determination of annualized stabilized effective gross income on the (i) rental income from the residential rental units of the Project, and (ii) such of the income from garage, parking, laundry, commercial space and “other income” as allowed by the Multifamily Underwriting Guidelines as Funding Lender determines in its discretion. Funding Lender shall base its determination on the certified rent roll for each of the three months comprising the Calculation Period. Funding Lender shall adjust rental income from the residential rental units of the Project, garage, parking, laundry, commercial space and other income for:

(i) evidence of rent deterioration;

(ii) concessions, reductions, inducements or forbearances (such as any cash reduction in monthly rent during the term of a lease, any free rent before, during or after the term of a lease, any rent coupons, gift certificates and tangible goods or any other form of rent reduction or forbearance);

(iii) re-tenanting costs if a substantial number of leases of units have a term of less than 12 months;

(iv) vacancy at the highest of: (i) actual vacancy based on the annualized vacancy from the Calculation Period, and (ii) 5.0%;

(v) 30-day or more delinquencies;

(vi) low-income restrictions required by any applicable federal, state or local subsidy program, any restrictive covenant or regulatory agreement or otherwise as required by the Multifamily Underwriting Guidelines; and

(vii) all other applicable adjustments required by the Multifamily Underwriting Guidelines.

(b) Annualized Expenses. Funding Lender shall base its determination of annualized expenses on the higher of:

(i) the actual year-to-date expenses of the Project (“Actual Operating Expenses”) on an annualized basis; and
(ii) the annualized expenses for the Project estimated by Funding Lender in underwriting and approving the Borrower Loan ("Pro Forma Expenses"). Funding Lender shall adjust the Pro Forma Expenses for the following categories of expenses, taking into account all relevant facts and circumstances and making prudent allowances for inflation and other increases in costs:

(A) real estate taxes: facts and circumstances include availability of full or partial exemptions or abatements and the length thereof, pending changes in relevant law, growth rate of tax rates of the relevant taxing districts, whether the current assessment of the Project is a full assessment reflecting completion of the Work in accordance with the approved Plans and Specifications and assessed values of other properties in the relevant tax district;

(B) property liability and other insurance: insurance premiums must reflect insurance coverage for the Project complying in all respects with the Multifamily Underwriting Guidelines requirements;

(C) utilities; and

(D) management fees for the Project: Funding Lender shall adjust the management fee if the property manager or managing agent is related to the Borrower or a Borrower Affiliate and the actual management fee is lower than market rates.

In determining the annualized expenses of the Project, Funding Lender shall:

(i) except with respect to expenses for real estate taxes, property liability and other insurance and management fees, compare both total expenses and individual line items to determine whether Pro Forma Expenses or Actual Operating Expenses are higher and either (a) adjust the overall number if the sum of changes results in a higher amount, or (b) apply Actual Operating Expenses with supportive reasoning to justify analysis;

(ii) make appropriate adjustments for any unusually low or high expenses which do not reflect stable operations of the Project;

(iii) for non-residential management expenses (incurred, for example, for off-site management and leasing), use the greater of actual expenses or the percentage of effective gross income used in the original underwriting; and

(iv) for replacement reserve deposit amounts, use the greater of the amount used by Funding Lender in the original underwriting or the actual amount required to be set aside by the Replacement Reserve Agreement.
(c) **Adjustments for Special Risks.** Funding Lender shall further adjust Underwritten NOI and the component parts of Underwritten NOI on account of any special risks addressed by the Multifamily Underwriting Guidelines.

2. **Permanent Period Amount.** Funding Lender shall determine the Permanent Period Amount by dividing (x) by (y), where (x) is the quotient obtained by dividing the Underwritten NOI of the Project by the applicable Required Debt Service Coverage Ratio and (y) is the Annual Debt Service Constant or, expressed as a formula:

\[
\text{Permanent Period Amount} = \frac{x}{y} = \frac{(\text{Underwritten NOI} \div \text{Required Debt Service Coverage Ratio})}{\text{Annual Debt Service Constant}}
\]
EXHIBIT H
FORM OF WRITTEN NOTICE TO BORROWER FOLLOWING SATISFACTION OF THE CONDITIONS TO CONVERSION

[CITI LETTERHEAD]

[INSERT DATE]

VIA ELECTRONIC MAIL
AND FIRST CLASS MAIL

Pueblo Del Sol I Housing Partners, L.P.
c/o Related California
18201 Von Karman Avenue, Suite 900
Irvine, California 92612
Attention: Michael Massie

Re: Conversion of Pueblo del Sol Phase I, Deal ID No. 60000522
1400 Gabriel Garcia Marquez Street, Los Angeles, California 90033

Dear Borrower:

Citi congratulates you and your staff on the recent conversion of Pueblo del Sol Phase I on __________, 2____. This is a significant milestone and we appreciate your business.

Citi would like to take this opportunity to confirm the transaction:

1. Conversion Date: ________________
2. First Payment date (for amortized payment): ________________
3. Amortization term of loan: ___________________
4. Principal and Interest Constant: ________________
5. Replacement Reserve Constant: ________________
6. Taxes: ________________
7. Insurance: ________________
8. Other items: [PROVIDE DETAILS AS REQUIRED BY LOAN DOCUMENTS ON A DEAL SPECIFIC BASIS] ________________

*Note: Items 5 through 8 above are subject to change in accordance with the terms of the loan documents for this Loan.
We look forward to working with you. If you require further assistance, please contact the undersigned.

Sincerely,

CITIBANK, N.A.

By: _________________________________
Name:
Title:
Deal ID No.: 60000522

cc: Bocarsly Emden Cowan Esmail & Arndt LLP
633 W. 5th Street, 64th Floor
Los Angeles, California 90071
Attention: Lance Bocarsly
Telephone: (213) 239-8088
Facsimile: (213) 559-0733
EXHIBIT I

MODIFICATIONS TO
CONSTRUCTION FUNDING AGREEMENT

The following modifications are made to the text of the Agreement that precedes this Exhibit:

None.

Capitalized terms used and not defined herein shall have the respective meanings ascribed to them in the Agreement.
COMPLETION AND REPAYMENT GUARANTY
(Including Operating Deficit Guaranty)

This COMPLETION AND REPAYMENT GUARANTY (this “Guaranty”) is entered into as of the 1st day of October, 2020, by THE RELATED COMPANIES, L.P., a New York limited partnership, and LA CIENEGA LOMOD, INC., a California nonprofit public benefit corporation (“Guarantor”, whether one or more), for the benefit of Beneficiary Parties (as defined below). The date of this Guaranty as set forth above is for reference purposes only, and this Guaranty will not be effective and binding until the Closing Date (as defined in the Borrower Loan Agreement).

RECITALS:

A. Pueblo Del Sol I Housing Partners, L.P., a California limited partnership (“Borrower”), has applied to the Housing Authority of the City of Los Angeles, a public body, corporate and politic, duly created, established and authorized to transact business under the laws of the State of California (“Governmental Lender”), for a loan (the “Borrower Loan”) for the acquisition, construction, rehabilitation, development, equipping and/or operation of a 201-unit multifamily residential project located in the City of Los Angeles, Los Angeles County, California, known or to be known as Pueblo del Sol Phase I (the “Mortgaged Property”).

B. The Borrower Loan is evidenced by (i) that certain Multifamily Note, dated as of the Closing Date, in the maximum principal amount of $31,700,000 made by Borrower payable to the order of Governmental Lender (the “Note”), and (ii) that certain Borrower Loan Agreement, dated as of the date hereof, by and between Borrower and Governmental Lender (the “Borrower Loan Agreement”).

C. The Borrower Loan is secured by, among other things, that certain Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of the date hereof, executed by Borrower for the benefit of Governmental Lender (the “Security Instrument”), which Security Instrument encumbers the Mortgaged Property.

D. Borrower has requested that Citibank, N.A., a national banking association (“Funding Lender”), enter into that certain Funding Loan Agreement, dated as of the date hereof, by and among Governmental Lender, U.S. Bank National Association, a national banking association, as fiscal agent, and Funding Lender (the “Funding Loan Agreement”), pursuant to which Funding Lender will make a loan to Governmental Lender (the “Funding Loan”), the proceeds of which will be used to make the Borrower Loan to Borrower pursuant to the Borrower Loan Agreement. The Borrower Loan will be advanced to Borrower pursuant to that certain Construction Funding Agreement, dated as of the date hereof, by and between Borrower and Funding Lender (the “Construction Funding Agreement”; together with the Note, the Security Instrument, the Borrower Loan Agreement and all other documents executed in connection with the Borrower Loan, including this Guaranty, the “Borrower Loan Documents”).

E. The Note and the Security Instrument shall each be assigned by Governmental Lender to Fiscal Agent to secure the Funding Loan. The interest of the Governmental Lender in
the Borrower Loan Agreement shall be assigned to Fiscal Agent and Funding Lender, except for the Unassigned Rights (as defined in the Funding Loan Agreement). Funding Lender has requested that all remaining Borrower Loan Documents be executed in favor of the Funding Lender.

F. The term “Beneficiary Parties” as used herein shall mean Governmental Lender, Funding Lender, any Servicer and their respective successors and assigns. The term “Beneficiary Parties” shall also include any lawful owner, holder or pledgee of the Note.

G. As a condition to the making of the Funding Loan to Governmental Lender and the making of the Borrower Loan to Borrower, Beneficiary Parties require that Guarantor execute this Guaranty.

H. Guarantor will directly or indirectly derive a material financial benefit from the making of the Funding Loan and the making of the Borrower Loan.

NOW, THEREFORE, in order to induce Funding Lender to make the Funding Loan to Governmental Lender and to induce Governmental Lender to make the Borrower Loan to Borrower, and in consideration thereof, Guarantor agrees as follows:

1. Defined Terms. Capitalized terms used but not defined in this Guaranty shall have the meanings assigned to them in the Security Instrument or the Construction Funding Agreement.

2. Scope of Guaranty. Guarantor represents to Beneficiary Parties that Guarantor has a direct or indirect ownership interest in Borrower and/or will otherwise derive a material financial benefit from the making of the Borrower Loan and the Funding Loan. Guarantor hereby does jointly, severally and unconditionally (subject to the Guaranty Split described below) guaranty to Beneficiary Parties the following (collectively, the “Guaranteed Obligations”):

   (a) that Borrower will complete all construction, rehabilitation and/or repairs to the Improvements and all other work required under the Borrower Loan Agreement (collectively, the “Work”) in all respects on or before the Completion Date set forth in the Borrower Loan Agreement, in substantial accordance with and in the manner set forth in such documents and in substantial accordance with the Plans and Specifications or scope of work and budget approved by Funding Lender (subject to any changes thereto permitted by the Borrower Loan Agreement);

   (b) that in the event that the sum of the proceeds of the Borrower Loan available for disbursement, the equity contributions and Other Borrower Moneys held by Funding Lender and available for disbursement, and the net cash flow available from the Mortgaged Property are, or at any time become, in the judgment of Funding Lender, insufficient to pay all costs of acquisition of the Mortgaged Property and for the completion of the Work in accordance with the Construction Funding Agreement and the Borrower Loan Agreement, then Borrower will pay the costs of such Work as provided for in the Construction Funding Agreement and the Borrower Loan Agreement;
(c) that Borrower will pay and discharge, or otherwise release, all mechanic’s and materialmen’s liens or claims therefor imposed or alleged against the Mortgaged Property to the end that there shall be no mechanic’s, materialmen’s or other like liens or claims outstanding against the Mortgaged Property;

(d) that Borrower shall cause the Work at all times to comply with all applicable existing building, zoning, use and environmental protection laws and ordinances as may be necessary to enable the use and occupancy of the Mortgaged Property for its intended purposes; and

(e) the due performance and prompt payment, whether at maturity or by acceleration or otherwise, of Borrower’s obligations to repay the principal amount of the Borrower Loan, all interest accrued thereon, all default interest, late charges, penalties, late fees, prepayment fees and charges, fees and other amounts or sums evidenced and/or secured by the Note, the Security Instrument, and the other Borrower Loan Documents, including, without limitation, any mandatory prepayment of the Borrower Loan (whether in whole or in part) based on a determination of the Permanent Period Amount or a failure to satisfy the Conditions to Conversion on or before the Outside Conversion Date, and to pay all operating expenses with respect to the Mortgaged Property as and when the same are due; provided, however, that (i) the maximum liability of Guarantor for principal indebtedness in respect of the Borrower Loan shall not exceed [Seven Million Nine Hundred Twenty-Five Thousand and 00/100 Dollars] ($[7,925,000]) (the “Principal Repayment Cap”) and (ii) the maximum liability of La Cienega LOMOD, Inc. in respect of the Principal Repayment Cap shall not exceed [One Million One Hundred Eighty-Eight Thousand Seven Hundred Fifty and 00/100] Dollars ($[1,188,750]).

If Borrower shall fail to duly and punctually perform and observe any of the Guaranteed Obligations, then upon demand by any Beneficiary Party or its designee, Guarantor forthwith will itself, at its own expense, do, promptly perform and observe such Guaranteed Obligations. In the case of any payment to be made by Guarantor, such payment shall be made within five (5) days following demand therefor, and any amounts not paid within such time shall accrue interest at the Default Rate (as defined in the Note) from the earlier of the date of demand therefor or such other date as may be provided under the Borrower Loan Documents.

Funding Lender agrees that the financial liability hereunder shall be split with The Related Companies, L.P. paying 85% and La Cienega LOMOD, Inc. paying 15% (“Guaranty Split”).

Notwithstanding anything to the contrary contained herein, as a condition precedent to the obligations of Guarantor to perform and complete the Work, Funding Lender shall approve advances to Guarantor of undisbursed portions of the Borrower Loan and the release of reserves held by Funding Lender subject to the terms and conditions of the Borrower Loan Documents, provided that Guarantor shall have cured any default by Borrower and satisfied the conditions for the advance of such funds under the Construction Funding Agreement and the other Borrower Loan Documents (other than the conditions relating to the financial condition or corporate status of Borrower), including any failure of the Borrower Loan to be “in balance”, and with respect to any default related to the construction and/or completion of the Work, Guarantor shall have
diligently commenced to cure such default and, after such cure or commencement of cure, as the case may be, Guarantor shall diligently continue to perform all obligations assumed by Guarantor under this Guaranty up to the time of the lien-free completion of the Work.

3. **Guarantor’s Obligations Survive Foreclosure.** Subject to the provisions of Section 15, the obligations of Guarantor under this Guaranty shall survive any foreclosure proceeding, any foreclosure sale, any delivery of any deed in lieu of foreclosure, and any release of record of the Security Instrument or the other Borrower Loan Documents. Notwithstanding the immediately preceding sentence, the Guarantor shall have no liability under Section 2 of this Guaranty for acts, omissions or occurrences first occurring or arising from and after the date on which: (a) Funding Lender obtains a final non-appealable judgment of foreclosure with respect to the Mortgaged Property provided none of Borrower, Guarantor or any Affiliate of any one or more of the foregoing commences any legal proceeding to contest or otherwise impede, delay, hinder or interfere with, in any manner, the obtaining or enforcement of such judgment; (b) Funding Lender accepts in writing a deed in lieu of foreclosure; or (c) Funding Lender’s realization of one hundred percent (100%) of the general partnership interests in the Borrower upon the conclusion of Funding Lender’s exercise of remedies under the Assignment of Equity Interests, Pledge and Security Agreement, dated as of the date hereof, by Related/Pueblo Del Sol Phase I Development Co., LLC and LOMOD PDS LLC for the benefit of Funding Lender, whichever is earlier.

4. **Guaranty of Payment and Performance.** Guarantor’s obligations under this Guaranty constitute an unconditional and continuing guaranty of payment and performance and not merely a guaranty of collection. Guarantor hereby irrevocably and unconditionally covenants and agrees that Guarantor is liable for the Guaranteed Obligations as a primary obligor. The Guaranteed Obligations and this Guaranty are separate, distinct and in addition to any liability and/or obligations that Borrower or Guarantor may have under any other guaranty or indemnity executed by Borrower or Guarantor in connection with the Borrower Loan, and no other agreement, guaranty or indemnity executed in connection with the Borrower Loan shall act to reduce or set off any of Guarantor’s liability hereunder.

5. **Unconditional Guaranty.** Subject to the provisions of Section 15, the obligations of Guarantor under this Guaranty shall be performed without demand by Beneficiary Parties and shall be unconditional irrespective of the genuineness, validity, regularity or enforceability, in whole or in part, of the Guaranteed Obligations, the Note, the Security Instrument or any other Borrower Loan Document, and without regard to any other circumstance which might otherwise constitute a legal or equitable discharge of a surety, a guarantor, a borrower or a mortgagor. Guarantor hereby waives the benefit of all principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms of this Guaranty and agrees that Guarantor’s obligations shall not be affected by any circumstances, whether or not referred to in this Guaranty, which might otherwise constitute a legal or equitable discharge of a surety, a guarantor, a borrower or a mortgagor. Guarantor hereby waives the benefits of any right of discharge under any and all statutes or other laws relating to a guarantor, a surety, a borrower or a mortgagor, and any other rights of a guarantor, a surety, a borrower or a mortgagor, thereunder. Without limiting the generality of the foregoing, Guarantor hereby waives, to the fullest extent permitted by law, diligence in collecting the Indebtedness, presentment, demand for payment, protest, all notices with respect to the Note and this Guaranty
which may be required by statute, rule of law or otherwise to preserve Beneficiary Parties’ rights against Guarantor under this Guaranty, including, but not limited to, notice of acceptance, notice of any amendment of the Borrower Loan Documents, notice of the occurrence of any default or Event of Default, notice of intent to accelerate, notice of acceleration, notice of dishonor, notice of foreclosure, notice of protest, and notice of the incurring by Borrower of any obligation or indebtedness. Guarantor also waives, to the fullest extent permitted by law, all rights to require Beneficiary Parties to (a) proceed against Borrower or any other guarantor of Borrower’s payment or performance with respect to the Indebtedness (an “Other Guarantor”), (b) if Borrower or any Other Guarantor is a partnership, proceed against any general partner of Borrower or the Other Guarantor, (c) proceed against or exhaust any collateral held by Beneficiary Parties to secure the repayment of the Indebtedness, (d) pursue any other remedy it may now or hereafter have against Borrower, or, if Borrower is a partnership, any general partner of Borrower or (e) record the Security Instrument or to file any financing statement or to otherwise enforce, perfect, protect, secure or insure any lien or security interest given as security in connection with the Security Documents. Guarantor further waives, to the fullest extent permitted by applicable law, (a) any right to revoke this Guaranty as to any future advances under the Security Instrument or the other Borrower Loan Documents, (b) any defenses that could arise with respect to an amendment or modification of the Guaranteed Obligations by operation of law, action of any court or the amendment of any of the Borrower Loan Documents, (c) any defense that Beneficiary Parties have waived any Guaranteed Obligation by failing to enforce any right or remedy hereunder, or to promptly enforce any such right or remedy and (d) any other event or circumstance that may constitute a defense of Borrower or Guarantor to payment of the Guaranteed Obligations.

6. **Modification of Borrower Loan Documents.** At any time or from time to time and any number of times, without notice to Guarantor and without affecting the liability of Guarantor, (a) the time for payment of the principal of or interest on the Indebtedness may be extended or the Indebtedness may be renewed in whole or in part; (b) the time for Borrower’s performance of or compliance with any covenant or agreement contained in the Note, the Security Instrument or any other Borrower Loan Document, whether presently existing or hereinafter entered into, may be extended or such performance or compliance may be waived; (c) the maturity of the Indebtedness may be accelerated as provided in the Note, the Security Instrument, or any other Borrower Loan Document; (d) the Note, the Security Instrument, or any other Borrower Loan Document may be modified or amended by Beneficiary Parties and Borrower in any respect, including, but not limited to, an increase in the principal amount; and (e) any security for the Indebtedness may be modified, exchanged, surrendered or otherwise dealt with or additional security may be pledged or mortgaged for the Indebtedness and the Guaranteed Obligations.

7. **Joint and Several Liability.** If more than one person executes this Guaranty, the obligations of those persons under this Guaranty and any Other Guarantor shall be joint and several. Beneficiary Parties, in their sole and absolute discretion, may (a) bring suit against Guarantor, or any one or more of the persons constituting Guarantor, and any Other Guarantor, jointly and severally (subject to the Guaranty Split described in Section 2 of this Guaranty), or against any one or more of them; (b) compromise or settle with any one or more of the persons constituting Guarantor or any Other Guarantor for such consideration as Beneficiary Parties may deem proper; (c) release one or more of the persons constituting Guarantor, or any Other
Guarantor, from liability; and/or (d) otherwise deal with Guarantor and any Other Guarantor, or any one or more of them, in any manner, and no such action shall impair the rights of Beneficiary Parties to collect from Guarantor any amount guaranteed by Guarantor under this Guaranty. Nothing contained in this paragraph shall in any way affect or impair the rights or obligations of Guarantor with respect to any Other Guarantor.

8. **Subordination of Borrower’s Indebtedness to Guarantor.** Any indebtedness of Borrower held by Guarantor now or in the future is and shall be subordinated to the Indebtedness of Borrower to Beneficiary Parties under the Borrower Loan Documents. After the occurrence and during the continuance of an Event of Default or the occurrence and during the continuance of an event which would, with the giving of notice or the passage of time, or both, constitute an Event of Default, Guarantor shall not receive or collect, directly or indirectly, from Borrower or any other party any amount of such indebtedness until the Guaranteed Obligations are paid in full. To the extent that Guarantor receives payment of any of the indebtedness of Borrower in violation of the preceding sentence, the same shall be collected, enforced and received by Guarantor, as trustee for Beneficiary Parties, but without reducing or affecting in any manner the liability of Guarantor under the other provisions of this Guaranty. Nothing contained in the foregoing shall prohibit or prevent distributions from Borrower to Guarantor in the ordinary course of business provided no Event of Default is continuing.

9. **Waiver of Subrogation.** Guarantor agrees to withhold the exercise of any and all subrogation and reimbursement rights against Borrower, against any other person, and against any collateral or security for the Indebtedness and Guarantor shall have no right of, and hereby waives any claim for, subrogation or reimbursement against Borrower or any managing member or general partner of Borrower by reason of any payment by Guarantor under this Guaranty, whether such right or claim arises at law or in equity or under any contract or statute, until (i) the Indebtedness has been indefeasibly paid and satisfied in full, (ii) all obligations owed to Beneficiary Parties under the Borrower Loan Documents have been fully performed, (iii) there has expired the maximum possible period thereafter during which any payment made by Borrower to Beneficiary Parties with respect to the Indebtedness, could be deemed a preference under the United States Bankruptcy Code and (iv) each of Beneficiary Parties has released, transferred or disposed of all its right, title and interest in such collateral or security.

10. **Preference.** If any payment by Borrower is held to constitute a preference under any applicable bankruptcy, insolvency, or similar laws, or if for any other reason any of Beneficiary Parties is required to refund any sums to Borrower, such refund shall not constitute a release of any liability of Guarantor under this Guaranty. It is the intention of Beneficiary Parties and Guarantor that Guarantor’s obligations under this Guaranty shall not be discharged except by Guarantor’s performance of such obligations and then only to the extent of such performance.

11. **Reinstatement.** If at any time any payment of any amounts due under the Borrower Loan Documents by Borrower, Guarantor or any other Person is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of Borrower or Guarantor or otherwise, Guarantor’s obligations hereunder with respect to such payment shall be reinstated as though such payment has been due but not made at such time.
12. **Guarantor’s Financial Condition.**

(a) Guarantor hereby represents and warrants to Beneficiary Parties that as of the date hereof and throughout the term of the Borrower Loan, and after giving effect to this Guaranty and the contingent obligation evidenced hereby, Guarantor is and will be solvent and has and will have (i) assets which, fairly valued, exceed its obligations, liabilities (including contingent liabilities) and debts, and (ii) property and assets sufficient to satisfy and repay its obligations and liabilities. Guarantor hereby covenants and agrees that during the term of the Borrower Loan, except for the payment of employee salaries and benefits and dividends in the ordinary course of business, it shall not sell, pledge, mortgage or otherwise transfer any of its assets, or any interest therein, on terms materially less favorable than would be obtained in an arms-length transaction for fair consideration.

(b) Guarantor hereby represents and warrants to Beneficiary Parties that all financial statements and other financial data previously delivered to Funding Lender in connection with the application for the Borrower Loan and/or this Guaranty relating to the Guarantor are true, correct and complete in all material respects. Such financial statements fairly present the financial positions of all Persons who are the subjects thereof as of the respective dates thereof. Guarantor further represents and warrants to Beneficiary Parties that, except as previously disclosed to Funding Lender in writing, no material adverse change has occurred as of the date hereof and no material change shall have occurred as of the date of each advance of the Borrower Loan, in such financial position, or in the business, operations, assets, management, ownership or condition (financial or otherwise) of Guarantor, since the respective dates of such financial statements and financial data. Except as otherwise previously disclosed to Funding Lender in writing, Guarantor has no knowledge of any material contractual obligations of Guarantor which might have a material adverse effect upon the ability of Guarantor to perform Guarantor’s obligations under this Guaranty.

(c) Guarantor shall furnish or cause to be furnished to Funding Lender: (i) within ten (10) days of Funding Lender’s request, a copy of the most recent year’s federal tax return for such Guarantor, and (ii) as soon as available and in any event within one hundred eighty (180) days after the end of each fiscal year of Guarantor, copies of the following financial statements of Guarantor for such fiscal year, prepared and audited by an independent certified public accountant acceptable to Funding Lender in accordance with generally accepted accounting principles: (A) a balance sheet as of the end of such fiscal year (including supporting schedules), and (B) a statement of income and capital accounts for such fiscal year. Funding Lender hereby agrees to use commercially reasonable efforts, consistent with Funding Lender’s standard banking practices and procedures for commercial real estate finance transactions, to keep, and to cause its agents, employees and consultants to keep such information confidential unless already known to the general public or as required by law. Nothing contained in this provision shall restrict Funding Lender’s ability to share information in its records with prospective purchasers of participations or other interests in the Borrower Loan or Funding Loan.
(d) Guarantor shall from time to time, upon request by Funding Lender, deliver to Funding Lender such other financial statements as Funding Lender may reasonably require.

13. **Marital and Residency Status.** N/A

14. **State Specific Provisions (California)**

(a) If a guarantor is liable for only a portion of the Indebtedness, Guarantor hereby waives its rights under California Civil Code Section 2822(a) to designate the portion of the Indebtedness that shall be satisfied by Borrower’s partial payment.

(b) Guarantor hereby waives any and all benefits and defenses under California Civil Code Section 2810 and agrees that by doing so Guarantor shall be liable even if Borrower had no liability at the time of execution of the Note, the Security Instrument or any other Borrower Loan Document, or thereafter ceases to be liable. Guarantor hereby waives any and all benefits and defenses under California Civil Code Section 2809 and agrees that by doing so Guarantor’s liability may be larger in amount and more burdensome than that of Borrower. Guarantor also waives, to the fullest extent permitted by law, any and all benefits under California Civil Code Sections 2845, 2849 and 2850.

(c) Guarantor understands that the exercise by Beneficiary Parties of certain rights and remedies contained in the Security Instrument (such as a nonjudicial foreclosure sale) may affect or eliminate Guarantor’s right of subrogation against Borrower and that Guarantor may therefore incur a partially or totally nonreimbursable liability under this Guaranty. Nevertheless, Guarantor hereby authorizes and empowers Beneficiary Parties to exercise, in their sole and absolute discretion, any right or remedy, or any combination thereof, which may then be available, since it is the intent and purpose of Guarantor that the obligations under this Guaranty shall be absolute, independent and unconditional under any and all circumstances. Guarantor expressly waives any defense (which defense, if Guarantor had not given this waiver, Guarantor might otherwise have) to a judgment against Guarantor by reason of a nonjudicial foreclosure. Without limiting the generality of the foregoing, Guarantor hereby expressly waives any and all benefits under (i) California Code of Civil Procedure Section 580a (which Section, if Guarantor had not given this waiver, would otherwise limit Guarantor’s liability after a nonjudicial foreclosure sale to the difference between the obligations of Guarantor under this Guaranty and the fair market value of the Mortgaged Property or interests sold at such nonjudicial foreclosure sale), (ii) California Code of Civil Procedure Sections 580b and 580d (which Sections, if Guarantor had not given this waiver, would otherwise limit Beneficiary Parties’ right to recover a deficiency judgment with respect to purchase money obligations and after a nonjudicial foreclosure sale, respectively), and (iii) California Code of Civil Procedure Section 726 (which Section, if Guarantor had not given this waiver, among other things, would otherwise require Beneficiary Parties to exhaust all of their security before a personal judgment could be obtained for a deficiency). Notwithstanding any foreclosure of the lien of the Security Instrument, whether by the exercise of the power of sale contained in the Security
Instrument, by an action for judicial foreclosure or by Beneficiary Parties’ acceptance of a deed in lieu of foreclosure, Guarantor shall remain bound under this Guaranty.

(d) In accordance with Section 2856 of the California Civil Code, Guarantor also waives any right or defense based upon an election of remedies by Beneficiary Parties, even though such election (e.g., nonjudicial foreclosure with respect to any collateral held by Beneficiary Parties to secure repayment of the Indebtedness) destroys or otherwise impairs the subrogation rights of Guarantor or the right of Guarantor (after payment of the obligations guaranteed by Guarantor under this Guaranty) to proceed against Borrower for reimbursement, or both, by operation of Section 580d of the Code of Civil Procedure or otherwise.

(e) In accordance with Section 2856 of the California Civil Code, Guarantor waives any and all other rights and defenses available to Guarantor by reason of Sections 2787 through 2855, inclusive, of the California Civil Code, including any and all rights or defenses Guarantor may have by reason of protection afforded to Borrower with respect to any of the obligations of Guarantor under this Guaranty pursuant to the antideficiency or other laws of the State of California limiting or discharging Borrower’s Indebtedness, including Sections 580a, 580b, 580d, and 726 of the California Code of Civil Procedure.

(f) In accordance with Section 2856 of the California Civil Code, Guarantor agrees to withhold the exercise of any and all subrogation and reimbursement rights against Borrower, against any other person, and against any collateral or security for the Indebtedness, including any such rights pursuant to Sections 2847 and 2848 of the California Civil Code, until the Indebtedness has been indefeasibly paid and satisfied in full, all obligations owed to Beneficiary Parties under the Borrower Loan Documents have been fully performed, and each of Beneficiary Parties has released, transferred or disposed of all of its right, title and interest in such collateral or security.

(g) JUDICIAL REFERENCE; REFEREE; COSTS.

(i) Controversies Subject to Judicial Reference; Conduct of Reference. In the event that any action, proceeding and/or hearing on any matter whatsoever, including all issues of fact or law arising out of, or in any way connected with, the Note, the Security Instrument, this Guaranty or any of the Borrower Loan Documents, or the enforcement of any remedy under any law, statute, or regulation (hereinafter, a “Controversy”), is to be tried in a court of the State of California and the jury trial waiver provisions set forth herein are not permitted or otherwise applicable under then-prevailing law then the following provisions shall apply:

(A) Each Controversy shall be determined by a consensual general judicial reference (the “Reference”) pursuant to the provisions of California Code of Civil Procedure §§ 638 et seq., as such statutes may be amended or modified from time to time.
Upon a written request, or upon an appropriate motion by either a Beneficiary Party or Guarantor, any pending action relating to any Controversy and every Controversy shall be heard by a single neutral referee (the “Referee”) who shall then try all issues (including any and all questions of law and questions of fact relating thereto), and issue findings of fact and conclusions of law and report a statement of decision. The Referee’s statement of decision will constitute the conclusive determination of the Controversy. Each Beneficiary Party and Guarantor agrees that the Referee shall have the power to issue all legal and equitable relief appropriate under the circumstances before him/her.

Each such Beneficiary Party and Guarantor shall promptly and diligently cooperate with one another and the Referee, and shall perform such acts as may be necessary to obtain prompt and expeditious resolution of each Controversy in accordance with the terms of this Section 14(g).

Either of such Beneficiary Party or Guarantor may file the Referee’s findings, conclusions and statement with the clerk or judge of any appropriate court, file a motion to confirm the Referee’s report and have judgment entered thereon. If the report is deemed incomplete by such court, the Referee may be required to complete the report and resubmit it.

Each such Beneficiary Party and Guarantor will have such rights to assert such objections as are set forth in California Code of Civil Procedure §§ 638 et seq.

All proceedings shall be closed to the public and confidential, and all records relating to the Reference shall be permanently sealed when the order thereon becomes final.

Selection of Referee; Powers.

The Beneficiary Party(ies) and Guarantor who are party to such Controversy shall select the Referee, who shall be a retired judge or justice of the courts of the State of California, or a federal court judge, in each case, with at least ten years of judicial experience in civil matters. The Referee shall be appointed in accordance with California Code of Civil Procedure Section 638 (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts).

If within ten (10) days after the request or motion for the Reference, such Beneficiary Party(ies) and Guarantor cannot agree upon a Referee, either such Beneficiary Party(ies) or Guarantor may request or move that the Referee be appointed by the Presiding Judge of the Los
Angeles County Superior Court or of the U.S. District Court for the Central District of California. The Referee shall determine all issues relating to the applicability, interpretation, legality and enforceability of this Section 14(g).

(iii) Provisional Remedies; Self Help and Foreclosure.

(A) No provision of this Section 14(g) shall limit the right of either a Beneficiary Party or a Guarantor, as the case may be, to (1) exercise such self-help remedies as might otherwise be available under applicable law, (2) initiate judicial or non-judicial foreclosure against any real or personal property collateral, (3) exercise any judicial or power of sale rights, or (4) obtain or oppose provisional or ancillary remedies, including without limitation, injunctive relief, writs of possession, the appointment of a receiver, and/or additional or supplementary remedies from a court of competent jurisdiction before, after or during the pendency of the Reference.

(B) The exercise of, or opposition to, any such remedy does not waive the right of any Beneficiary Party or any Guarantor to the Reference pursuant to this Section 14(g).

(iv) Costs and Fees.

(A) Promptly following the selection of the Referee, each Beneficiary Party and Guarantor who is party to such Controversy shall advance equal portions of the estimated fees and costs of the Referee.

(B) In the statement of decision issued by the Referee, the Referee shall award costs, including reasonable attorneys’ fees, to the prevailing party, if any, and may order the Referee’s fees to be paid or shared by each Beneficiary Party and/or Guarantor who is party to such Controversy in such manner as the Referee deems just.

15. **Term of Guaranty.** Subject to the provisions of Section 10 (Preference) and Section 11 (Reinstatement), upon the earlier to occur of (i) lien-free completion of the Work, together with final lien waivers and the receipt of a temporary certificate of occupancy or other evidence of completion issued by the appropriate Governmental Authority for the Project completed substantially in accordance with the Plans and Specifications pursuant to the terms of the Borrower Loan Agreement, (ii) the Conversion Date or (iii) the satisfaction of the Indebtedness and all of Borrower’s other obligations under the Borrower Loan Documents and the due recordation of the release or reconveyance of the Security Instrument, this Guaranty shall automatically terminate, except with respect to: (A) any outstanding payment obligations hereunder which have not been waived by Funding Lender, (B) any mechanic’s and materialmen’s liens or claims therefor imposed or alleged against the Mortgaged Property with respect to the Work, any other liens, charges, encumbrances or other restrictions (other than Permitted Encumbrances) which remain against the Mortgaged Property as of the Conversion
Date and (C) any obligations hereunder with respect to the Work; provided, however, if Borrower causes to be delivered to Beneficiary Parties after the Conversion Date an assignment in form and substance acceptable to Funding Lender of all warranties and guarantees received by Borrower from any contractor, subcontractor or other party providing construction and/or rehabilitation services relating to the Work, then, effective as of the date of such assignment, the liability of Guarantor hereunder with respect to the completion of the Work shall terminate and be of no further force and effect.

16. **Determinations by Funding Lender.** Except to the extent expressly set forth in this Guaranty to the contrary, in any instance where the consent or approval of Funding Lender may be given or is required, or where any determination, judgment or decision is to be rendered by Funding Lender under this Guaranty, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by Funding Lender, as applicable (or its designated representative) at its sole and exclusive option and in its sole and absolute discretion.

17. **Governing Law.** This Guaranty shall be governed by and enforced in accordance with the laws of the Property Jurisdiction, without giving effect to the choice of law principles of the Property Jurisdiction that would require the application of the laws of a jurisdiction other than the Property Jurisdiction.

18. **Consent to Jurisdiction and Venue.** Guarantor agrees that any controversy arising under or in relation to this Guaranty shall be litigated exclusively in the Property Jurisdiction. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Guaranty. Guarantor irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. However, nothing herein is intended to limit Beneficiary Parties’ right to bring any suit, action or proceeding relating to matters arising under this Guaranty against Guarantor or any of Guarantor’s assets in any court of any other jurisdiction.

19. **Successors and Assigns.** This Guaranty shall be binding upon Guarantor and its heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate, and shall inure to the benefit of the Beneficiary Parties and their respective successors, successors-in-interest and assigns. The terms used to designate any of the parties herein shall be deemed to include the heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate, of such parties. References to a “person” or “persons” shall be deemed to include individuals and entities. Guarantor acknowledges and agrees that any Beneficiary Party, at its option, may assign its respective rights and interests under this Guaranty and the other Borrower Loan Documents in whole or in part and upon such assignment all the terms and provisions of this Guaranty or the other Borrower Loan Documents shall inure to the benefit of such assignee to the extent so assigned. Guarantor may not assign or delegate its rights, interests or obligations under this Guaranty without first obtaining Funding Lender’s prior written consent.
20. **Severability.** The invalidity, illegality or unenforceability of any provision of this Guaranty shall not affect the validity, legality or enforceability of any other provision, and all other provisions shall remain in full force and effect.

21. **Expenses.** Guarantor shall pay to the Beneficiary Parties, upon demand, the amount of any and all expenses, including, without limitation, reasonable attorneys’ fees (including reasonable time charges of attorneys who may be employees of Beneficiary Parties), which the Beneficiary Parties may incur in connection with (a) the exercise or enforcement of any of their rights hereunder, (b) the failure by Guarantor to perform or observe any of the provisions hereof, or (c) the breach by Guarantor of any representation or warranty of Guarantor set forth herein. Guarantor shall also pay to the Beneficiary Party who incurs any such expenses, interest on such expenses computed at the Default Rate set forth in the Note from the date on which such expenses are incurred to the date of payment thereof.

22. **Remedies Cumulative.** In the event of Guarantor’s default under this Guaranty, the Beneficiary Parties may exercise all or any one or more of their rights and remedies available under this Guaranty, at law or in equity. Such rights and remedies shall be cumulative and concurrent, and may be enforced separately, successively or together, and the exercise of any particular right or remedy shall not in any way prevent the Beneficiary Parties from exercising any other right or remedy available to the Beneficiary Parties. The Beneficiary Parties may exercise any such remedies from time to time as often as may be deemed necessary by the Beneficiary Parties.

23. **No Agency or Partnership.** Nothing contained in this Guaranty shall constitute any Beneficiary Party as a joint venturer, partner or agent of Guarantor, or render any Beneficiary Party liable for any debts, obligations, acts, omissions, representations or contracts of Guarantor.

24. **Entire Agreement; Amendment and Waiver.** This Guaranty contains the complete and entire understanding of the parties with respect to the matters covered herein. Guarantor acknowledges that Guarantor has received copies of the Note, the Borrower Loan Agreement, the Construction Funding Agreement, the Environmental Indemnity Agreement and all other Borrower Loan Documents. This Guaranty may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, except by a written instrument signed by the party against whom enforcement of the waiver, amendment, change, or modification is sought, and then only to the extent set forth in that instrument. No specific waiver of any of the terms of this Guaranty shall be considered as a general waiver.

25. **Further Assurances.** Guarantor shall at any time and from time to time, promptly execute and deliver all further instruments and documents, and take all further action that may be reasonably necessary or desirable, or that any Beneficiary Party may reasonably request, in order to protect any right or interest granted by this Guaranty or to enable the Beneficiary Party to exercise and enforce its rights and remedies under this Guaranty. Notwithstanding the foregoing sentence, in no event shall Guarantor be required to execute and deliver any document or perform any act otherwise required pursuant to the foregoing sentence to the extent such document or act imposes a material additional obligation or liability on Guarantor or materially adversely affects the rights of Guarantor under this Guaranty.
26. **Notices; Change of Guarantor’s Address.** All notices given under this Guaranty shall be in writing and shall be sent to the respective addresses of the parties, in the manner set forth in the Security Instrument. Notices to Guarantor shall be sent to the address of Guarantor, at the address set forth below Guarantor’s signature block to this Guaranty. Guarantor agrees to notify Funding Lender (in the manner for giving notices provided in the Security Instrument) of any change in Guarantor’s address within ten (10) Business Days after such change of address occurs.

27. **Counterparts.** To the extent Guarantor consists of more than one party, this Guaranty may be executed in multiple counterparts, each of which shall constitute an original document and all of which together shall constitute one agreement.

28. **Captions.** The captions of the sections of this Guaranty are for convenience only and shall be disregarded in construing this Guaranty.

29. **Servicer.** Guarantor hereby acknowledges and agrees that, pursuant to the terms of the Security Instrument: (a) from time to time, Funding Lender may appoint a servicer to collect payments, escrows and deposits, to give and to receive notices under the Note, this Guaranty or the other Borrower Loan Documents, and to otherwise service the Borrower Loan and (b) unless Borrower receives written notice from Funding Lender to the contrary, any action or right which shall or may be taken or exercised by Funding Lender may be taken or exercised by such servicer with the same force and effect.

30. **Beneficiary Parties as Third Party Beneficiary.** Each of the Beneficiary Parties shall be a third party beneficiary of this Guaranty for all purposes.

31. **Waiver of Trial by Jury.** TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF GUARANTOR AND THE BENEFICIARY PARTIES EXCEPT FOR THE GOVERNMENTAL LENDER (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS GUARANTY OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH SUCH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL. IF FOR ANY REASON THIS WAIVER IS DEEMED TO BE UNENFORCEABLE, ALL SUCH DISPUTES SHALL BE RESOLVED BY JUDICIAL REFERENCE PURSUANT TO THE PROVISIONS OF SECTION 14.

32. **Time of the Essence.** Time is of the essence with respect to this Guaranty.

33. **Modifications.** All modifications (if any) to the terms of this Guaranty (“Modifications”) are set forth on Exhibit A attached to this Guaranty. In the event of a Transfer under the terms of the Security Instrument (other than a Permitted Transfer not requiring Funding Lender consent), some or all of the Modifications to this Guaranty may be modified or rendered void by Funding Lender at its option by notice to Guarantor.
34. **Attached Exhibit.** The following Exhibit is attached to this Guaranty and is incorporated by reference herein as if more fully set forth in the text hereof:

**Exhibit A – Modifications to Completion and Repayment Guaranty**

The terms of this Guaranty are modified and supplemented as set forth in said Exhibit. To the extent of any conflict or inconsistency between the terms of said Exhibit and the text of this Guaranty, the terms of said Exhibit shall be controlling in all respects.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Completion and Repayment Guaranty or caused this Completion and Repayment Guaranty to be duly executed and delivered by its authorized representative as of the date first set forth above.

GUARANTOR:

THE RELATED COMPANIES, L.P., a
New York limited partnership

By: The Related Realty Group, Inc., a Delaware corporation, its General Partner

By: __________________________________________________________________________
Name: Michael J. Brenner
Title: Executive Vice President and Chief Financial Officer

Guarantor’s Address for Notices:

The Related Companies, L.P.
60 Columbus Circle, 19th Floor
New York, New York 10023
Attention: President and Chief Legal Officer

With a copy to:

Related California
18201 Von Karman Avenue, Suite 900
Irvine, California 92612
Attention: Frank Cardone
Facsimile: (949) 660-7273

And a copy to:

Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, 64th Floor
Los Angeles, CA 90071
Attention: Lance Bocarsly
Facsimile: (213) 559-0733
LA CIENEGA LOMOD, INC., a California nonprofit public benefit corporation

By: ______________________________
Name: Tina Smith-Booth
Title: President

Guarantor’s Address for Notices:

Housing Authority of the City of Los Angeles
2600 Wilshire Blvd.
Los Angeles, California 90057
Attention: Doug Guthrie,
President and Chief Executive Officer
EXHIBIT A

MODIFICATIONS TO COMPLETION AND REPAYMENT GUARANTY

The following modifications are made to the text of the Guaranty that precedes this Exhibit:

None.

Capitalized terms used and not defined herein shall have the respective meanings ascribed to them in the Guaranty.
AGREEMENT OF ENVIRONMENTAL INDEMNIFICATION

This AGREEMENT OF ENVIRONMENTAL INDEMNIFICATION (this “Agreement”) is entered into as of the 1st day of October, 2020 by PUEBLO DEL SOL I HOUSING PARTNERS, L.P., a California limited partnership (“Borrower”), THE RELATED COMPANIES, L.P., a New York limited partnership, LA CIENEGA LOMOD, INC., a California nonprofit public benefit corporation (collectively, the “Guarantor”; and together with Borrower, the “Indemnitor”), for the benefit of Beneficiary Parties (as defined herein). The date of this Agreement as set forth above is for reference purposes only, and this Agreement will not be effective and binding until the Closing Date (as defined in the Borrower Loan Agreement).

RECITALS:

A. The Borrower has applied to the Housing Authority of the City of Los Angeles, a public body, corporate and politic, duly created, established and authorized to transact business under the laws of the State of California (“Governmental Lender”), for a loan (the “Borrower Loan”) for the acquisition, construction, rehabilitation, development, equipping and/or operation of a 201-unit multifamily residential project located in the City of Los Angeles, Los Angeles County, California, known or to be known as Pueblo del Sol Phase I (the “Mortgaged Property”).

B. The Borrower Loan is evidenced by (i) that certain Multifamily Note, dated as of the Closing Date, in the maximum principal amount of $[31,700,000] made by Borrower payable to the order of Governmental Lender (the “Note”), and (ii) that certain Borrower Loan Agreement, dated as of the date hereof, by and between Borrower and Governmental Lender (the “Borrower Loan Agreement”).

C. The Borrower Loan is secured by, among other things, that certain Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of the date hereof, executed by Borrower for the benefit of Governmental Lender (the “Security Instrument”) which Security Instrument encumbers the Mortgaged Property.

D. Borrower has requested that Citibank, N.A., a national banking association (“Funding Lender”) enter into that certain Funding Loan Agreement, dated as of the date hereof, by and among Governmental Lender, U.S. Bank National Association, a national banking association, as fiscal agent, and Funding Lender (the “Funding Loan Agreement”), pursuant to which Funding Lender will make a loan to Governmental Lender (the “Funding Loan”), the proceeds of which will be used to make the Borrower Loan to Borrower pursuant to the Borrower Loan Agreement. The Borrower Loan will be advanced to Borrower pursuant to that certain Construction Funding Agreement, dated as of the date hereof, by and between Borrower and Funding Lender (the “Construction Funding Agreement”; together with the Note, the Security Instrument, the Borrower Loan Agreement, and all other documents executed in connection with the Borrower Loan, including this Agreement, the “Borrower Loan Documents”).
E. The Note and the Security Instrument shall each be assigned by Governmental Lender to Fiscal Agent to secure the Funding Loan. The interest of the Governmental Lender in the Borrower Loan Agreement shall be assigned to Fiscal Agent and Funding Lender, except for the Unassigned Rights (as defined in the Funding Loan Agreement). Funding Lender has requested that all remaining Borrower Loan Documents be executed in favor of the Funding Lender.

F. The term “Beneficiary Parties” as used herein shall mean Governmental Lender, Funding Lender, any Servicer and their respective successors and assigns. The term “Beneficiary Parties” shall also include any lawful owner, holder or pledgee of the Note.

G. Guarantor acknowledges that it will receive substantial economic and other benefits from the making of the Funding Loan and the making of the Borrower Loan.

H. As a condition to the making of the Funding Loan to Governmental Lender and the making of the Borrower Loan to Borrower, each Indemnitor is required to enter into this Agreement.

NOW THEREFORE, in consideration for the making of the Funding Loan and the making of the Borrower Loan, and in order to induce Beneficiary Parties to consummate said transactions, each Indemnitor agrees for the benefit of Beneficiary Parties as follows:

1. **Recitals.** The parties agree the recitals are true and correct, and are incorporated herein by reference.

2. **Certain Definitions.** Capitalized terms used but not defined in this Agreement shall have the meanings assigned to them in the Security Instrument. The following terms, when used herein, shall have the following meanings:

   (a) “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; radon; Mold; toxic or mycotoxin spores; any substance the presence of which on the Mortgaged Property is prohibited by any federal, state or local authority; any substance that requires special handling under any Hazardous Materials Law; and any other material or substance (whether or not naturally occurring) now or in the future that (i) is defined as a “hazardous substance,” “hazardous material,” “hazardous waste,” “toxic substance,” “toxic pollutant,” “solid waste,” “pesticide,” “contaminant,” or “pollutant” or otherwise classified as hazardous or toxic 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.

   (b) “Hazardous Materials Law” means all federal, state, and local laws, ordinances and regulations and standards, rules, policies and other governmental requirements, rules of common law (including without limitation nuisance and trespass),
consent order, administrative rulings and court judgments and decrees or other
government directive in effect now or in the future and including all amendments, that
relate to Hazardous Materials or to the protection or conservation of the environment or
human health and apply to any Indemnitor or to the Mortgaged Property, including
without limitation those relating to industrial hygiene, or the use, analysis, generation,
manufacture, storage, discharge, release, disposal, transportation, treatment, investigation
or remediation of Hazardous Materials. Hazardous Materials Laws include, but are not
limited to, the Comprehensive Environmental Response, Compensation and Liability Act,
Section 6901, et seq., the Toxic Substances Control Act, 15 U.S.C. Section 2601, et seq.,
the Clean Water Act, 33 U.S.C. Section 1251, et seq., the Hazardous Materials
Transportation Act, 49 U.S.C. Section 5101, et seq., the Superfund Amendments and
Reauthorization Act, the Solid Waste Disposal Act, the Clean Air Act, the Occupational
Safety and Health Act, and their state analogs.

(c) “Indemnitees” for purposes of this Agreement, means collectively
Beneficiary Parties and their successors, assigns, and transferees and the officers,
directors, shareholders, partners, members, trustees, heirs, legal representatives,
employees and agents of Beneficiary Parties and their successors, assigns and transferees.

(d) “Mold” means mold, fungus, microbial contamination or pathogenic
organisms.

(e) “O&M Program” shall have the meaning set forth in Section 3(d) hereof.

3. Prohibited Activities or Conditions.

(a) Except for matters described in Section 3(b) or matters disclosed in the
environmental reports described on Exhibit A and which are being maintained or
remediated in accordance with applicable Hazardous Materials Laws, no Indemnitor shall
cause or permit any of the following:

(i) the presence, use, generation, release, treatment, processing,
storage (including storage in above ground and underground storage tanks),
handling, or disposal of any Hazardous Materials on or under the Mortgaged
Property (whether as a result of activities on the Mortgaged Property or on
surrounding properties) or any other property of any Indemnitor that is adjacent to
the Mortgaged Property;

(ii) the transportation of any Hazardous Materials to, from, or across
the Mortgaged Property (whether as a result of activities on the Mortgaged
Property or on surrounding properties);

(iii) any occurrence or condition on the Mortgaged Property (whether
as a result of activities on the Mortgaged Property or on surrounding properties)
or any other property of any Indemnitor that is adjacent to the Mortgaged
Property, which occurrence or condition is or may be in violation of Hazardous
Materials Laws;
(iv) any violation of or noncompliance with the terms of any Environmental Permit with respect to the Mortgaged Property or any property of any Indemnitor that is adjacent to the Mortgaged Property;

(v) the imposition of any environmental lien against the Mortgaged Property; or

(vi) any violation or noncompliance with the terms of any O&M Program.

The matters described in clauses (i) through (vi) above, except as otherwise provided in Section 3(b), are referred to collectively in this Agreement as “Prohibited Activities or Conditions”.

(b) Prohibited Activities or Conditions shall not include lawful conditions permitted by an O&M Program or the safe and lawful use, transportation and storage of quantities of (1) pre-packaged supplies, cleaning materials, petroleum products, household products, paints, solvents, lubricants and other materials customarily used in the construction, operation, maintenance or use of comparable multifamily properties, (2) cleaning materials, household products, personal grooming items and other items sold in pre-packaged containers for consumer use and used by tenants and occupants of residential dwelling units in the Mortgaged Property; and (3) petroleum products used in the operation and maintenance of motor vehicles from time to time located on the Mortgaged Property’s parking areas, so long as all of the foregoing are used, stored, handled, transported and disposed of in compliance with Hazardous Materials Laws.

(c) Each Indemnitor shall take all commercially reasonable actions (including the inclusion of appropriate provisions in any Leases executed after the date hereof) to prevent its employees, agents, and contractors, and all tenants and other occupants from causing or permitting any Prohibited Activities or Conditions. Indemnitor shall not lease or allow the sublease or use of all or any portion of the Mortgaged Property to any tenant or subtenant for nonresidential use by any user that, in the ordinary course of its business, would cause or permit any Prohibited Activity or Condition.

(d) If and as required by Funding Lender, Borrower shall also establish a written operations and maintenance program with respect to certain Hazardous Materials. Each such operations and maintenance program and any additional or revised operations and maintenance programs established for the Mortgaged Property pursuant to this Agreement must be approved by Funding Lender and shall be referred to herein as an “O&M Program.” Borrower shall comply in a timely manner with, and cause all of its employees, agents, and contractors and any other persons present on the Mortgaged Property to comply with each O&M Program. Borrower shall pay all costs of performance of its obligations under any O&M Program, and any Beneficiary Party’s out-of-pocket costs incurred by such Beneficiary Party in connection with the monitoring and review of each O&M Program and Borrower’s performance shall be paid by Borrower upon demand by such Beneficiary Party.
Without limitation of the foregoing, (1) Borrower hereby agrees to implement and maintain during the entire term of the Borrower Loan the moisture management program/microbial operations and maintenance program as described in Section 6.1.12 of the Construction Funding Agreement, and (2) if asbestos-containing materials are found to exist at the Mortgaged Property, the O&M Program with respect thereto shall be undertaken consistent with the Guidelines for Controlling Asbestos-Containing Materials in Buildings (USEPA, 1985) and other relevant guidelines and applicable Hazardous Materials Laws.

With respect to any O&M Program, if reasonably required by Funding Lender, Borrower shall provide (1) periodic notices or reports to Funding Lender in form, substance and at such intervals as Funding Lender may reasonably specify; (2) amendments to such O&M Program to address changing circumstances, laws or other matters, including without limitation variations in response to reports provided by environmental consultants; and (3) execution of an Operations and Maintenance Agreement relating to such O&M Program reasonably satisfactory to Funding Lender.

4. **Representations and Warranties.** Each Indemnitor represents and warrants to Beneficiary Parties that, except as otherwise disclosed in the environmental reports described on Exhibit A (the “Environmental Reports”):

   (a) Indemnitor has not at any time engaged in, caused or permitted any Prohibited Activities or Conditions;

   (b) to the best of Indemnitor’s knowledge after reasonable and diligent inquiry, no Prohibited Activities or Conditions exist or have existed; and Indemnitor has provided Funding Lender with copies of all reports and information acquired in such inquiries;

   (c) the Mortgaged Property (1) does not now contain any underground storage tanks, and, (2) to the best of Indemnitor’s knowledge, has not contained any underground storage tanks in the past. If there is an underground storage tank located on the Mortgaged Property which has been disclosed in the Environmental Reports, that tank complies with all requirements of Hazardous Materials Laws;

   (d) Indemnitor has complied with and will continue to comply with all Hazardous Materials Laws, including all requirements for notification regarding releases of Hazardous Materials. Without limiting the generality of the foregoing, Indemnitor has obtained all Environmental Permits required for the operation of the Mortgaged Property in accordance with Hazardous Materials Laws now in effect and all such Environmental Permits are in full force and effect;

   (e) to the best of Indemnitor’s knowledge after reasonable and diligent inquiry, no event has occurred with respect to the Mortgaged Property that constitutes, or with the passing of time or the giving of notice would constitute, noncompliance with the terms of any Environmental Permit or Hazardous Materials Law;
(f) there are no actions, suits, claims or proceedings pending or, to the best of Indemnitor’s knowledge after reasonable and diligent inquiry, threatened in writing that involve the Mortgaged Property and allege, arise out of, or relate to any Prohibited Activity or Condition;

(g) Indemnitor has not received any complaint, order, notice of violation or other communication from any Governmental Authority with regard to air emissions, water discharges, noise emissions or Hazardous Materials, or any other environmental, health or safety matters affecting the Mortgaged Property or any other property of Indemnitor that is adjacent to the Mortgaged Property;

(h) no prior Remedial Work (as defined below) has been undertaken, and no Remedial Work is ongoing, with respect to the Mortgaged Property during Borrower’s ownership thereof or, to the best of Indemnitor’s knowledge after reasonable and diligent inquiry, at any time prior to Borrower’s ownership thereof, except as set forth in the Environmental Reports; and

(i) Indemnitor has disclosed herein all material facts known to Indemnitor or contained in Indemnitor’s records, the nondisclosure of which could cause any representation and warranty made herein or any statement made in the Environmental Report to be false or materially misleading.

The representations and warranties in this Agreement shall be continuing representations and warranties that shall be deemed to be made by each Indemnitor throughout the term of the Borrower Loan until the Indebtedness has been paid in full or otherwise discharged.

5. **Covenants of Indemnitor.** Each Indemnitor does hereby covenant and agree with Indemnitees that:

(a) Indemnitor shall promptly notify Funding Lender in writing upon the occurrence of any of the following events:

   (i) Indemnitor’s discovery of any Prohibited Activity or Condition;

   (ii) Indemnitor’s receipt of or actual knowledge of any complaint, order, notice of violation or other communication from any tenant, management agent, Governmental Authority or other person with regard to present or future alleged Prohibited Activities or Conditions or any other environmental, health or safety matters affecting the Mortgaged Property or any other property of any Indemnitor that is adjacent to the Mortgaged Property;

   (iii) Indemnitor’s receipt of or actual knowledge of any personal injury claim, proceeding or cause of action directly or indirectly arising as a result of the presence of asbestos or other Hazardous Materials on or from the Mortgaged Property;

   (iv) Indemnitor’s discovery that any representation or warranty in this Agreement has become untrue after the date of this Agreement; and
(v) any Indemnitor’s breach of any of its obligations under this Agreement.

Any such notice given by Indemnitor shall not relieve Indemnitor of, or result in a waiver of, any obligation under this Agreement, or any Borrower Loan Document.

(b) Indemnitor shall pay promptly the costs of any environmental inspections, tests or audits (“Environmental Inspections”) required by Funding Lender or any Beneficiary Party in connection with any foreclosure or deed in lieu of foreclosure, or as a condition of Funding Lender’s consent to any Transfer, or required by Funding Lender following a reasonable determination by Funding Lender that Prohibited Activities or Conditions may exist. The results of all Environmental Inspections shall at all times remain the property of Funding Lender; provided, however, that if Indemnitor shall have paid for the Environmental Inspections as provided above, upon request by Indemnitor, Funding Lender, will make available to Indemnitor such results or any other information obtained by Funding Lender in connection with its Environmental Inspections without any representation or warranty, express or implied, by Funding Lender. Funding Lender hereby reserves the right, and Indemnitor hereby expressly authorizes Funding Lender, to make available to any party, including any prospective bidder at a foreclosure sale of the Mortgaged Property, the results of any Environmental Inspections with respect to the Mortgaged Property. Indemnitor consents to Funding Lender notifying any party (either as part of a notice of sale or otherwise) of the results of any Environmental Inspections. Indemnitor acknowledges that Beneficiary Parties cannot control or otherwise assure the truthfulness or accuracy of the results of any of the Environmental Inspections and that the release of such results to prospective bidders at a foreclosure sale of the Mortgaged Property may have a material and adverse effect upon the amount which a party may bid at such sale. Indemnitor agrees that no Beneficiary Party shall have any liability whatsoever as a result of delivering the results of any of the Environmental Inspections to any third party, and Indemnitor hereby releases and forever discharges Beneficiary Parties from any and all claims, damages, or causes of action, arising out of, connected with or incidental to the results of, the delivery of any Environmental Inspections.

(c) If any investigation, site monitoring, containment, clean-up, restoration or other remedial work (“Remedial Work”) is necessary to comply with or cure a violation of any Hazardous Materials Law or order of any Governmental Authority that has or acquires jurisdiction over the Mortgaged Property or the use, operation or improvement of the Mortgaged Property under any Hazardous Materials Law, or is otherwise required by Funding Lender as a consequence of any Prohibited Activity or Condition or to prevent the occurrence of a Prohibited Activity or Condition, Indemnitor shall, by the earlier of (1) the applicable deadline required by such Hazardous Materials Law or (2) thirty (30) days after notice from Funding Lender, demanding such action, begin performing the Remedial Work, and thereafter diligently prosecute it to completion, and shall in any event complete the work by the time required by such Hazardous Materials Law. Indemnitor shall promptly provide Funding Lender with a cost estimate from an environmental consultant reasonably acceptable to Funding Lender to complete any required Remedial Work. If required by Funding Lender, Indemnitor shall promptly establish with Funding Lender a reserve fund in the amount of such estimate. If, in
Funding Lender’s reasonable opinion, the amount reserved at any time during the Remedial Work is insufficient to cover the work remaining to complete the Remedial Work or achieve compliance, Indemnitor shall increase the amount reserved in compliance with Funding Lender’s written request. All amounts so held in reserve, until disbursed, are pledged to Beneficiary Parties as security for payment of Indemnitor’s obligations under this Agreement. If Indemnitor fails to begin on a timely basis or diligently prosecute any required Remedial Work, Funding Lender may, at its option, cause the Remedial Work to be completed, in which case Indemnitor shall reimburse Beneficiary Parties on demand for the cost of doing so.

(d) Indemnitor shall comply with all Hazardous Materials Laws applicable to the Mortgaged Property. Without limiting the generality of the previous sentence, Indemnitor shall (1) obtain and maintain all Environmental Permits required by Hazardous Materials Laws and comply with all conditions of such Environmental Permits; (2) cooperate with any inquiry by any Governmental Authority; and (3) comply with any governmental or judicial order that arises from any alleged Prohibited Activity or Condition.

6. **Indemnification.**

(a) INDENNIATOR SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND INDEMNITEES FROM AND AGAINST ALL ACTUAL LOSSES, PROCEEDINGS, CLAIMS, DAMAGES, PENALTIES AND COSTS (WHETHER INITIATED OR SOUGHT BY GOVERNMENTAL AUTHORITIES OR PRIVATE PARTIES), INCLUDING, WITHOUT LIMITATION, FEES AND OUT-OF-POCKET EXPENSES OF ATTORNEYS AND EXPERT WITNESSES, ENGINEERING FEES, ENVIRONMENTAL CONSULTANT FEES, INVESTIGATORY FEES AND REMEDIATION COSTS (INCLUDING, WITHOUT LIMITATION, ANY FINANCIAL ASSURANCES REQUIRED TO BE POSTED FOR COMPLETION OF REMEDIAL WORK AND COSTS ASSOCIATED WITH ADMINISTRATIVE OVERSIGHT), AND OF ANY LIABILITIES OF WHATEVER KIND AND NATURE, WHETHER INCURRED IN CONNECTION WITH ANY JUDICIAL OR ADMINISTRATIVE PROCESS OR OTHERWISE, ARISING DIRECTLY OR INDIRECTLY FROM ANY OF THE FOLLOWING:

   (i) ANY BREACH OF ANY REPRESENTATION OR WARRANTY OF ANY INDEMNITOR IN THIS AGREEMENT;

   (ii) ANY FAILURE BY ANY INDEMNITOR TO PERFORM ANY OF ITS OBLIGATIONS UNDER THIS AGREEMENT;

   (iii) THE EXISTENCE OR ALLEGED EXISTENCE OF ANY PROHIBITED ACTIVITY OR CONDITION ON THE MORTGAGED PROPERTY;

   (iv) THE PRESENCE OR ALLEGED PRESENCE OF HAZARDOUS MATERIALS ON OR UNDER THE MORTGAGED PROPERTY OR IN ANY
OF THE IMPROVEMENTS OR ON OR UNDER ANY PROPERTY OF ANY INDEMNITOR THAT IS ADJACENT TO THE MORTGAGED PROPERTY;

(v) THE ACTUAL OR ALLEGED VIOLATION OF ANY HAZARDOUS MATERIALS LAW WITH REGARD TO THE MORTGAGED PROPERTY;

(vi) ANY LOSS OR DAMAGE RESULTING FROM A LOSS OF PRIORITY OF THE SECURITY INSTRUMENT OR ANY OTHER BORROWER LOAN DOCUMENT DUE TO AN IMPOSITION OF AN ENVIRONMENTAL LIEN AGAINST THE MORTGAGED PROPERTY; AND

(vii) ANY PERSONAL INJURY CLAIM, PROCEEDING OR CAUSE OF ACTION DIRECTLY OR INDIRECTLY ARISING AS A RESULT OF THE PRESENCE OF ASBESTOS OR OTHER HAZARDOUS MATERIALS ON OR FROM THE MORTGAGED PROPERTY.

(b) COUNSEL SELECTED BY ANY INDEMNITOR TO DEFEND INDEMNITEES SHALL BE SUBJECT TO THE APPROVAL OF THOSE INDEMNITEES. IN THE EVENT OF A CONFLICT OF INTEREST WITH THE COUNSEL, ANY BENEFICIARY PARTY MAY EMPLOY ITS OWN LEGAL COUNSEL AND CONSULTANTS TO PROSECUTE, DEFEND OR NEGOTIATE ANY CLAIM OR LEGAL OR ADMINISTRATIVE PROCEEDING AT INDEMNITOR’S EXPENSE, AND SUCH BENEFICIARY PARTY, WITH THE PRIOR WRITTEN CONSENT OF INDEMNITOR (WHICH SHALL NOT BE UNREASONABLY WITHHELD, DELAYED OR CONDITIONED) MAY SETTLE OR COMPROMISE ANY ACTION OR LEGAL OR ADMINISTRATIVE PROCEEDING. INDEMNITOR SHALL REIMBURSE SUCH BENEFICIARY PARTY UPON DEMAND FOR ALL COSTS AND EXPENSES INCURRED BY SUCH BENEFICIARY PARTY, INCLUDING, WITHOUT LIMITATION, ALL COSTS OF SETTLEMENTS ENTERED INTO IN GOOD FAITH AND THE REASONABLE FEES AND OUT-OF-POCKET EXPENSES OF SUCH ATTORNEYS AND CONSULTANTS.

(c) INDEMNITOR SHALL NOT, WITHOUT THE PRIOR WRITTEN CONSENT OF THOSE INDEMNITEES WHO ARE NAMED AS PARTIES TO A CLAIM OR LEGAL OR ADMINISTRATIVE PROCEEDING (A “CLAIM”), SETTLE OR COMPROMISE THE CLAIM IF THE SETTLEMENT (1) RESULTS IN THE ENTRY OF ANY JUDGMENT THAT DOES NOT INCLUDE AS AN UNCONDITIONAL TERM THE DELIVERY BY THE CLAIMANT OR PLAINTIFF TO BENEFICIARY PARTIES OF A WRITTEN RELEASE OF THOSE INDEMNITEES, SATISFACTORY IN FORM AND SUBSTANCE TO FUNDING LENDER; OR (2) MAY MATERIALLY AND ADVERSELY AFFECT BENEFICIARY PARTIES, AS DETERMINED BY FUNDING LENDER IN ITS DISCRETION.
(d) INDEMNITOR’S OBLIGATION TO INDEMNIFY THE INDEMNITEES SHALL NOT BE LIMITED OR IMPAIRED BY ANY OF THE FOLLOWING, OR BY ANY FAILURE OF ANY INDEMNITOR OR ANY GUARANTOR TO RECEIVE NOTICE OF OR CONSIDERATION FOR ANY OF THE FOLLOWING:

(i) ANY AMENDMENT OR MODIFICATION OF ANY BORROWER LOAN DOCUMENT;

(ii) ANY EXTENSIONS OF TIME FOR PERFORMANCE REQUIRED BY ANY BORROWER LOAN DOCUMENT;

(iii) ANY PROVISION IN ANY BORROWER LOAN DOCUMENT LIMITING BENEFICIARY PARTIES’ RECOURSE TO ANY PROPERTY SECURING THE INDEBTEDNESS, OR LIMITING THE PERSONAL LIABILITY OF ANY INDEMNITOR OR ANY OTHER PARTY FOR PAYMENT OF ALL OR ANY PART OF THE INDEBTEDNESS;

(iv) THE ACCURACY OR INACCURACY OF ANY REPRESENTATIONS AND WARRANTIES MADE BY ANY INDEMNITOR UNDER THIS AGREEMENT OR ANY BORROWER LOAN DOCUMENT;

(v) THE RELEASE OF ANY INDEMNITOR OR ANY OTHER PERSON, BY BENEFICIARY PARTIES OR BY OPERATION OF LAW, FROM PERFORMANCE OF ANY OBLIGATION UNDER ANY BORROWER LOAN DOCUMENT;

(vi) THE RELEASE OR SUBSTITUTION IN WHOLE OR IN PART OF ANY SECURITY FOR THE INDEBTEDNESS; AND

(vii) FAILURE BY BENEFICIARY PARTIES TO PROPERLY PERFECT ANY LIEN OR SECURITY INTEREST GIVEN AS SECURITY FOR THE INDEBTEDNESS.

(e) INDEMNITOR SHALL, AT ITS OWN COST AND EXPENSE, DO ALL OF THE FOLLOWING:

(i) PAY OR SATISFY ANY JUDGMENT OR DECREE THAT MAY BE ENTERED AGAINST ANY INDEMNITEE OR INDEMNITEES IN ANY LEGAL OR ADMINISTRATIVE PROCEEDING INCIDENT TO ANY MATTERS AGAINST WHICH INDEMNITEES ARE ENTITLED TO BE INDEMNIFIED UNDER THIS AGREEMENT;

(ii) REIMBURSE INDEMNITEES FOR ANY AND ALL EXPENSES PAID OR INCURRED IN CONNECTION WITH ANY MATTERS AGAINST WHICH INDEMNITEES ARE ENTITLED TO BE INDEMNIFIED UNDER THIS AGREEMENT; AND
(iii) REIMBURSE INDEMNITEES FOR ANY AND ALL EXPENSES, INCLUDING, WITHOUT LIMITATION, FEES AND OUT-OF-POCKET EXPENSES OF ATTORNEYS AND EXPERT WITNESSES, PAID OR INCURRED IN CONNECTION WITH THE ENFORCEMENT BY INDEMNITEES OF THEIR RIGHTS UNDER THIS AGREEMENT, OR IN MONITORING AND PARTICIPATING IN ANY LEGAL OR ADMINISTRATIVE PROCEEDING.

(f) Notwithstanding anything herein to the contrary, (i) Indemnitor shall have no obligation hereunder to indemnify any Indemnitee for any liability under this Section 6 to the extent that the Prohibited Activities or Condition giving rise to such liability resulted solely from the gross negligence or willful misconduct of such Indemnitee, and (ii) Indemnitor’s liability under this Section 6 shall not extend to cover the violation of any Hazardous Materials Laws or Prohibited Activities or Conditions that first arise, commence or occur as a result of actions of Beneficiary Parties, their successors, assigns or designees, after the satisfaction, discharge, release, assignment, termination or cancellation of the Security Instrument following the payment in full of the Note and all other sums payable under the Borrower Loan Documents or after the actual dispossession from the entire Mortgaged Property of the Borrower and Affiliates of the Borrower or any other Indemnitor following foreclosure of the Security Instrument or acquisition of the Mortgaged Property by a deed in lieu of foreclosure.

7. Obligation Not Secured by Security Instrument. Notwithstanding any provision of the Security Instrument or any of the other Borrower Loan Documents to the contrary: (i) the rights of the Beneficiary Parties under this Agreement shall not be secured by the Security Instrument, and (ii) the rights of the Beneficiary Parties under this Agreement shall not be affected by any provision of the Borrower Loan Documents limiting Funding Lender’s or any other party’s recourse or Indemnitor’s or any other party’s liability for the Borrower Loan or any other Indebtedness.

8. Survival. This Agreement shall survive the satisfaction or release of the Security Instrument and the other Borrower Loan Documents by full and final payment of all obligations of Indemnitor to Beneficiary Parties, by foreclosure of Borrower’s equity of redemption in the Mortgaged Property (whether by power of sale or judicial proceedings), by deed in lieu of foreclosure or by any other comparable means and the conveyance or disposition of any Indemnitor’s interest in the Mortgaged Property, and shall continue in full force and effect forever, irrespective of any such foreclosure and/or satisfaction of the obligations of any Indemnitor in connection with the Borrower Loan.

9. Conflicting Provisions. Borrower acknowledges and agrees that its covenants and obligations hereunder are in addition to, and separate and distinct from, the obligations under the Security Instrument.

10. Joint and Several Liability. If more than one person executes this Agreement, the obligations of those persons under this Agreement and any other Indemnitor (an “Other Indemnitor”) shall be joint and several, provided, however, Funding Lender agrees that any financial liability of Guarantor hereunder shall be split with The Related Companies, L.P. paying
85% and La Cienega LOMOD, Inc. paying 15% (“Guaranty Split”). Beneficiary Parties, in their sole and absolute discretion, may (a) bring suit against Indemnitor, or any one or more of the persons constituting Indemnitor, and any Other Indemnitor, jointly and severally, or against any one or more of them; (b) compromise or settle with any one or more of the persons constituting Indemnitor or any Other Indemnitor for such consideration as Beneficiary Parties may deem proper; (c) release one or more of the persons constituting Indemnitor, or any Other Indemnitor, from liability; and/or (d) otherwise deal with Indemnitor and any Other Indemnitor, or any one or more of them, in any manner, and no such action shall impair the rights of Beneficiary Parties to collect from Indemnitor any amount owed by Indemnitor under this Agreement. Nothing contained in this paragraph shall in any way affect or impair the rights or obligations of Indemnitor with respect to any Other Indemnitor.

11. **State Specific Provisions (California); Additional Provisions Concerning Environmental Hazards**

   (a) Except for matters covered by an O&M Program or matters described in Section 3(b), Indemnitor shall not cause or permit any lien (whether or not such lien has priority over the lien created by the Security Instrument) upon the Mortgaged Property imposed pursuant to any Hazardous Materials Law. Any such lien shall be considered a Prohibited Activity or Condition.

   (b) Each Indemnitor represents and warrants to Beneficiary Parties that, except as otherwise set forth in the Environmental Reports:

      (i) at the time of acquiring the Mortgaged Property, Indemnitor undertook all appropriate inquiry into the previous ownership and uses of the Mortgaged Property consistent with good commercial or customary practice and no evidence or indication came to light which would suggest that the Mortgaged Property has been or is now being used for any Prohibited Activities or Conditions; and

      (ii) the Mortgaged Property has not been designated as “hazardous waste property” or “border zone property” pursuant to Section 25220, et seq., of the California Health and Safety Code.

   (c) The representations and warranties in this Section shall be continuing representations and warranties that shall be deemed to be made by each Indemnitor throughout the term of the loan evidenced by the Note, until the Indebtedness has been paid in full.

   (d) Without limiting any of the remedies provided in this Agreement, each Indemnitor acknowledges and agrees that each of the provisions in this Agreement is an environmental provision (as defined in Section 736(f)(2) of the California Code of Civil Procedure) made by such Indemnitor relating to the real property security (the “Environmental Provisions”), and that any Indemnitor’s failure to comply with any of the Environmental Provisions will be a breach of contract that will entitle Funding Lender to pursue the remedies provided by Section 736 of the California Code of Civil
Procedure (“Section 736”) for the recovery of damages and for the enforcement of the Environmental Provisions. Pursuant to Section 736, Funding Lender’s action for recovery of damages or enforcement of the Environmental Provisions shall not constitute an action within the meaning of Section 726(a) of the California Code of Civil Procedure or constitute a money judgment for a deficiency or a deficiency judgment within the meaning of Sections 580a, 580b, 580d, or 726(b) of the California Code of Civil Procedure.

(e) JUDICIAL REFERENCE AGREEMENT; REFEREE; COSTS.

(i) Controversies Subject to Judicial Reference; Conduct of Reference. In the event that any action, proceeding and/or hearing on any matter whatsoever, including all issues of fact or law arising out of, or in any way connected with, the Note, the Security Instrument, this Agreement or any of the Borrower Loan Documents, or the enforcement of any remedy under any law, statute, or regulation (hereinafter, a “Controversy”), is to be tried in a court of the State of California and the jury trial waiver provisions set forth below are not permitted or otherwise applicable under then-prevailing law:

(A) Each Controversy shall be determined by a consensual general judicial reference (the “Reference”) pursuant to the provisions of California Code of Civil Procedure §§ 638 et seq., as such statutes may be amended or modified from time to time.

(B) Upon a written request, or upon an appropriate motion by either an Indemnitee or an Indemnitor, any pending action relating to any Controversy and every Controversy shall be heard by a single neutral referee (the “Referee”) who shall then try all issues (including any and all questions of law and questions of fact relating thereto), and issue findings of fact and conclusions of law and report a statement of decision. The Referee’s statement of decision will constitute the conclusive determination of the Controversy. Each Indemnitee and Indemnitor agrees that the Referee shall have the power to issue all legal and equitable relief appropriate under the circumstances before him/her.

(C) Each such Indemnitee and Indemnitor shall promptly and diligently cooperate with one another and the Referee, and shall perform such acts as may be necessary to obtain prompt and expeditious resolution of each Controversy in accordance with the terms of this Section 10(e).

(D) Either of such Indemnitee or Indemnitor may file the Referee’s findings, conclusions and statement with the clerk or judge of any appropriate court, file a motion to
confirm the Referee’s report and have judgment entered thereon. If the report is deemed incomplete by such court, the Referee may be required to complete the report and resubmit it.

(E) Each such Indemnitee and Indemnitor will have such rights to assert such objections as are set forth in California Code of Civil Procedure §§ 638 et seq.

(F) All proceedings shall be closed to the public and confidential, and all records relating to the Reference shall be permanently sealed when the order thereon becomes final.

(ii) Selection of Referee; Powers.

(A) The Indemnitee(s) and Indemnitor(s) who are party to such Controversy shall select a Referee, who shall be a retired judge or justice of the courts of the State of California, or a federal court judge, in each case, with at least ten years of judicial experience in civil matters. The Referee shall be appointed in accordance with California Code of Civil Procedure Section 638 (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts).

(B) If within ten (10) days after the request or motion for the Reference, such Indemnitee(s) and Indemnitor(s) cannot agree upon a Referee, either such Indemnitee(s) or Indemnitor(s) may request or move that the Referee be appointed by the Presiding Judge of the Los Angeles County Superior Court or of the U.S. District Court for the Central District of California. The Referee shall determine all issues relating to the applicability, interpretation, legality and enforceability of this Section 10(e).

(iii) Provisional Remedies; Self Help and Foreclosure.

(A) No provision of this Section 10(e) shall limit the right of either an Indemnitee or an Indemnitor, as the case may be, to (1) exercise such self-help remedies as might otherwise be available under applicable law, (2) initiate judicial or non-judicial foreclosure against any real or personal property collateral, (3) exercise any judicial or power of sale rights, or (4) obtain or oppose provisional or ancillary remedies, including without limitation, injunctive relief, writs of possession, the appointment of a receiver, and/or
additional or supplementary remedies from a court of competent jurisdiction before, after or during the pendency of the Reference.

(B) The exercise of, or opposition to, any such remedy does not waive the right of any Indemnitee or any Indemnitor to the Reference pursuant to this Section 10(e).

(iv) Costs and Fees.

(A) Promptly following the selection of the Referee, each Indemnitee and Indemnitor who is party to such Controversy shall advance equal portions of the estimated fees and costs of the Referee.

(B) In the statement of decision issued by the Referee, the Referee shall award costs, including reasonable attorneys’ fees, to the prevailing party, if any, and may order the Referee’s fees to be paid or shared by each Indemnitee and/or Indemnitor who is party to such Controversy in such manner as the Referee deems just.

12. Determinations by Funding Lender. Except to the extent expressly set forth in this Agreement to the contrary, in any instance where the consent or approval of Funding Lender may be given or is required, or where any determination, judgment or decision is to be rendered by Funding Lender under this Agreement, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by Funding Lender, as applicable (or its designated representative) at its sole and exclusive option and in its sole and absolute discretion.

13. Release; Indemnity.

(a) Release. Without limiting the provisions of Section 6, Indemnitor covenants and agrees that, in performing any of their rights or duties under this Agreement, neither the Beneficiary Parties, nor their agents or employees, shall be liable for any losses, claims, damages, liabilities and expenses that may be incurred by any of them as a result of such performance, except to the extent such liability for any losses, claims, damages, liabilities or expenses arises out of the willful misconduct or gross negligence of such party.

(b) Indemnity. Without limiting the provisions of Section 6, Indemnitor hereby agrees to indemnify and hold harmless the Beneficiary Parties and their respective agents and employees from and against any and all losses, claims, damages, liabilities and expenses including, without limitation, reasonable attorneys’ fees and costs and disbursements, which may be imposed or incurred by any of them in connection with this Agreement, except that no such party will be indemnified for any losses, claims, damages, liabilities or expenses arising out of the willful misconduct or gross negligence of such party.
14. **Governing Law.** This Agreement shall be governed by and enforced in accordance with the laws of the Property Jurisdiction, without giving effect to the choice of law principles of the Property Jurisdiction that would require the application of the laws of a jurisdiction other than the Property Jurisdiction.

15. **Consent to Jurisdiction and Venue.** Indemnitor agrees that any controversy arising under or in relation to this Agreement shall be litigated exclusively in the Property Jurisdiction. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Agreement. Indemnitor irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. However, nothing herein is intended to limit Beneficiary Parties’ right to bring any suit, action or proceeding relating to matters arising under this Agreement against Indemnitor or any of Indemnitor’s assets in any court of any other jurisdiction.

16. **Successors and Assigns.** This Agreement shall be binding upon Indemnitor and its heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate, and shall inure to the benefit of the Beneficiary Parties and their respective successors, successors-in-interest and assigns. The terms used to designate any of the parties herein shall be deemed to include the heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate, of such parties. References to a “person” or “persons” shall be deemed to include individuals and entities. Indemnitor acknowledges and agrees that any Beneficiary Party, at its option, may assign its respective rights and interests under this Agreement and the other Borrower Loan Documents in whole or in part and upon such assignment all the terms and provisions of this Agreement or the other Borrower Loan Documents shall inure to the benefit of such assignee to the extent so assigned. Indemnitor may not assign or delegate its rights, interests or obligations under this Agreement without first obtaining Funding Lender’s prior written consent.

17. **Severability.** The invalidity, illegality or unenforceability of any provision of this Agreement shall not affect the validity, legality or enforceability of any other provision, and all other provisions shall remain in full force and effect.

18. **Expenses.** Indemnitor shall pay to the Beneficiary Parties, upon demand, the amount of any and all expenses, including, without limitation, reasonable attorneys’ fees (including reasonable time charges of attorneys who may be employees of Beneficiary Parties), which the Beneficiary Parties may incur in connection with (a) the exercise or enforcement of any of their rights hereunder, (b) the failure by Indemnitor to perform or observe any of the provisions hereof, or (c) the breach by Indemnitor of any representation or warranty of Indemnitor set forth herein. Such expenses, together with interest thereon computed at the Default Rate set forth in the Note from the date on which such expenses are incurred to the date of payment thereof, shall constitute indebtedness secured by the Security Instrument.

19. **Remedies Cumulative.** In the event of Indemnitor’s default under this Agreement, subject to all applicable notice and cure periods, the Beneficiary Parties may exercise all or any one or more of their rights and remedies available under this Agreement, at
law or in equity. Such rights and remedies shall be cumulative and concurrent, and may be enforced separately, successively or together, and the exercise of any particular right or remedy shall not in any way prevent the Beneficiary Parties from exercising any other right or remedy available to the Beneficiary Parties. The Beneficiary Parties may exercise any such remedies from time to time as often as may be deemed necessary by the Beneficiary Parties.

20. **No Agency or Partnership.** Nothing contained in this Agreement shall constitute any Beneficiary Party as a joint venturer, partner or agent of Indemnitor, or render any Beneficiary Party liable for any debts, obligations, acts, omissions, representations or contracts of Indemnitor.

21. **Transfer of Mortgaged Property or Ownership Interests in Borrower.** If a Transfer (as defined in the Security Instrument) of all or part of the Mortgaged Property or of an ownership interest in Borrower shall occur, which Transfer requires the prior written consent of Funding Lender, the transferee(s) shall be required to assume the transferor’s duties and obligations under this Agreement and the other Borrower Loan Documents and shall be required to execute and deliver to Funding Lender such documents as Funding Lender requires to effectuate such assumption of duties and obligations. No transfer and assumption shall relieve the transferor of any of its duties or obligations under this Agreement or any of the other Borrower Loan Documents, unless the Borrower has obtained the prior written consent of Funding Lender to the release of such duties and obligations.

22. **Entire Agreement; Amendment and Waiver.** This Agreement contains the complete and entire understanding of the parties with respect to the matters covered herein. This Agreement may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, except by a written instrument signed by the party against whom enforcement of the waiver, amendment, change, or modification is sought, and then only to the extent set forth in that instrument. No specific waiver of any of the terms of this Agreement shall be considered as a general waiver.

23. **Further Assurances.** Indemnitor shall at any time and from time to time, promptly execute and deliver all further instruments and documents, and take all further action that may be reasonably necessary or desirable, or that any Beneficiary Party may reasonably request, in order to protect any right or interest granted by this Agreement or to enable the Beneficiary Party to exercise and enforce its rights and remedies under this Agreement. Notwithstanding the foregoing sentence, in no event shall Indemnitor be required to execute and deliver any document or perform any act otherwise required pursuant to the foregoing sentence to the extent such document or act imposes a material additional obligation or liability on Indemnitor or materially adversely affects the rights of Indemnitor under this Agreement.

24. **No Amendment; Conflicts.** Nothing contained in this Agreement shall be construed to amend, modify, alter, change or supersede the terms and provisions of the Note, the Security Instrument or the Borrower Loan Agreement; and, if there is a conflict between the terms and provisions of this Agreement and those of the Note, the Security Instrument or the Borrower Loan Agreement, then the terms and provisions of the Note, the Security Instrument or the Borrower Loan Agreement shall control.
25. **Notices.** All notices to be given by any Beneficiary Party to Guarantor shall be given to Guarantor, at the following address:

   c/o The Related Companies, L.P.
   60 Columbus Circle, 19th Floor
   New York, NY 10023
   Attn: President and Chief Legal Officer

   And to:

   Housing Authority of the City of Los Angeles
   2600 Wilshire Blvd.
   Los Angeles, California 90057
   Attention: Doug Guthrie,
   President and Chief Executive Officer

   and in the same manner as notices to Borrower pursuant to the notice provisions contained in the Security Instrument. All other notices given under this Agreement shall be in writing and shall be sent to the respective addresses of the parties, in the manner set forth in the Security Instrument.

26. **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall constitute an original document and all of which together shall constitute one agreement.

27. **Captions.** The captions of the sections of this Agreement are for convenience only and shall be disregarded in construing this Agreement.

28. **Servicer.** Indemnitor hereby acknowledges and agrees that, pursuant to the terms of the Security Instrument: (a) from time to time, Funding Lender may appoint a servicer to collect payments, escrows and deposits, to give and to receive notices under the Note, this Agreement or the other Borrower Loan Documents, and to otherwise service the Borrower Loan and (b) unless Indemnitor receives written notice from Funding Lender to the contrary, any action or right which shall or may be taken or exercised by Funding Lender may be taken or exercised by such servicer with the same force and effect.

29. **Beneficiary Parties as Third Party Beneficiary.** Each of the Beneficiary Parties shall be a third party beneficiary of this Agreement for all purposes.

30. **Waiver of Trial by Jury.** TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF INDEMNITOR AND THE BENEFICIARY PARTIES EXCEPT FOR THE GOVERNMENTAL LENDER (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS
31. **Time of the Essence.** Time is of the essence with respect to this Agreement.

32. **Modifications.** All modifications (if any) to the terms of this Agreement (“Modifications”) are set forth on Exhibit B attached to this Agreement. In the event of a Transfer under the terms of the Security Instrument (other than a Permitted Transfer not requiring Funding Lender consent), some or all of the Modifications to this Agreement may be modified or rendered void by Funding Lender at its option by notice to Indemnitor or such transferee.

33. **Attached Exhibits.** The following Exhibits are attached to this Agreement and are incorporated by reference herein as if more fully set forth in the text hereof:

   Exhibit A – Environmental Reports

   Exhibit B – Modifications to Agreement of Environmental Indemnification

The terms of this Agreement are modified and supplemented as set forth in said Exhibits. To the extent of any conflict or inconsistency between the terms of said Exhibits and the text of this Agreement, the terms of said Exhibits shall be controlling in all respects.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
IN WITNESS WHEREOF, each of the undersigned has duly executed and delivered this Agreement of Environmental Indemnification or caused this Agreement of Environmental Indemnification to be duly executed and delivered by its authorized representative as of the date first set forth above.

**BORROWER:**

**PUEBLO DEL SOL I HOUSING PARTNERS, L.P.,** a California limited partnership

By: Related/Pueblo del Sol I Development Co., LLC, a California limited liability company, its administrative general partner

By: ________________________________
Name: Frank Cardone
Title: President

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

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

By: ________________________________
Name: Tina Smith-Booth
Title: President
GUARANTOR:

THE RELATED COMPANIES, L.P., a New York limited partnership

By: The Related Realty Group, Inc., a Delaware corporation, its General Partner

By: __________________________________________
Name: Michael J. Brenner
Title: Executive Vice President and Chief Financial Officer

LA CIENEGA LOMOD, INC., a California nonprofit public benefit corporation

By: __________________________________________
Name: Tina Smith-Booth
Title: President
EXHIBIT A

ENVIRONMENTAL REPORTS

Phase I Environmental Site Assessment for, dated August 19, 2020 and prepared by AEI Consultants for Citibank, N.A., identified thereon as AEI Project No. 425014, pursuant to an inspection of the Mortgaged Property.
EXHIBIT B

MODIFICATIONS TO
AGREEMENT OF ENVIRONMENTAL INDEMNIFICATION

The following modifications are made to the text of the Agreement that precedes this Exhibit:

None.

Capitalized terms used and not defined herein shall have the respective meanings ascribed to them in the Agreement.
EXCEPTIONS TO NON-RECOUSE GUARANTY

This EXCEPTIONS TO NON-RECOUSE GUARANTY (this “Guaranty”) is entered into as of the 1st day of October, 2020, by THE RELATED COMPANIES, L.P., a New York limited partnership, and LA CIENEGA LOMOD, INC., a California nonprofit public benefit corporation (“Guarantor”, whether one or more), for the benefit of Beneficiary Parties (as defined below). The date of this Guaranty as set forth above is for reference purposes only, and this Guaranty will not be effective and binding until the Closing Date (as defined in the Borrower Loan Agreement).

RECITALS:

A. Pueblo Del Sol I Housing Partners, L.P., a California limited partnership (“Borrower”), has applied to the Housing Authority of the City of Los Angeles, a public body, corporate and politic, duly created, established and authorized to transact business under the laws of the State of California (“Governmental Lender”), for a loan (the “Borrower Loan”) for the acquisition, construction, rehabilitation, development, equipping and/or operation of a 201-unit multifamily residential project located in Los Angeles, Los Angeles County, California, known or to be known as Pueblo del Sol Phase I (the “Mortgaged Property”).

B. The Borrower Loan is evidenced by (i) that certain Multifamily Note, dated as of the Closing Date, in the maximum principal amount of $31,700,000 made by Borrower payable to the order of Governmental Lender (the “Note”), and (ii) that certain Borrower Loan Agreement, dated as of the date hereof, by and between Borrower and Governmental Lender (the “Borrower Loan Agreement”).

C. The Borrower Loan is secured by, among other things, that certain Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of the date hereof, executed by Borrower for the benefit of Governmental Lender (the “Security Instrument”), which Security Instrument encumbers the Mortgaged Property.

D. Borrower has requested that Citibank, N.A., a national banking association (“Funding Lender”), enter into that certain Funding Loan Agreement, dated as of the date hereof, by and among Governmental Lender, U.S. Bank National Association, a national banking association, as fiscal agent, and Funding Lender (the “Funding Loan Agreement”), pursuant to which Funding Lender will make a loan to Governmental Lender (the “Funding Loan”), the proceeds of which will be used to make the Borrower Loan to Borrower pursuant to the Borrower Loan Agreement. The Borrower Loan will be advanced to Borrower pursuant to that certain Construction Funding Agreement, dated as of the date hereof, by and between Borrower and Funding Lender (“Construction Funding Agreement”; together with the Note, the Security Instrument, the Borrower Loan Agreement, and all other documents executed in connection with the Borrower Loan, including this Guaranty, the “Borrower Loan Documents”) in order to reduce to writing their agreements regarding the manner in which the Improvements will be completed and paid for.

E. The Note and the Security Instrument shall each be assigned by Governmental Lender to Fiscal Agent to secure the Funding Loan. The interest of the Governmental Lender in
the Borrower Loan Agreement shall be assigned to Fiscal Agent and Funding Lender, except for the Unassigned Rights (as defined in the Funding Loan Agreement). Funding Lender has requested that all remaining Borrower Loan Documents be executed in favor of the Funding Lender.

F. The term “Beneficiary Parties” as used herein shall mean Governmental Lender, Funding Lender, any Servicer and their respective successors and assigns. The term “Beneficiary Parties” shall also include any lawful owner, holder or pledgee of the Note.

G. As a condition to the making of the Funding Loan to Governmental Lender and the making of the Borrower Loan to Borrower, Beneficiary Parties require that Guarantor execute this Guaranty.

H. Guarantor will directly or indirectly derive a material financial benefit from the making of the Funding Loan and the making of the Borrower Loan.

NOW, THEREFORE, in order to induce Funding Lender to make the Funding Loan to Governmental Lender and to induce Governmental Lender to make the Borrower Loan to Borrower, and in consideration thereof, Guarantor agrees as follows:

1. Defined Terms. Capitalized terms used but not defined in this Guaranty shall have the meanings assigned to them in the Security Instrument.

2. Scope of Guaranty. Guarantor represents to Beneficiary Parties that Guarantor has a direct or indirect ownership interest in Borrower and/or will otherwise derive a material financial benefit from the making of the Borrower Loan and the Funding Loan. Guarantor hereby does jointly, severally and unconditionally (subject to the Guaranty Split described below) guaranty to Beneficiary Parties the full and prompt payment when due, whether at maturity or earlier, by reason of acceleration or otherwise, and at all times thereafter, and the full and prompt performance when due, of all of the following (collectively, the “Guaranteed Obligations”):

   (a) All amounts for which Borrower is personally liable under the Note, including, without limitation, all amounts under Section 9 of the Note; provided, however, that (i) the maximum liability of Guarantor under Section 9(a) of the Note for principal indebtedness in respect of the Borrower Loan shall not exceed [Seven Million Nine Hundred Twenty-Five Thousand and 00/100 Dollars] ($[7,925,000]) (the “Principal Repayment Cap”) and (ii) the maximum liability of La Cienega LOMOD, Inc. in respect of the Principal Repayment Cap shall not exceed [One Million One Hundred Eighty-Eight Thousand Seven Hundred Fifty and 00/100] Dollars ($[1,188,750]).

   (b) All out of pocket costs and expenses, including reasonable fees of attorneys and expert witnesses, incurred by Beneficiary Parties in enforcing their rights under this Guaranty.

Funding Lender agrees that the financial liability hereunder shall be split with The Related Companies, L.P. paying 85% and La Cienega LOMOD, Inc. paying 15% (“Guaranty Split”).
For purposes of determining Guarantor’s liability under this Guaranty, all payments made by Borrower with respect to the Indebtedness and all amounts received by Beneficiary Parties from the enforcement of their rights under the Security Instrument or the other Borrower Loan Documents (other than this Guaranty) shall be applied first to the portion of the Indebtedness for which neither Borrower nor Guarantor has personal liability.

3. **Guarantor’s Obligations Survive Foreclosure.** The obligations of Guarantor under this Guaranty shall survive any foreclosure proceeding, any foreclosure sale, any delivery of any deed in lieu of foreclosure, and any release of record of the Security Instrument or the other Borrower Loan Documents. Notwithstanding the immediately preceding sentence, the Guarantor shall have no liability under Section 2 of this Guaranty for acts, omissions or occurrences first occurring or arising from and after the date on which (a) Funding Lender obtains a final non-appealable judgment of foreclosure with respect to the Mortgaged Property provided none of Borrower, Guarantor or any Affiliate of any one or more of the foregoing commences any legal proceeding to contest or otherwise impede, delay, hinder or interfere with, in any manner, the obtaining or enforcement of such judgment; or (b) Funding Lender accepts in writing a deed in lieu of foreclosure, whichever is earlier.

4. **Guaranty of Payment and Performance.** Guarantor’s obligations under this Guaranty constitute an unconditional and continuing guaranty of payment and performance and not merely a guaranty of collection. Guarantor hereby irrevocably and unconditionally covenants and agrees that Guarantor is liable for the Guaranteed Obligations as a primary obligor. The Guaranteed Obligations and this Guaranty are separate, distinct and in addition to any liability and/or obligations that Borrower or Guarantor may have under any other guaranty or indemnity executed by Borrower or Guarantor in connection with the Borrower Loan, and no other agreement, guaranty or indemnity executed in connection with the Borrower Loan shall act to reduce or set off any of Guarantor’s liability hereunder.

5. **Unconditional Guaranty.** The obligations of Guarantor under this Guaranty shall be performed without demand by Beneficiary Parties and shall be unconditional irrespective of the genuineness, validity, regularity or enforceability, in whole or in part, of the Guaranteed Obligations, the Note, the Security Instrument or any other Borrower Loan Document, and without regard to any other circumstance which might otherwise constitute a legal or equitable discharge of a surety, a guarantor, a borrower or a mortgagor except a defense of satisfaction of the applicable Guaranteed Obligations. Guarantor hereby waives the benefit of all principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms of this Guaranty and agrees that Guarantor’s obligations shall not be affected by any circumstances, whether or not referred to in this Guaranty, which might otherwise constitute a legal or equitable discharge of a surety, a guarantor, a borrower or a mortgagor. Guarantor hereby waives the benefits of any right of discharge under any and all statutes or other laws relating to a guarantor, a surety, a borrower or a mortgagor, and any other rights of a guarantor, a surety, a borrower or a mortgagor, thereunder. Without limiting the generality of the foregoing, Guarantor hereby waives, to the fullest extent permitted by law, diligence in collecting the Indebtedness, presentment, demand for payment, protest, all notices with respect to the Note and this Guaranty which may be required by statute, rule of law or otherwise to preserve Beneficiary Parties’ rights against Guarantor under this Guaranty, including, but not limited to, notice of acceptance, notice of any amendment of the Borrower Loan Documents, notice of the occurrence
Exceptions to Non-Recourse Guaranty

of any default or Event of Default, notice of intent to accelerate, notice of acceleration, notice of dishonor, notice of foreclosure, notice of protest, and notice of the incurring by Borrower of any obligation or indebtedness. Guarantor also waives, to the fullest extent permitted by law, all rights to require Beneficiary Parties to (a) proceed against Borrower or any other guarantor of Borrower’s payment or performance with respect to the Indebtedness (an “Other Guarantor”), (b) if Borrower or any Other Guarantor is a partnership, proceed against any general partner of Borrower or the Other Guarantor, (c) proceed against or exhaust any collateral held by Beneficiary Parties to secure the repayment of the Indebtedness, (d) pursue any other remedy it may now or hereafter have against Borrower, or, if Borrower is a partnership, any general partner of Borrower or (e) record the Security Instrument or to file any financing statement or to otherwise enforce, perfect, protect, secure or insure any lien or security interest given as security in connection with the Security Documents. Guarantor further waives, to the fullest extent permitted by applicable law, (a) any right to revoke this Guaranty as to any future advances under the Security Instrument or the other Borrower Loan Documents, (b) any defenses that could arise with respect to an amendment or modification of the Guaranteed Obligations by operation of law, action of any court or the amendment of any of the Borrower Loan Documents, (c) any defense that Beneficiary Parties have waived any Guaranteed Obligation by failing to enforce any right or remedy hereunder, or to promptly enforce any such right or remedy and (d) any other event or circumstance that may constitute a defense of Borrower or Guarantor to payment of the Guaranteed Obligations except a defense of satisfaction of the applicable Guaranteed Obligations.

6. **Modification of Borrower Loan Documents.** At any time or from time to time and any number of times, without notice to Guarantor and without affecting the liability of Guarantor, (a) the time for payment of the principal of or interest on the Indebtedness may be extended or the Indebtedness may be renewed in whole or in part; (b) the time for Borrower’s performance of or compliance with any covenant or agreement contained in the Note, the Security Instrument or any other Borrower Loan Document, whether presently existing or hereinafter entered into, may be extended or such performance or compliance may be waived; (c) the maturity of the Indebtedness may be accelerated as provided in the Note, the Security Instrument, or any other Borrower Loan Document; (d) the Note, the Security Instrument, or any other Borrower Loan Document may be modified or amended by Beneficiary Parties and Borrower in any respect, including, but not limited to, an increase in the principal amount; and (e) any security for the Indebtedness may be modified, exchanged, surrendered or otherwise dealt with or additional security may be pledged or mortgaged for the Indebtedness.

7. **Joint and Several Liability.** If more than one person executes this Guaranty, the obligations of those persons under this Guaranty and any Other Guarantor shall be joint and several. Beneficiary Parties, in their sole and absolute discretion, may (a) bring suit against Guarantor, or any one or more of the persons constituting Guarantor, and any Other Guarantor, jointly and severally (subject to the Guaranty Split described in Section 2 of this Guaranty), or against any one or more of them; (b) compromise or settle with any one or more of the persons constituting Guarantor or any Other Guarantor for such consideration as Beneficiary Parties may deem proper; (c) release one or more of the persons constituting Guarantor, or any Other Guarantor, from liability; and/or (d) otherwise deal with Guarantor and any Other Guarantor, or any one or more of them, in any manner, and no such action shall impair the rights of Beneficiary Parties to collect from Guarantor any amount guaranteed by Guarantor under this
Guaranty. Nothing contained in this paragraph shall in any way affect or impair the rights or obligations of Guarantor with respect to any Other Guarantor.

8. **Subordination of Borrower’s Indebtedness to Guarantor.** Any indebtedness of Borrower held by Guarantor now or in the future is and shall be subordinated to the Indebtedness of Borrower to Beneficiary Parties under the Borrower Loan Documents. After the occurrence and during the continuance of an Event of Default or the occurrence and during the continuance of an event which would, with the giving of notice or the passage of time, or both, constitute an Event of Default, Guarantor shall not receive or collect, directly or indirectly, from Borrower or any other party any amount of such indebtedness until the Guaranteed Obligations are paid in full. To the extent that Guarantor receives payment of any of the indebtedness of Borrower in violation of the preceding sentence, the same shall be collected, enforced and received by Guarantor, as trustee for Beneficiary Parties, but without reducing or affecting in any manner the liability of Guarantor under the other provisions of this Guaranty. Nothing contained in the foregoing shall prohibit or prevent distributions from Borrower to Guarantor in the ordinary course of business provided no Event of Default is continuing.

9. **Waiver of Subrogation.** Guarantor agrees to withhold the exercise of any and all subrogation and reimbursement rights against Borrower, against any other person, and against any collateral or security for the Indebtedness and Guarantor shall have no right of, and hereby waives any claim for, subrogation or reimbursement against Borrower or any managing member or general partner of Borrower by reason of any payment by Guarantor under this Guaranty, whether such right or claim arises at law or in equity or under any contract or statute, until (i) the Indebtedness has been indefeasibly paid and satisfied in full, (ii) all obligations owed to Beneficiary Parties under the Borrower Loan Documents have been fully performed, (iii) there has expired the maximum possible period thereafter during which any payment made by Borrower to Beneficiary Parties with respect to the Indebtedness, could be deemed a preference under the United States Bankruptcy Code and (iv) each of Beneficiary Parties has released, transferred or disposed of all its right, title and interest in such collateral or security.

10. **Preference.** If any payment by Borrower is held to constitute a preference under any applicable bankruptcy, insolvency, or similar laws, or if for any other reason any of Beneficiary Parties is required to refund any sums to Borrower, such refund shall not constitute a release of any liability of Guarantor under this Guaranty. It is the intention of Beneficiary Parties and Guarantor that Guarantor’s obligations under this Guaranty shall not be discharged except by Guarantor’s performance of such obligations and then only to the extent of such performance.

11. **Reinstatement.** If at any time any payment of any amounts due under the Borrower Loan Documents by Borrower, Guarantor or any other Person is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of Borrower or Guarantor or otherwise, Guarantor’s obligations hereunder with respect to such payment shall be reinstated as though such payment has been due but not made at such time.

12. **Guarantor’s Financial Condition.**
(a) Guarantor hereby represents and warrants to Beneficiary Parties that as of the date hereof and throughout the term of the Borrower Loan, and after giving effect to this Guaranty and the contingent obligation evidenced hereby, Guarantor is and will be solvent and has and will have (i) assets which, fairly valued, exceed its obligations, liabilities (including contingent liabilities) and debts, and (ii) property and assets sufficient to satisfy and repay its obligations and liabilities. Guarantor hereby covenants and agrees that during the term of the Borrower Loan, except for the payment of employee salaries and benefits and dividends in the ordinary course of business, it shall not sell, pledge, mortgage or otherwise transfer any of its assets, or any interest therein, on terms materially less favorable than would be obtained in an arms-length transaction for fair consideration.

(b) Guarantor hereby represents and warrants to Beneficiary Parties that all financial statements and other financial data previously delivered to Funding Lender in connection with the application for the Borrower Loan and/or this Guaranty relating to the Guarantor are true, correct and complete in all material respects. Such financial statements fairly present the financial positions of all Persons who are the subjects thereof as of the respective dates thereof. Guarantor further represents and warrants to Beneficiary Parties that, except as previously disclosed to Funding Lender in writing, no material adverse change has occurred as of the date hereof and no material change shall have occurred as of the date of each advance of the Borrower Loan, in such financial position, or in the business, operations, assets, management, ownership or condition (financial or otherwise) of Guarantor, since the respective dates of such financial statements and financial data. Except as otherwise previously disclosed to Funding Lender in writing, Guarantor has no knowledge of any material contractual obligations of Guarantor which might have a material adverse effect upon the ability of Guarantor to perform Guarantor’s obligations under this Guaranty.

(c) Guarantor shall furnish or cause to be furnished to Funding Lender: (i) within ten (10) days of Funding Lender’s request, a copy of the most recent year’s federal tax return for such Guarantor, and (ii) as soon as available and in any event within one hundred fifty (150) days after the end of each fiscal year of Guarantor, copies of the following financial statements of Guarantor for such fiscal year, prepared and audited by an independent certified public accountant acceptable to Funding Lender, in accordance with generally accepted accounting principles: (A) a balance sheet as of the end of such fiscal year (including supporting schedules), and (B) a statement of income and capital accounts for such fiscal year. Funding Lender hereby agrees to use commercially reasonable efforts, consistent with Funding Lender’s standard banking practices and procedures for commercial real estate finance transactions, to keep, and to cause its agents, employees and consultants to keep such information confidential unless already known to the general public or as required by law. Nothing contained in this provision shall restrict Funding Lender’s ability to share information in its records with prospective purchasers of participations or other interests in the Borrower Loan or Funding Loan.

(d) Guarantor shall from time to time, upon request by Funding Lender, deliver to Funding Lender such other financial statements as Funding Lender may reasonably require.
13. **Marital and Residency Status.** N/A

14. **State Specific Provisions (California).**

   (a) If a guarantor is liable for only a portion of the Indebtedness, Guarantor hereby waives its rights under California Civil Code Section 2822(a) to designate the portion of the Indebtedness that shall be satisfied by Borrower’s partial payment.

   (b) Guarantor hereby waives any and all benefits and defenses under California Civil Code Section 2810 and agrees that by doing so Guarantor shall be liable even if Borrower had no liability at the time of execution of the Note, the Security Instrument or any other Borrower Loan Document, or thereafter ceases to be liable. Guarantor hereby waives any and all benefits and defenses under California Civil Code Section 2809 and agrees that by doing so Guarantor’s liability may be larger in amount and more burdensome than that of Borrower. Guarantor also waives, to the fullest extent permitted by law, any and all benefits under California Civil Code Sections 2845, 2849 and 2850.

   (c) Guarantor understands that the exercise by Beneficiary Parties of certain rights and remedies contained in the Security Instrument (such as a nonjudicial foreclosure sale) may affect or eliminate Guarantor’s right of subrogation against Borrower and that Guarantor may therefore incur a partially or totally nonreimbursable liability under this Guaranty. Nevertheless, Guarantor hereby authorizes and empowers Beneficiary Parties to exercise, in their sole and absolute discretion, any right or remedy, or any combination thereof, which may then be available, since it is the intent and purpose of Guarantor that the obligations under this Guaranty shall be absolute, independent and unconditional under any and all circumstances. Guarantor expressly waives any defense (which defense, if Guarantor had not given this waiver, Guarantor might otherwise have) to a judgment against Guarantor by reason of a nonjudicial foreclosure. Without limiting the generality of the foregoing, Guarantor hereby expressly waives any and all benefits under (i) California Code of Civil Procedure Section 580a (which Section, if Guarantor had not given this waiver, would otherwise limit Guarantor’s liability after a nonjudicial foreclosure sale to the difference between the obligations of Guarantor under this Guaranty and the fair market value of the Mortgaged Property or interests sold at such nonjudicial foreclosure sale), (ii) California Code of Civil Procedure Sections 580b and 580d (which Sections, if Guarantor had not given this waiver, would otherwise limit Beneficiary Parties’ right to recover a deficiency judgment with respect to purchase money obligations and after a nonjudicial foreclosure sale, respectively), and (iii) California Code of Civil Procedure Section 726 (which Section, if Guarantor had not given this waiver, among other things, would otherwise require Beneficiary Parties to exhaust all of their security before a personal judgment could be obtained for a deficiency). Notwithstanding any foreclosure of the lien of the Security Instrument, whether by the exercise of the power of sale contained in the Security Instrument, by an action for judicial foreclosure or by Beneficiary Parties’ acceptance of a deed in lieu of foreclosure, Guarantor shall remain bound under this Guaranty.
(d) In accordance with Section 2856 of the California Civil Code, Guarantor also waives any right or defense based upon an election of remedies by Beneficiary Parties, even though such election (e.g., nonjudicial foreclosure with respect to any collateral held by Beneficiary Parties to secure repayment of the Indebtedness) destroys or otherwise impairs the subrogation rights of Guarantor or the right of Guarantor (after payment of the obligations guaranteed by Guarantor under this Guaranty) to proceed against Borrower for reimbursement, or both, by operation of Section 580d of the Code of Civil Procedure or otherwise.

(e) In accordance with Section 2856 of the California Civil Code, Guarantor waives any and all other rights and defenses available to Guarantor by reason of Sections 2787 through 2855, inclusive, of the California Civil Code, including any and all rights or defenses Guarantor may have by reason of protection afforded to Borrower with respect to any of the obligations of Guarantor under this Guaranty pursuant to the antideficiency or other laws of the State of California limiting or discharging Borrower’s Indebtedness, including Sections 580a, 580b, 580d, and 726 of the California Code of Civil Procedure.

(f) In accordance with Section 2856 of the California Civil Code, Guarantor agrees to withhold the exercise of any and all subrogation and reimbursement rights against Borrower, against any other person, and against any collateral or security for the Indebtedness, including any such rights pursuant to Sections 2847 and 2848 of the California Civil Code, until the Indebtedness has been indefeasibly paid and satisfied in full, all obligations owed to Beneficiary Parties under the Borrower Loan Documents have been fully performed, and each of Beneficiary Parties has released, transferred or disposed of all of its right, title and interest in such collateral or security.

(g) JUDICIAL REFERENCE; REFEREE; COSTS.

(i) Controversies Subject to Judicial Reference; Conduct of Reference. In the event that any action, proceeding and/or hearing on any matter whatsoever, including all issues of fact or law arising out of, or in any way connected with, the Note, the Security Instrument, this Guaranty or any of the Borrower Loan Documents, or the enforcement of any remedy under any law, statute, or regulation (hereinafter, a “Controversy”), is to be tried in a court of the State of California and the jury trial waiver provisions set forth herein are not permitted or otherwise applicable under then-prevailing law then the following provisions shall apply:

(A) Each Controversy shall be determined by a consensual general judicial reference (the “Reference”) pursuant to the provisions of California Code of Civil Procedure §§ 638 et seq., as such statutes may be amended or modified from time to time.

(B) Upon a written request, or upon an appropriate motion by either a Beneficiary Party or Guarantor, any pending action relating to any Controversy and every Controversy shall be heard by a single neutral referee (the “Referee”) who shall then try all issues (including any and all
questions of law and questions of fact relating thereto), and issue findings of fact and conclusions of law and report a statement of decision. The Referee’s statement of decision will constitute the conclusive determination of the Controversy. Each Beneficiary Party and Guarantor agrees that the Referee shall have the power to issue all legal and equitable relief appropriate under the circumstances before him/her.

(C) Each such Beneficiary Party and Guarantor shall promptly and diligently cooperate with one another and the Referee, and shall perform such acts as may be necessary to obtain prompt and expeditious resolution of each Controversy in accordance with the terms of this Section 14(g).

(D) Either of such Beneficiary Party or Guarantor may file the Referee’s findings, conclusions and statement with the clerk or judge of any appropriate court, file a motion to confirm the Referee’s report and have judgment entered thereon. If the report is deemed incomplete by such court, the Referee may be required to complete the report and resubmit it.

(E) Each such Beneficiary Party and Guarantor will have such rights to assert such objections as are set forth in California Code of Civil Procedure §§ 638 et seq.

(F) All proceedings shall be closed to the public and confidential, and all records relating to the Reference shall be permanently sealed when the order thereon becomes final.

(ii) Selection of Referee; Powers.

(A) The Beneficiary Party(ies) and Guarantor who are party to such Controversy shall select the Referee, who shall be a retired judge or justice of the courts of the State of California, or a federal court judge, in each case, with at least ten years of judicial experience in civil matters. The Referee shall be appointed in accordance with California Code of Civil Procedure Section 638 (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts).

(B) If within ten (10) days after the request or motion for the Reference, such Beneficiary Party(ies) and Guarantor cannot agree upon a Referee, either such Beneficiary Party(ies) or Guarantor may request or move that the Referee be appointed by the Presiding Judge of the Los Angeles County Superior Court or of the U.S. District Court for the Central District of California. The Referee shall determine all issues relating to the applicability, interpretation, legality and enforceability of this Section 14(g).
(iii) Provisional Remedies; Self Help and Foreclosure.

(A) No provision of this Section 14(g) shall limit the right of either a Beneficiary Party or a Guarantor, as the case may be, to (1) exercise such self-help remedies as might otherwise be available under applicable law, (2) initiate judicial or non-judicial foreclosure against any real or personal property collateral, (3) exercise any judicial or power of sale rights, or (4) obtain or oppose provisional or ancillary remedies, including without limitation, injunctive relief, writs of possession, the appointment of a receiver, and/or additional or supplementary remedies from a court of competent jurisdiction before, after or during the pendency of the Reference.

(B) The exercise of, or opposition to, any such remedy does not waive the right of any Beneficiary Party or any Guarantor to the Reference pursuant to this Section 14(g).

(iv) Costs and Fees.

(A) Promptly following the selection of the Referee, each Beneficiary Party and Guarantor who is party to such Controversy shall advance equal portions of the estimated fees and costs of the Referee.

(B) In the statement of decision issued by the Referee, the Referee shall award costs, including reasonable attorneys’ fees, to the prevailing party, if any, and may order the Referee’s fees to be paid or shared by each Beneficiary Party and/or Guarantor who is party to such Controversy in such manner as the Referee deems just.

15. **Determinations by Funding Lender.** Except to the extent expressly set forth in this Guaranty to the contrary, in any instance where the consent or approval of Funding Lender may be given or is required, or where any determination, judgment or decision is to be rendered by Funding Lender under this Guaranty, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by Funding Lender, as applicable (or its designated representative) at its sole and exclusive option and in its sole and absolute discretion.

16. **Governing Law.** This Guaranty shall be governed by and enforced in accordance with the laws of the Property Jurisdiction, without giving effect to the choice of law principles of the Property Jurisdiction that would require the application of the laws of a jurisdiction other than the Property Jurisdiction.

17. **Consent to Jurisdiction and Venue.** Guarantor agrees that any controversy arising under or in relation to this Guaranty shall be litigated exclusively in the Property Jurisdiction. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Guaranty. Guarantor irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by
virtue of domicile, habitual residence or otherwise. However, nothing herein is intended to limit Beneficiary Parties’ right to bring any suit, action or proceeding relating to matters arising under this Guaranty against Guarantor or any of Guarantor’s assets in any court of any other jurisdiction.

18. **Successors and Assigns.** This Guaranty shall be binding upon Guarantor and its heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate, and shall inure to the benefit of the Beneficiary Parties and their respective successors, successors-in-interest and assigns. The terms used to designate any of the parties herein shall be deemed to include the heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate, of such parties. References to a “person” or “persons” shall be deemed to include individuals and entities. Guarantor acknowledges and agrees that any Beneficiary Party, at its option, may assign its respective rights and interests under this Guaranty and the other Borrower Loan Documents in whole or in part and upon such assignment all the terms and provisions of this Guaranty or the other Borrower Loan Documents shall inure to the benefit of such assignee to the extent so assigned. Guarantor may not assign or delegate its rights, interests or obligations under this Guaranty without first obtaining Funding Lender’s prior written consent.

19. **Severability.** The invalidity, illegality or unenforceability of any provision of this Guaranty shall not affect the validity, legality or enforceability of any other provision, and all other provisions shall remain in full force and effect.

20. **Expenses.** Guarantor shall pay to the Beneficiary Parties, upon demand, the amount of any and all expenses, including, without limitation, reasonable attorneys’ fees (including reasonable time charges of attorneys who may be employees of Beneficiary Parties), which the Beneficiary Parties may incur in connection with (a) the exercise or enforcement of any of their rights hereunder, (b) the failure by Guarantor to perform or observe any of the provisions hereof, or (c) the breach by Guarantor of any representation or warranty of Guarantor set forth herein. Guarantor shall also pay to the Beneficiary Party who incurs any such expenses, interest on such expenses computed at the Default Rate set forth in the Note from the date on which such expenses are incurred to the date of payment thereof.

21. **Remedies Cumulative.** In the event of Guarantor’s default under this Guaranty, the Beneficiary Parties may exercise all or any one or more of their rights and remedies available under this Guaranty, at law or in equity. Such rights and remedies shall be cumulative and concurrent, and may be enforced separately, successively or together, and the exercise of any particular right or remedy shall not in any way prevent the Beneficiary Parties from exercising any other right or remedy available to the Beneficiary Parties. The Beneficiary Parties may exercise any such remedies from time to time as often as may be deemed necessary by the Beneficiary Parties.

22. **No Agency or Partnership.** Nothing contained in this Guaranty shall constitute any Beneficiary Party as a joint venturer, partner or agent of Guarantor, or render any Beneficiary Party liable for any debts, obligations, acts, omissions, representations or contracts of Guarantor.
23. **Entire Agreement; Amendment and Waiver.** This Guaranty contains the complete and entire understanding of the parties with respect to the matters covered herein. Guarantor acknowledges that Guarantor has received copies of the Note and all other Borrower Loan Documents. This Guaranty may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, except by a written instrument signed by the party against whom enforcement of the waiver, amendment, change, or modification is sought, and then only to the extent set forth in that instrument. No specific waiver of any of the terms of this Guaranty shall be considered as a general waiver.

24. **Further Assurances.** Guarantor shall at any time and from time to time, promptly execute and deliver all further instruments and documents, and take all further action that may be reasonably necessary or desirable, or that any Beneficiary Party may reasonably request, in order to protect any right or interest granted by this Guaranty or to enable the Beneficiary Party to exercise and enforce its rights and remedies under this Guaranty. Notwithstanding the foregoing sentence, in no event shall Guarantor be required to execute and deliver any document or perform any act otherwise required pursuant to the foregoing sentence to the extent such document or act imposes a material additional obligation or liability on Guarantor or materially adversely affects the rights of Guarantor under this Guaranty.

25. **Notices; Change of Guarantor’s Address.** All notices given under this Guaranty shall be in writing and shall be sent to the respective addresses of the parties, in the manner set forth in the Security Instrument. Notices to Guarantor shall be sent to the address of Guarantor, at the address set forth below Guarantor’s signature block to this Guaranty. Guarantor agrees to notify Funding Lender (in the manner for giving notices provided in the Security Instrument) of any change in Guarantor’s address within ten (10) Business Days after such change of address occurs.

26. **Counterparts.** To the extent Guarantor consists of more than one party, this Guaranty may be executed in multiple counterparts, each of which shall constitute an original document and all of which together shall constitute one agreement.

27. **Captions.** The captions of the sections of this Guaranty are for convenience only and shall be disregarded in construing this Guaranty.

28. **Servicer.** Guarantor hereby acknowledges and agrees that, pursuant to the terms of the Security Instrument: (a) from time to time, Funding Lender may appoint a servicer to collect payments, escrows and deposits, to give and to receive notices under the Note, this Guaranty or the other Borrower Loan Documents, and to otherwise service the Borrower Loan and (b) unless Borrower receives written notice from Funding Lender to the contrary, any action or right which shall or may be taken or exercised by Funding Lender may be taken or exercised by such servicer with the same force and effect.

29. **Beneficiary Parties as Third Party Beneficiary.** Each of the Beneficiary Parties shall be a third party beneficiary of this Guaranty for all purposes.

30. **Waiver of Trial by Jury.** TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF GUARANTOR AND THE BENEFICIARY
PARTIES EXCEPT FOR THE GOVERNMENTAL LENDER (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS GUARANTY OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH SUCH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL. IF FOR ANY REASON THIS WAIVER IS DEEMED TO BE UNENFORCEABLE, ALL SUCH DISPUTES SHALL BE RESOLVED BY JUDICIAL REFERENCE PURSUANT TO THE PROVISIONS OF SECTION 14.

31. **Time of the Essence.** Time is of the essence with respect to this Guaranty.

32. **Term of Guaranty.** Subject to the provisions of Section 10 (Preference) and Section 11 (Reinstatement), upon the satisfaction of the Indebtedness and all of Borrower’s other obligations under the Borrower Loan Documents, the due recordation of the release or reconveyance of the Security Instrument, this Guaranty shall automatically terminate.

33. **Modifications.** All modifications (if any) to the terms of this Guaranty (“Modifications”) are set forth on Exhibit A attached to this Guaranty. In the event of a Transfer under the terms of the Security Instrument (other than a Permitted Transfer not requiring Funding Lender consent), some or all of the Modifications to this Guaranty may be modified or rendered void by Funding Lender at its option by notice to Guarantor.

34. **Attached Exhibit.** The following Exhibit is attached to this Guaranty and is incorporated by reference herein as if more fully set forth in the text hereof:

   **Exhibit A – Modifications to Exceptions to Non-Recourse Guaranty**

The terms of this Guaranty are modified and supplemented as set forth in said Exhibit. To the extent of any conflict or inconsistency between the terms of said Exhibit and the text of this Guaranty, the terms of said Exhibit shall be controlling in all respects.

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IN WITNESS WHEREOF, the undersigned has duly executed and delivered this
Exceptions to Non-Recourse Guaranty or caused this Exceptions to Non-Recourse Guaranty to
be duly executed and delivered by its authorized representative as of the date first set forth
above.

GUARANTOR:

THE RELATED COMPANIES, L.P., a
New York limited partnership

By: The Related Realty Group, Inc., a Delaware
corporation, its General Partner

By: ____________________________
Name: Michael J. Brenner
Title: Executive Vice President and Chief
Financial Officer

Guarantor’s Address for Notices:

The Related Companies, L.P.
60 Columbus Circle, 19th Floor
New York, New York 10023
Attention: President and Chief Legal Officer

With a copy to:

Related California
18201 Von Karman Avenue, Suite 900
Irvine, California 92612
Attention: Frank Cardone
Facsimile: (949) 660-7273

And a copy to:

Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, 64th Floor
Los Angeles, CA 90071
Attention: Lance Bocarsly
Facsimile: (213) 559-0733
LA CIENEGA LOMOD, INC., a California nonprofit public benefit corporation

By: ______________________________
Name: Tina Smith-Booth
Title: President

Guarantor’s Address for Notices:

Housing Authority of the City of Los Angeles
2600 Wilshire Blvd.
Los Angeles, California 90057
Attention: Doug Guthrie,
President and Chief Executive Officer
EXHIBIT A

MODIFICATIONS TO EXCEPTIONS TO NON-RE COURSE GUARANTY

The following modifications are made to the text of the Guaranty that precedes this Exhibit:

None.

Capitalized terms used and not defined herein shall have the respective meanings ascribed to them in the Guaranty.
October __, 2020

The Related Companies, L.P.  
60 Columbus Circle  
New York, NY 10023  
Attn:  David Zussman

La Cienega LOMOD, Inc.  
LOMOD PDS LLC  
2600 Wilshire Blvd.  
Los Angeles, CA 90057  
Attention: Tina Smith-Booth, President

RE:  Pueblo Del Sol I Housing Partners Limited Partnership (the “Partnership”)

Ladies and Gentlemen:

Reference is hereby made to (a) that certain Amended and Restated Agreement of Limited Partnership of Pueblo Del Sol I Housing Partners, L.P., by and among LOMOD PDS LLC, a California limited liability company (“MGP”), Related/Pueblo Del Sol I Development Co., LLC, a California limited liability company (“AGP,” and together with the MGP, the “General Partners”), Housing Promise Corporation, a California nonprofit public benefit corporation, as special limited partner (“Special Limited Partner”), GSB LIHTC Investor LLC, a Delaware limited liability company (the “Investor Limited Partner”), and Related Futures, LLC, a California limited liability company, as withdrawing limited partner, dated as of October __, 2020, including all exhibits executed in connection therewith and schedules thereto (collectively, the “Partnership Agreement”), and (b) that certain Development Agreement, by and among the Partnership, Related Irvine Development Co, LLC, a California limited liability company (“RIDCo”), and La Cienega LOMOD, Inc., a California nonprofit corporation (“LOMOD”), dated October __, 2020 (the “Development Agreement”). Capitalized terms used, but not defined, herein shall have the meaning given to such term in the Partnership Agreement.

The Partnership was formed for the purposes of rehabilitating and operating a 201 unit affordable housing development commonly known as Pueblo Del Sol Phase I and located at 1400 Gabriel Garcia Marquez Street, Los Angeles, California (the “Project”). In addition to the equity to be contributed by the Investor Limited Partner to the Partnership, the Project will be financed by certain loans, including a bond loan (the “Bond Loan”) from Citibank, N.A. (“Citibank”) made from the proceeds of tax exempt bonds issued for the Project, and a loan (the “HACLA Loan”) from the Housing Authority of the City of Los Angeles or its affiliate (“HACLA”).

The State of California through the California Tax Credit Allocation Committee has provided a reservation of low income housing tax credits (the “Tax Credits”) for rehabilitation of the Project.

The General Partners acknowledge and agree that (i) the Partnership Agreement expressly assigns certain responsibilities exclusively to the AGP (the “Direct AGP Obligations), and (ii) assigns those responsibilities set forth in Section 8.1(c) of the Partnership Agreement (other than the Delegated Duties, as defined below) exclusively to the MGP (the “Direct MGP Obligations”).
Obligations”). The “Delegated Duties” are those obligations of the MGP that are delegated to the AGP as set forth in Section 8.1(c)(ix) of the Partnership Agreement.

In addition, to the extent not a Direct AGP Obligation, a Direct MGP Obligation or a Delegated Duty, under the terms of the Partnership Agreement all other obligations in the Partnership Agreement are the joint responsibility of the AGP and the MGP (the “Joint GP Obligations”). Notwithstanding the foregoing, the General Partners agree that, in addition to the Direct AGP Obligations, the AGP shall also be exclusively responsible for the AGP Assumed Obligations (as defined in the Partnership Agreement even though such AGP Assumed Obligations may be identified as obligations of both the AGP and the MGP in the Partnership Agreement. For purposes of this letter agreement, (a) the “Direct AGP Obligations” and the “AGP Assumed Obligations” are collectively referred to as the “AGP Partnership Obligations”, and (b) the Joint GP Obligations which do not constitute AGP Assumed Obligations are collectively referred to as the “Remaining GP Joint Obligations”.

Reference is hereby made to certain guaranties and indemnifications provided or to be provided to the Investor Limited Partner and Citibank by one or both of The Related Companies, L.P., a New York limited partnership (“TRCLP”), an affiliate of the AGP, and/or LOMOD, an affiliate of the MGP, in connection with the rehabilitation and operation of the Project. TRCLP and LOMOD are collectively referred to in this letter as the “Guarantors”, with the acknowledgement that TRCLP is the sole named Guarantor in the Partnership Agreement and that both Guarantors are named in the Citibank loan documents, subject to the 85-15% allocation described in this letter agreement.

The Guarantors shall provide, as of the closing date (except as described in this letter agreement), the following guaranties and indemnifications:  (a) guaranties or indemnity obligations of the AGP and MGP in the Partnership Agreement or the DDA (including any documents required by the DDA), (b) guaranties or indemnities required by HACLA in connection with the DDA and/or the HACLA Loan, (c) guaranties or indemnities required by the Investor Limited Partner with respect to the obligations of the AGP and MGP pursuant to the Partnership Agreement or the Development Agreement (as defined in the Partnership Agreement), including development deficits, operating deficits or reduced low-income housing tax credits, to the extent such is caused by the construction and lease up of the Project; (d) guaranties or indemnities required in connection with the Bond Loan with respect to obligations of the AGP and MGP or completion of the Project or payment of the Bond Loan, (e) non-recourse carve out guaranties (the “Nonrecourse Carve Out Guaranty”), and (f) environmental indemnification agreements (collectively, the “Guaranties”).

The General Partners and the Guarantors acknowledge and agree that they intend that, except as set forth herein, the Guaranties shall be shared on an 85-15 basis, with TRCLP being responsible for eighty-five percent (85%) of all obligations under the Guaranties and LOMOD being responsible for fifteen percent (15%) of all obligations under the Guaranties. In connection with the foregoing, the parties hereto agree as follows:

1. Except as set forth hereinbelow, TRCLP does hereby agree to indemnify, defend, protect and hold harmless LOMOD and the MGP from and against eighty-five percent (85%) of any loss, cost, damage, liability or expense incurred by LOMOD and/or the MGP in connection with the Guaranties, such that LOMOD and/or the MGP shall not be
obligated to pay more than fifteen percent (15%) of any such loss, cost, damage, liability or expense.

2. Except as set forth hereinbelow, LOMOD does hereby agree to indemnify, defend, protect and hold harmless TRCLP and the AGP from and against fifteen percent (15%) of any loss, cost, damage, liability or expense incurred by TRCLP and/or the AGP in connection with the Guaranties, such that TRCLP and/or the AGP shall not be obligated to pay more than eighty-five percent (85%) of any such loss, cost, damage, liability or expense.

3. TRCLP does hereby indemnify, defend, protect and agrees to hold the Partnership, MGP, and LOMOD wholly harmless from and against any loss, cost, damage, liability, claim, suit, action, cause of action, fine, penalty or expense, suffered by the Partnership, MGP, or LOMOD by reason of the default of the AGP under the DDA, Partnership Agreement (including, without limitation, any breach by the AGP of the AGP Partnership Obligations or the Remaining Joint GP Obligations), the Bond Loan (including, without limitation, any action or omission by the AGP which triggers the Nonrecourse Carve Out Guaranty) or the Ground Lease, or TRCLP’s or AGP’s acts or omissions in discharging its obligations under this Agreement.

4. LOMOD does hereby indemnify, defend, protect and agrees to hold the Partnership, AGP and TRCLP wholly harmless from and against any loss, cost, damage, liability, claim, suit, action, cause of action, fine, penalty or expense, suffered by the Partnership, MGP or TRCLP by reason of the default of the MGP under the DDA, Partnership Agreement (including, without limitation, any breach by the MGP of the Direct MGP Obligations or the Remaining Joint GP Obligations), the Bond Loan (including, without limitation, any action or omission by the MGP which triggers the Nonrecourse Carve Out Guaranty) or the Ground Lease, or LOMOD’s or MGP’s acts or omissions in discharging its obligations under this Agreement.

5. Notwithstanding anything to the contrary contained herein or in the Partnership Agreement, in the event any amounts remaining outstanding on the Developer Fee Note at its maturity (or at any earlier time in which the AGP is obligated to contribute amounts to the Partnership in accordance with Section 8.12(b) of the Partnership Agreement), the MGP and LOMOD shall, jointly and severally, reimburse the AGP for thirty percent (30%) of the amount to be contributed by the AGP, which reimbursement shall be made to the AGP within five (5) business days of request therefor. The obligations of the MGP and LOMOD under this Section 8 shall be deemed to constitute part of the “Guaranties” hereunder; provided, however, to the extent the Development Fee is used to pay for Guaranties, Remaining Joint GP Obligations, AGP Partnership Obligations or Direct MGP Obligations, the percentages shall be adjusted to be consistent with the 85-15% split above.

6. In the event the Partnership refunds or reimburses any amounts advanced as Guaranties hereunder, the AGP and the MGP shall cause such funds to be disbursed by the Partnership to the party who actually advanced such funds hereunder.
7. TRCLP does hereby agree to indemnify, defend, protect and hold harmless LOMOD from and against seventy percent (70%) of any loss, cost, damage, liability or expense incurred by LOMOD in connection with the Development Agreement.

8. LOMOD does hereby agree to indemnify, defend, protect and hold harmless TRCLP and RIDCo from and against thirty percent (30%) of any loss, cost, damage, liability or expense incurred by TRCLP and/or RIDCo in connection with the Development Agreement.

9. As long as any of the Guaranties are outstanding, LOMOD shall (a) maintain a minimum liquidity of $2,000,000, and a minimum net worth of $4,000,000, and (b) annually provide TRCLP and the AGP with a copy of its then current audit and financial statements evidencing its continued compliance with such liquidity and net worth covenants.

10. Notwithstanding any other provision of this letter agreement, each party shall bear its own attorneys’ fees and costs.

11. HACLA shall be a third party beneficiary of this letter agreement.

(letter continues on following page)
If the terms of this letter accurately reflect your understanding of our agreement, please sign in the space provided below.

AGP:
Related/Pueblo Del Sol I Development Co., LLC,
a California limited liability company

By: ______________________________
   Frank Cardone, President

MGP:
LOMOD PDS LLC,
a California limited liability company

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

By: ______________________________
   Tina Smith-Booth, President

La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation

By: ______________________________
   Tina Smith-Booth, President

(signatures continue on following page)
The Related Companies, L.P.,
a New York limited partnership

By: The Related Realty Group, Inc.,
a Delaware corporation,
its general partner

By: ______________________________
Its: ______________________________

cc: Housing Authority of the City of Los Angeles
The Related Companies of California, LLC
AMENDED AND RESTATED PROPERTY MANAGEMENT AGREEMENT

THIS AMENDED AND RESTATED PROPERTY MANAGEMENT AGREEMENT (the "Agreement") is made as of [October ____________], 2020, and effective as of January 15, 2020, by and between PUEBLO DEL SOL I HOUSING PARTNERS, L.P., a California limited partnership, hereinafter called "Owner," and MCCORMACK BARON MANAGEMENT, INC., a Missouri corporation, hereinafter called "Manager" (Owner and Manager are hereinafter sometimes collectively called "Parties"). This Agreement amends, restates and replaces in its entirety that certain Property Management between the Parties dated as of January 15, 2020.

In consideration of the promises hereinafter set forth, and subject to performance of the terms and conditions hereinafter set forth, the Parties hereby agree as follows:

I. APPOINTMENT OF MANAGER; DESCRIPTION OF PROJECT.

Owner hereby appoints Manager and Manager hereby accepts appointment, on the terms and conditions hereinafter provided, and for the Term hereinafter stated, as exclusive rental, leasing and managing agent for the residential apartment complex now known as Pueblo del Sol Phase I, located in the City of Los Angeles, State of California, consisting of 201 units, including one (1) manager's unit. Said residential apartment complex and the component parts thereof are hereinafter collectively referred to as the "Project". [Two hundred one (201)] units of the Project will be operated and maintained as qualified low-income units (the "Tax Credit Units") under Section 42 ("Section 42") of the Internal Revenue Code of 1986, as amended (the "Code"), for a period of not less than the Tax Credit Compliance Period and any applicable extended use period (as such term is defined in Section 42). One hundred twelve (112) units of the Project will be operated as Rental Assistance Demonstration (RAD) Program Project Based Voucher units (the "RAD Units") pursuant to a Project-Based Voucher Housing Assistance Payments Contract entered into pursuant to the Consolidated and Further Continuing Appropriations Act of 2012 and U.S. Department of Housing and Urban Development ("HUD") Notice PIH-2012-32 (HA), REV-4, as amended from time to time (the "RAD HAP Contract"). Thirty-nine (39) units of the Project will be operated as Project Based Voucher units (the "PBV Units") pursuant to a Project Based Voucher Housing Assistance Payments Contract (the "PBV HAP”). Forty-nine (49) units of the Project will be operated as Tax Credit Units only. Manager may not appoint a sub-management agent nor enter into a sub-management agreement without the prior written consent of the Investor of Owner.

Definitions

Capitalized terms used in this Agreement but not otherwise defined, are defined below.

Authority means the Housing Authority of the City of Los Angeles.

Ground Lease means the Ground Lease Agreement between the Authority and Owner covering the Project.

Investor means GSB LIHTC Investor LLC, a Delaware limited liability company, its successors and assigns.

Lenders includes Citibank, N.A., its successors and assigns, and the Housing Authority of the City of Los Angeles and such other lenders that provide funding to the Project.
Property Management and Re-Occupancy Plan is that certain plan attached as Exhibit ___ to the Ground Lease which outlines the admissions, selection, occupancy, maintenance, repair and other operational procedures of the Project, including those outlined in the RAD and PBV Addendum, and attaches as exhibits additional affordability and operations requirements including the Affordability Restrictions and the Supportive Services Plan (Exhibits __ and __ to the Ground Lease, respectively).

RAD Use Agreement means the Rental Assistance Demonstration Use Agreement entered into and recorded for the Project, which outlines requirements with respect to the RAD Units.

Regulatory Agreements means the Tax Credit Regulatory Agreement, the RAD Use Agreement, [the Bond Regulatory Agreement and Declaration of Restrictive Covenants], the Ground Lease, and any other applicable regulatory agreements and restrictions, each as entered by Owner with respect to the Project, copies of all of which have been provided by the Owner to the Manager upon execution of this Agreement.

Section 3 Plan [Related to propose Pueblo del Sol Section 3 plan] means that plan or plans developed by Owner and approved by the Authority in accordance with the Authority’s Section 3 Guide and Compliance Plan (the “Section 3 Requirements”), which outlines, among other things, Owner’s commitment to ensuring that at least thirty percent (30%) of all new hires for construction and post-construction jobs generated by the Project (the “Section 3 Commitment”) shall be set aside for Section 3 Residents, as such term is defined in the Section 3 Requirements, in the following priority: first, to residents of Pueblo del Sol, second, to those who reside in the Boyle Heights neighborhood, third, to participants in HUD’s Youthbuild programs residing in the City of Los Angeles, and fourth, to residents of the City of Los Angeles. As part of the Section 3 Commitment, Owner has committed to the Authority to ensure that best efforts are made to hire Disadvantaged Workers (as defined in the Section 3 Requirements), for not less than ten percent (10%) of those jobs, and not less than three percent (3%) of the non-construction contracts generated by the Project are awarded to Section 3 Business Concerns (as defined in the Section 3 Requirements). Owner has committed to the Authority to cause its contractors to work diligently to meet the Section 3 Requirements and HUD’s related preference and target requirements.

Tax Credit Regulatory Agreement means the California Tax Credit Allocation Committee Regulatory Agreement entered for the Project, which outlines requirements with respect to the Tax Credit Units.

II. TENANT RULES AND REGULATIONS.

Manager shall manage the Project in compliance with all applicable Regulatory Agreements, those requirements applicable to the RAD Units and PBV Units outlined in Attachment 2 entitled “RAD and PBV Addendum” (which includes some tenant protections and tenant rights that apply to all units), and those overall admissions and occupancy requirements outlined in the Property Management and Re-occupancy Plan, which shall include all applicable requirements from the RAD and PBV Addendum. The aforementioned requirements are referred to collectively herein as the “Tenant Selection, Admission and Occupancy Requirements” and incorporated herein by reference.

In order to foster and facilitate the efficient operation of the Project, Owner with assistance and guidance of Manager, will adopt rental criteria and a set of rules and regulations for observance by tenants residing in the Project, which shall be subject to the approval of the Investor of Owner prior to the commencement of leasing activities. Manager shall distribute copies of said rules and regulations to all tenants and incorporate the same into all leases entered into with said tenants. Owner reserves the right to revoke or rescind said rules and regulations in whole or in part, and to make amendments and
modifications thereto. Owner shall give Manager prompt notice of any such revocation, rescission, amendment or modification and Manager shall thereafter notify all tenants residing in the Project. Manager shall use its best efforts to establish full compliance with said rules and regulations (as originally in effect or thereafter amended or modified) by tenants and shall fulfill and perform all duties, obligations and responsibilities of Owner set forth in such rules and regulations or implied thereby.

III. BOOKS AND RECORDS.

Manager shall keep and maintain full and complete books, accounts and records of its management and operation of the Project and of the performance of its duties and responsibilities hereunder, in a manner sufficient to permit the preparation of all required financial statements and reports. Manager shall also maintain bookkeeping records and financial reports in accordance with GAAP or other customary recognized accounting practices and requirements. All such books, records and reports shall be available for inspection by the Owner at any time during normal business hours. The aforesaid records shall, to the extent reasonably permitted, be kept at Manager’s main office, located at _____________, and shall also be available in digital form to Owner. Such books, records and reports shall include, but not be limited to, weekly traffic reports, weekly leasing summaries, requests for maintenance, full and complete income and expense reports, work orders, emergency reports, lease applications and credit reports, apartment inspection reports, Reasonable Accommodation request reports, and reports and certifications of compliance with the requirements of Section 42, RAD and Project-Based Section 8 Voucher requirements. At Owner’s request, traffic reports, leasing summaries and applications and credit reports shall be submitted to Owner on a weekly basis within three (3) days following the end of the applicable week. Manager shall provide Owner with a list of all delinquent rental accounts by the tenth (10th) day of each month and upon other request by Owner. Owner shall have the right from time to time to cause a certified public accountant (to be selected by Owner and at Owner’s sole expense) to audit all books, records and accounts maintained by Manager pursuant to the terms and provisions of this Agreement, and Manager shall make all such books, records and accounts available to such accountant for inspection and copying at the office of Manager where such books, records and accounts are normally maintained by Manager.

IV. EMPLOYMENT OF PERSONNEL.

Manager shall hire, discharge and supervise all managerial, maintenance and other personnel necessary to the efficient operation and maintenance of the Project. Manager shall use best efforts to comply with the Section 3 Plan in Manager’s hiring of employees or other personnel necessary to be employed in the management, maintenance, and operation of the Project. No affiliates of Manager or its employees will be employed or engaged to provide goods or services to the Project without Owner’s prior written consent. Other than the manager’s unit, or units rented to tenants hired by Manager in accordance with the Section 3 Plan, all of which are subject to the Owner’s approval, Manager will not rent units to any other employees of Manager or members of the employees’ immediate families. All employees shall be employees of Manager during the term of this Agreement. Salaries and compensation for the services of such employees shall be reimbursed by the Project, but such amounts shall expressly exclude any amounts paid as a result of claims by such employees of negligent or wrongful behavior, action, or inaction of Manager, its employees, officers or agents, which amounts shall be paid by Manager. Manager shall procure workman’s compensation insurance and such other insurance as may be required by applicable law or governmental regulation for such employees, the costs for which shall be reimbursed by Owner. Manager shall be responsible for the timely deposit of all payroll taxes and all payroll tax
returns and, upon Owner’s request, provide Owner with satisfactory evidence that such payroll tax deposits have been made and payroll returns filed. It is understood and agreed that Manager shall be entitled to reimbursement, on a monthly basis, for the aforementioned salaries, compensation and insurance from the Operating Account, as defined in and maintained pursuant to Article VII hereof (the “Operating Account”), provided, however, that Manager shall be entitled to reimbursement for salaries, compensation and workmen’s compensation insurance premiums only with respect to employees of Manager who perform services in connection with the operation and maintenance of the Project and only to the extent that such salaries, compensation and premiums are reasonable in accordance with compensation prevailing in the locality of the Project. In no event shall Manager be entitled to reimbursement for overhead expenses of Manager’s main office, bookkeeping expenses of Manager, salaries of officers of Manager, or salaries of off-site supervisory personnel of Manager. Manager shall be entitled to reimbursement from the Operating Account for Project expenses such as postage, photocopying forms, Federal Express charges, bank charges, and other customary expenses reasonably advanced by Manager for and specifically in connection with the Project operations or when special request to expedite information is requested by Owner. In the event that any employee of Manager shall perform services or do work in connection with the Project for only a portion of his time while in the employ of Manager, Manager shall be entitled to reimbursement by Owner hereunder from the Operating Account only with respect to that portion of the employee’s time devoted to performing services or in doing work that is not considered of supervisory nature on behalf of the Project; provided however that Manager shall have obtained Owner’s approval prior to such utilization of services of Manager’s employee. For example, if any employee of Manager spends forty (40) hours per week working for Manager, and twenty (20) of such hours are devoted to performing services that are not considered supervisory in nature and doing work in connection with the Project, then Manager shall be entitled to reimbursement for fifty percent (50%) of employee’s salary and compensation and for fifty percent (50%) of workmen’s compensation insurance premium and employee benefits paid by Manager with respect to such employee.

V. DUTIES OF MANAGER.

Manager shall render services and perform duties as follows:

A. Hire, pay, supervise and discharge the personnel necessary to properly maintain and operate the Project, as provided in Article IV above.

B. Coordinate the plans of tenants for moving their personal effects into the Project or out of it, with a view towards scheduling such movements so that there shall be a minimum of inconvenience to other tenants.

C. Maintain professional relations with tenants whose service requests shall be received, considered and recorded in a systematic fashion in order to show the action taken with respect to each. Make provision for receipt of emergency calls from tenants on a 24-hour basis. Complaints of a serious nature shall be reported to Owner. As part of a continuing program to secure full performance by the tenants of maintenance for all items for which they are responsible, Manager shall make periodic inspections of all dwelling units and report its findings to Owner.
D. Collect rents and other sums due from tenants in the Project. All such collections shall be promptly deposited in the Operating Account. Subject to compliance with all of the terms and conditions of this Agreement, including, but not limited to, the Tenant Selection, Admission and Occupancy Requirements and all Regulatory Agreements, and Owner's rental schedule and leasing guidelines established from time to time, Manager is hereby authorized and directed to enter into and execute leases with tenants on behalf of and as Manager for Owner, and to request, demand, collect, receive and receipt for any and all charges or rents that may at any time be or become due to Owner, provided, however, that all lease forms and renewal forms, sublet forms, rental application forms and other agreement forms used by Manager shall only be on forms approved by Owner and that are acceptable to the Investor of Owner. Prior to execution of any such lease, Manager will require the prospective tenant to complete a rental application and will conduct an interview with such prospective tenant in accordance with Owner’s leasing guidelines. All prospective tenants shall be investigated by Manager by way of credit and criminal background checks prior to execution of a lease, based upon the Tenant Selection, Admission and Occupancy Requirements standards approved by Owner.

E. Endeavor to secure full compliance by each tenant with the terms of such tenant’s lease. Voluntary compliance shall be emphasized, and Manager shall counsel tenants and make referrals to community agencies in cases of financial hardship or other circumstances deemed appropriate by Manager, all to the end that involuntary termination of the tenancies shall be avoided to the maximum extent possible, consistent with sound management of the Project. Nevertheless, and subject to the termination notice and grievance requirements contained in the RAD and PBV Addendum, [Manager may, and shall if requested by Owner, lawfully terminate any tenancy when sufficient cause for such termination occurs under the terms of the tenant’s lease, including, but not limited to, nonpayment of rent.]

F. Cause the buildings, appurtenances and grounds on the Project to be maintained and repaired according to industry practices and local codes, and standards reasonably acceptable to Owner, and to that end Manager shall, without limitation, undertake or cause to be undertaken, all necessary interior and exterior cleaning, painting and decorating, and all plumbing, carpentry, grounds care, and other normal maintenance and repair work as may be necessary, subject to any limitation, including those contained herein, imposed by Owner. In no event shall the Manager be required to expend its own funds for the maintenance or repairs to the Project. With the exception of payments required under the Mortgage, as defined in Article XI below, and payments in satisfaction of tax, insurance, utility and other contractual obligations previously approved by Owner, no disbursement shall be made by Manager in excess of Five Thousand Dollars ($5,000.00) unless (i) the expense for which the disbursement is being made is a recurring expense within the limits of the Approved Budget, or (ii) the disbursement is specifically authorized, in advance and in writing, by Owner, provided, however, that emergency repairs, reasonably determined by Manager to involve manifest danger to life of property or the safety of tenants, or payments required to avoid the suspension of any necessary service to the Project, may be made by Manager irrespective of the cost limitation imposed by this paragraph (F). Notwithstanding this authority as to emergency repairs, it is understood and agreed that Manager will, if at all possible, confer immediately with Owner regarding every such expenditure. Subject to the foregoing, Manager shall not, without Owner’s prior written consent, incur liabilities, direct or contingent, which will:
(1) at any time exceed Five Thousand dollars ($5,000) (unless previously budgeted in the Approved Budget);

(2) mature more than one (1) year from the creation thereof; or

(3) continue for more than one (1) year in duration.

G. Take such action as may be necessary to comply promptly with any and all orders or requirements affecting the Project placed thereon by a federal, state, county or municipal authority having jurisdiction over the Project, subject to the same limitation contained in paragraph (E) of this Article V, in connection with the making of repairs and alterations. Manager, however, shall not take any action this paragraph (G) so long as Owner is contesting, or has affirmed its intention to contest, any such order or requirement. Manager shall promptly, and in no event later than seventy-two (72) hours from the time of their receipt, notify Owner in writing of all such orders and notices of requirements.

H. Subject to approval by Owner, make contracts for water, electricity, gas, telephone, vermin extermination, trash removal, laundry facilities and service, window cleaning and other necessary services, or such of them as Owner shall deem advisable, and place purchase orders for such equipment, tools, appliances, materials and supplies as are necessary to properly maintain the Project. All such contracts and orders shall be made by Manager, as agent for Owner, and shall be subject to the limitations set forth in paragraph (F) of this Article V. When taking bids or issuing purchase orders, Manager shall act at all times under the direction of Owner and shall be under a duty to secure for and credit to Owner any discounts, commissions, or rebates obtainable as a result of such purchases. Provided that Owner provides necessary funds and instructions to Agent in accordance with this Agreement, Agent shall manage, operate and maintain the Project and any equipment thereon in an efficient and prudent manner consistent with the practices of quality property managers and to the extent within Agent’s control in compliance with all statutes, ordinances, laws, regulations of any governmental body or any public authority or official thereof having jurisdiction, and the requirements of the Lenders, Investors, the Regulatory Agreements and the _________ [Declaration of Restrictions], and shall notify Owner promptly or forward to Owner promptly any complaints, warnings, notices of summonses received by Agent relating to such matters.

Contracts for necessary repairs, maintenance and minor alterations exceeding $5,000 on an annual basis shall be awarded on the basis of competitive bidding, solicited in a manner determined by the Manager upon Owner’s verbal approval unless Owner shall otherwise direct Manager in writing. Contracts which either (i) exceed $5,000 or (ii) by their terms cannot be performed within one year from the date of such contracts, shall be approved in writing by Owner before they are executed.

I. If requested by Owner, and subject to approval by Owner and at Owner’s sole cost and expense, cause to be placed and kept in force all forms of insurance needed to adequately protect Owner and the Noteholder, as defined in Article XI below, including comprehensive public liability insurance and fire and extended coverage insurance. All types of insurance coverage required for the benefit of Owner shall be placed with such companies, be of such amount, and contain such loss-payee clauses, as shall be acceptable to Owner and the Noteholder, and shall
otherwise be in conformity with the requirements of the Mortgage. Manager shall promptly investigate and make a full written report as to all accidents or claims for damage relating to the ownership, operation and maintenance of the Project, including any damage or destruction to the Project, which report shall contain an estimated cost of repair. Manager shall also cooperate with, and make any and all reports required by, any insurance company in connection with any such accident of claim for damage.

J. From the funds collected and deposited in the Operating Account, cause to be disbursed regularly and punctually:

1. real property taxes and assessments levied on or against the Project (unless previously paid to the Noteholder), to the extent not exempt;

2. premium for insurance as provided for in paragraph (I) of this Article V (unless previously paid to the Noteholder);

3. the single aggregate payment of principal and/or interest required to be made monthly to the Noteholder and all amounts, if any due under the Mortgage for premium charges under the contract of insurance, ground rents, taxes and assessments, fire and other hazard insurance premiums;

4. sums otherwise due and payable by Owner as operating expenses authorized to be incurred under the terms of this Agreement;

5. an amount to Manager equal to salaries, compensation and premiums for workmen’s compensation insurance actually paid by Manager to employees for services performed in connection with the operation and maintenance of the Project or the insurance carriers to provide workmen’s compensation insurance for such employees, as provided for in Article IV hereof;

6. Manager’s compensation as hereinafter provided for. After disbursement in the order herein specified, any balance remaining in the Operating Account may be disbursed or transferred from time to time, but only as specifically directed by Owner in writing; and

7. Manager may not advance its own funds to pay Project expenses, except in an emergency, in which case Manager must notify Owner and Owner’s Investor within thirty (30) days of such emergency.

K. Maintain a comprehensive system of office records, books and accounts in a manner sufficient to permit the preparation of all required financial statements and reports and as provided in Article III hereof. As a standard practice, Manager shall render to Owner, by no later than the tenth (10th) day of each succeeding month, (i) a full and complete statement of receipts, expenses and charges; (ii) reconciled bank statements as of the end of the immediately preceding month; and (iii) such other schedules and documents as may be required by Owner.
L. Maintain a current list of prospective tenants in accordance with the Tenant Selection, Admission and Occupancy Requirements. Manager will use due diligence and its best efforts to manage, operate, rent and lease the Project. Manager shall actively handle the advertising and accommodation and arrange for the execution of such leases or permits as may be required and previously approved by Owner.

M. Comply with all local, state and federal laws, rules and regulations, and all contractual obligations, applicable to the Project, including, without limitation:

   1. in employing personnel for the Project pursuant to the provisions of Article IV above;

   2. the terms and conditions of this Agreement and all applicable Tenant Selection, Admission and Occupancy Requirements in selecting tenants for the Project;

   3. in operating and maintaining the Project; and

   4. in maintaining compliance with the Regulatory Agreements and all other regulatory agreements, recorded covenants and loan documents pertaining to the Project, and notify Owner promptly or forward to Owner promptly any complaints, warnings, notices of summonses received by Manager relating to such matters.

N. Manage, operate, and maintain the Project and any equipment thereon in an efficient and prudent manner consistent with the practices of quality property managers and to the extent within Manager’s control in compliance with all statutes, ordinances, laws, regulations of any governmental body or any public authority or official thereof having jurisdiction (“Laws”), and notify Owner promptly or forward to Owner promptly any complaints, warnings, notices of summonses received by Manager relating to such matters.

O. No later than the tenth (10th) day following the close of each month, and also at each request of Owner, furnish monthly occupancy reports and status reports and give specific answers to questions upon which information is desired from time to time relative to the income, assets, liabilities, contracts, operation and condition of the Project.

P. Subject to the provisions of the foregoing paragraph (E) of this Article V, repair, maintain and replace, as required, heating and air conditioning equipment and apparatus, dishwashers, stoves, refrigerators, exhaust fans and all appliances in all dwelling units; repair maintain and replace the TV antenna system, if any; and provide, maintain and replace as required, drapery rods, draperies and carpeting in all dwelling units.

Q. If requested by Owner, operate and maintain a "model apartment" for showing to prospective tenants and make arrangements for the furnishing of such model apartments subject to the limitations of the foregoing paragraph (F) of this Article V.

R. Prepare, print, use and distribute, as required, rental brochures, rules and regulations, leases, rental applications and other documents required to promote the Project or to permit the orderly operation and maintenance thereof in the matter herein contemplated. Identify
households or residents for which Limited English Proficiency (LEP) may present an impediment and coordinate the translation and publication of required notices and other written materials into the language(s) of such households or residents.

S. Prepare, if requested by Owner, an initial capital improvement budget (the "Initial Capital Improvement Budget") for items of repair and replacement to be made to upgrade the Project on a one-time basis. The Initial Capital Improvement Budget and the items of repair and replacement to be reflected thereon shall be subject to the prior approval of the Owner and the total amount of said budget shall be established by Owner. Manager shall make, or cause to be made, in a timely manner, all repairs and replacements reflected on the Initial Capital Improvement Budget, and shall submit written reports to Owner, on at least a monthly basis, showing work done and expenditures made pursuant to the Initial Capital Improvement Budget.

T. Prepare, at least annually:

1. a budget for operations and projected rental rates for the Project, and
2. a budget for capital improvements to the Project.

U. Beginning on the fifth year following the date of this Agreement, Manager shall, upon request of Owner but no more frequently than once every five years, cause a third party to perform a physical needs assessment of the Project.

The first of each such budgets shall be submitted to Owner for its approval within forty-five (45) days from the date of this Agreement and thereafter Manager shall submit new budgets to Owner for its approval by October 1st of each year. Such budget, when approved by Owner, is herein referred to as the “Approved Budget.” If Owner has not approved a budget for the year by October 1st of that year, then Manager shall utilize the previous year’s budget until Owner approves a budget for the current year.

VI. INDEMNIFICATION

A. Indemnification by Manager. Manager agrees to protect, indemnify, defend and hold harmless Owner and the Authority and their partners, members, directors, commissioners, officers, agents, employees, and successors-in-interest from and against any and all liability, expense, loss or damage of any kind or nature and from any suits, claims or demands, including reasonable attorneys’ fees and costs attributable to personal or bodily injury to or death of any person or persons, including without limitation, emotional injury, sickness or disease or death to persons, including but not limited to, employees of Manager, or damage to property of any kind whatsoever arising directly or indirectly out of (i) any act by Manager (or any officer, agent, or employee of Manager) in breach of this Agreement or outside the scope of Manager’s authority hereunder, (ii) any act or failure to act by Manager (or any officer, agent, or employee of Manager) constituting gross negligence, willful misconduct, or fraud, or (iii) any act or omission by Manager, its employees, officers, or agents in violation of any applicable law.

In addition, without limiting the generality of the foregoing, Manager shall protect, indemnify, defend and hold harmless Owner, the Authority, and their partners, members, directors, commissioners, officers, agents and employees from and against any and all liability, expense,
loss or damage of any kind or nature and from suits, claims or demands, including reasonable attorneys’ fee and costs arising directly or indirectly from suits, claims or demands made by an employee of Manager or based on Manager’s employment relationship with such employee.

The foregoing obligations on the part of Manager shall survive any termination or expiration of this Agreement.

B. Notice by Owner. Upon receiving knowledge of any suit, claim or demand asserted by a third party (including an employee of Manager) that Owner believes is covered by this indemnity, Owner shall give Manager notice of the matter within 5 business days and an opportunity to defend Owner, at Manager’s sole cost and expense, with legal counsel selected by Manager and reasonably satisfactory to Owner.

C. Indemnification by Owner. Owner hereby agrees to protect, indemnify, defend and hold harmless Manager, its partners, members, directors, officers, Managers and employees from and against any and all liability, expense, loss or damage of any kind or nature and from any suits, claims or demands, including reasonable attorneys’ fees and costs attributable to personal or bodily injury to or death of any person or persons, including, without limitation, emotional injury, sickness or disease or death to persons, or damage to property of any kind whatsoever arising directly or indirectly out of Manager’s performance of its obligations under this Agreement, except that this indemnification shall not apply with respect to any claims resulting from (i) any act by Manager (or any officer, agent, or employee of Manager) outside the scope of Manager’s authority hereunder, (ii) any act or failure to act by Manager (or any officer, agent, or employee of Manager) constituting gross negligence, willful misconduct, or fraud, or (iii) any act or omission by Manager, its employees, officers, or agents in violation of any applicable law. Notwithstanding anything to the contrary, such indemnification shall not extend to claims for personal injuries to employees incurred during the course of their employment if such claims are covered by the workers’ compensation insurance required by this Agreement. This obligation on the part of Owner shall survive any termination or expiration of this Agreement.

D. Notice by Manager. Upon receiving knowledge of any suit, claim or demand asserted by a third party that Manager reasonably believes is covered by this indemnity, Manager shall give Owner written notice of the matter and an opportunity to defend Manager, at the sole cost and expense of Owner, with legal counsel reasonably satisfactory to Manager.

E. Cooperation. Each party, promptly upon receipt of notice, shall cooperate fully with the other party and its attorney at all stages of such claims, actions or proceedings. The party entitled to indemnification shall promptly furnish to the indemnifying party and its attorneys all papers, documents and other evidence that, in the opinion of the indemnifying party or its attorney, are pertinent to said claims or the defense of such actions or proceedings. Each party agrees to produce, at the appropriate place or places, at reasonable times, such witnesses under its control as shall be requested by the indemnifying party or its attorneys.

VII. OPERATING ACCOUNT/REPLACEMENT RESERVE ACCOUNT.

Any payment to be made by Manager hereunder (unless arising from claims or allegations
described in paragraph (A) of Article VI above, which shall be paid by Manager from its own funds) shall be made out of the Operating Account or the Replacement Reserve Account, as herein defined, or as may be otherwise provided or directed by Owner. Manager shall not be obligated to make any advance to or for the account of Owner or to pay any sum, except out of funds held or provided as aforesaid, and Manager shall not be obligated to incur any liability or obligation for the account of Owner without assurance that the necessary funds for the discharge thereof will be provided. Manager shall establish and maintain, for the benefit of Owner and so that Owner can draw thereon, in a national or state bank, acceptable to both Parties, whose deposits are insured by the Federal Deposit Insurance Corporation and in a manner to indicate the custodial nature thereof.

A. A separate interest-bearing bank account for the deposit of rents and revenues received from the operation of the Project (herein referred to as the "Operating Account"), with authority to Manager to draw thereon for any payments to be made by Manager to discharge liabilities or obligations incurred pursuant to this Agreement, and for the payment of Manager's fees, all of which payments shall be subject to the limitations contained in this Agreement.

B. A separate interest-bearing account for tenant's security deposits, with authority to Manager to draw thereon for the purpose of refunding such security deposits to tenants or transferring such funds, after default by tenants, in either case, in accordance with applicable law, to the Operating Account. Security deposits shall not be used for operating expenses.

C. A separate interest-bearing account for capital improvements (herein referred to as the "Replacement Reserve Account"), which Manager shall not draw upon without the prior written approval of Owner.

All rents and other revenues received from the operation of the Project shall be deposited in the Operating Account (other than security deposits which shall be timely transferred into the separate security deposit account), unless otherwise directed by Owner in writing. Owner shall have the right to draw upon or make deposits to any of the aforesaid accounts in its own name without joinder of Manager.

VIII. MANAGER'S COMPENSATION.

As compensation for all services performed under this Agreement, Manager shall receive a management fee computed and payable in an amount equivalent to \textbf{FOUR POINT FIVE PERCENT (4.50\%)} of the effective gross Income collected from rental operations, as herein defined, derived from the operation of the Project, or a flat per unit management fee for occupied units that is permitted by the local project-based Section 8 program. The management fee shall comply with the requirements imposed on any development financed with Tax-Exempt Bonds. Compensation shall be payable on a monthly basis not later than the 10th day following the close of each calendar month during the Term, as defined in Article IX below, of this Agreement. In addition, Manager is entitled to reimbursement of required site employee travel expenses such as airfare, hotels, meals and automobile rentals for training and other needs that would benefit the property.

IX. TERM.

A. The term of this Agreement shall commence on \underline{__________}, 2020. The term of this Agreement ("Term") will be for a period of one (1) year beginning on the commencement date.
This Agreement may be renewed at each anniversary of the Term for an additional one (1) year Term at the sole option of Owner. Notwithstanding anything to the contrary set forth herein, either party may terminate this Agreement with or without cause on thirty (30) days prior written notice without penalty. Following such termination, Manager shall not be entitled to any further compensation or payment. No general partner of Owner may select a new property manager without the consent of the Investor of Owner.

B. In addition to the termination rights of Owner, if Manager shall fail to materially comply with the RAD and PBV Addendum or Sections ___ of the Ground Lease, as such provisions apply to the leasing, management and operations of the Project, the Authority (in its capacity as ground lessor) shall have the right, pursuant to the Ground Lease and subject to applicable Lender and Investor consent, to terminate the Management Agreement and Agent in the manner described in the Ground Lease.

C. In the event a petition of bankruptcy is filed by or against either Owner or Manager, or in the event that either shall make an assignment for the benefit of creditors or take advantage of any insolvency act, or if either party shall default in the performance of any of its obligations hereunder, the other party may terminate this Agreement by giving ten (10) days’ notice to the other party. Notwithstanding anything contained herein to the contrary, this Agreement shall automatically terminate upon a bona fide sale, exchange or other transfer of the Project by Owner.

D. Upon termination of this Agreement for any reason, Manager shall, as soon as practical, but not to exceed sixty (60) days, (i) deliver to Owner all books of account, contracts, leases, receipts for deposits, unpaid bills, records and other papers or documents kept and maintained by Manager in the operation and maintenance of the Project or in performance of Manager's obligations hereunder, including as needed for any annual audit that for a time during which Manager acted as the property manager for the Project; and (ii) execute such documents or assignments as Owner shall reasonably require to remove Manager from any bank accounts or other agreements relating to the Project. In addition, Manager shall deliver (a) a final accounting, reflecting the balance of income and expenses on the premises as of the date of termination, to be delivered as soon as practical, but not to exceed 60 days after such termination; (b) any balance or moneys of the Owner or tenant security deposits, or both held by the Manager with respect to the Project, to be delivered immediately, less amounts properly due Manager; and (c) all records, contracts, leases, receipts for deposits, unpaid bills and other papers or documents which pertain to the Project, including, without limitation, all documents, certificates and other papers in connection with the Project’s compliance with the requirements of Section 42, to be delivered immediately.

X. COMPETING PROJECTS.

The Parties recognize that Manager, or an affiliate thereof, or the principal of Manager, may hereafter construct, own or have an interest in apartment units on property near the Project (hereinafter referred to as a "Competing Project"). Manager agrees that it will perform its duties hereunder in a fair and equitable manner and will not favor the Competing Project in the procurement of tenants, or in the operation or maintenance thereof, to the detriment of the Project.
XI. SECTION 3 REQUIREMENTS.

A. The work to be performed under this Agreement is subject to certain of 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 projects 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. Manager shall be required to comply during the Term of this Agreement with the Section 3 Plan attached as Attachment 1, the HUD Section 3 requirements attached hereto as Attachment 3 (together, the “Section 3 Requirements”), which plan governs contracts associated with the Project and outlines, among other things, Owner’s commitment to ensuring that [at least thirty percent (30%) of all new hires for construction and post-construction jobs generated by the Project shall be set aside for Section 3 Residents, as such term is defined in the Section 3 Requirements, in the following priority [___________________]. The Section 3 Plan shall cover all post-construction employment and Section 3 business contracting opportunities generated by the Project.]

C. 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, Manager shall submit to the Housing Authority of the City of Los Angeles’ 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 Manager 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 Manager 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 Owner. The penalties for noncompliance set forth in Article X.B of the Section 3 Guide do not apply to Post-Construction Local Hiring compliance.

D. 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 Project 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 Agreement as Attachment 1.

E. Manager shall indemnify, defend and hold Owner harmless from and against any and all losses, damages, liabilities, demands, expenses, costs, actions, causes of action, suits, penalties, fines, judgments, claims and liens, and attorneys’ fees, arising or resulting from Manager’s or its subcontractors’ failure to fully comply with the Section 3 requirements, resulting from Manager’s gross negligence or willful misconduct.
XII. ADDITIONAL DEFINITIONS.

As used in this Agreement:

A. The term "Mortgage" shall mean all secured indebtedness against the Project as to which Owner shall have notified Manager;

B. The term "Noteholder" shall mean the payees under any Mortgage, their respective successors and assigns, singularly and jointly;

C. The term "Income" shall mean all rents and other income actually collected by Manager on behalf of Owner from tenants or others in connection with the operation of the Project, but shall specifically exclude income derived from proceeds of claims on account; takings by eminent domain; insurance proceeds of claim on account; insurance proceeds; discounts and dividends on insurance policies; and security deposits except when applied to rent.

XIII. MISCELLANEOUS

A. This Agreement, which is made subject and subordinate to all rights of any Noteholder and the trustees named in any Mortgage, shall inure to the benefit of and constitute a binding obligation of the Parties and their respective successors and assigns, provided, however, that this Agreement may not be assigned by Manager without the prior written consent of Owner.

B. This Agreement shall constitute the entire Agreement between the Parties, and no amendment, variance or modification thereof shall be valid and enforceable, except by supplemental agreement in writing, executed and approved in the same manner as this Agreement, and approved by the Authority.

C. The provisions of the Agreement shall be deemed to be cumulative and no provision shall be exclusive of another or of any provision of law.

D. No act of forbearance or failure to insist upon the prompt performance by Manager of the provisions of this Agreement, either expressed or implied, shall be construed as a waiver by Owner of any of its rights hereunder.

E. Except as otherwise provided in this Agreement, all reports to Owner shall, if required on a monthly basis, be submitted to the Owner no later than the tenth (10th) day following the close of the applicable month.

F. All notices, requests, demands, reports or other communications hereunder shall be in writing and shall be deemed given upon delivery, if personally delivered, or, if mailed, three (3) business days after deposit in the United States Mail, return receipt requested, to the Parties at the addresses set forth on the signature page hereof.

G. Should any section or any part of any section of this Agreement be rendered void, invalid, or unenforceable by any court of law, for any reason, such determination shall not render void, or unenforceable any other section or any part of any section in this Agreement.
H. Nothing in this Agreement shall be construed to create a relationship of employer and employee between Owner and Manager, it being the intent of the Parties that the relationship created hereby is that of principal and agent. All duties to be performed by Manager under this Agreement shall be for and on behalf of Owner, in Owner’s name and Owner’s account. In taking any action under this Agreement, Manager shall be acting as an agent for the Owner. Nothing in this Agreement shall be construed as creating a partnership, joint venture, or any other relationship between the parties to this Agreement except that of principal and agent. Except as otherwise provided herein, the Manager shall not be required to bear any portion of expenses arising out of or connected with the ownership or operation of the Project. Manager shall not any time during the period of this Agreement be considered a direct employee of Owner. Neither party shall have the power to bind nor obligate the other except as expressly set forth in this Agreement.

[Moreover, the parties agree that the transfer of any housing choice voucher funds by Owner or the Authority to Agent shall not be deemed an assignment of such funds, and Agent shall not succeed to any rights or benefits of the Authority under the Housing Choice Voucher RAD or PBV Housing Assistance Payment (HAP) together with any privileges, authorities, interests, or rights in or under the under such contract (the “HAP”). Notwithstanding anything contained in the HAPcontract, this Agreement, or in any act of HUD, the Authority, or Owner, shall not be deemed or construed to create any relationship of any third-party beneficiary, principal and agent, limited or general partnership, joint venture, or any association or relationship involving HUD, except between HUD and the Authority as provided under the terms of the of the HAP contract. Agent agrees to ensure that this provision is inserted into all contracts or subcontracts involving the use of HUD funds in connection with the Project.

I. This Agreement may be executed in any number of counterparts, each of which shall constitute a separate document but all of which, taken together shall constitute one instrument. Signature pages may be detached and reattached to physically form one document. This Agreement may be executed by facsimile or electronic (scanned) signature.

XIV. FIDELITY BOND.

The Manager shall furnish, at its own expense, a fidelity bond in the principal sum, which is at least equal to the gross potential income for two (2) months as determined by the Manager, and is conditioned to protect the Owner against misappropriation of Project funds by the Manager and its off-site employees. The other terms and conditions of the bond and the surety thereon will be subject to the reasonable approval of the Owner.

XV. INSURANCE COVERAGE. [Under review by HACLA]

A. Owner shall obtain and keep in force, at its expense, property insurance on the Project and underlying real property, and such other insurance as it deems appropriate. Subject to the requirements of any Lender and the Investor, Owner shall obtain and keep in force such insurance as is required in the minimum amounts set forth below. Manager shall be named as an additional insured as their interests may appear on all liability insurance maintained with respect to the Project. Minimum insurance should include: (A) commercial general liability insurance and excess/umbrella liability insurance policies with combined limits of not less than
$1,000,000 per occurrence and $2,000,000 in the aggregate, with an additional umbrella/excess policy of not less than $5,000,000 per occurrence and in the aggregate; such policies shall be written on an occurrence basis, and include contractual liability and other provisions as Manager shall reasonably require. Irrespective of the Manager’s indemnification obligations hereunder, Owner’s insurance shall be primary and shall not seek contribution from the liability insurance required of or maintained by Manager. Owner agrees to furnish Manager with certificates (with any necessary endorsements upon request) evidencing such insurance, waiver of subrogation and primary and non-contributory status. Said policies shall provide that notice of default or cancellation shall be sent to Manager at least thirty (30) days prior to cancellation. Owner’s insurance premiums shall be treated as operating expenses and shall be paid out of the Operating Accounts in accordance with the Operating Budget.

B. Manager shall carry, at its sole expense, (A) worker’s compensation insurance for compensation to any person engaged in the performance of any work undertaken under this Agreement, including employer’s liability coverage with limits of not less than $1,000,000 for each employee and each disease; such policy must be in compliance with the statutory requirements of the state in which the Project is located, (B) commercial general liability insurance and excess/umbrella liability insurance policies with combined limits of not less than $1,000,000 per occurrence and $2,000,000 in the aggregate, with an additional umbrella/excess policy of $5,000,000 per occurrence and in the aggregate; such policies shall be written on an occurrence basis, and include contractual liability and other provisions as Owner shall reasonably require, (C) Property Management Errors and Omissions Insurance with limits of not less than $2,000,000 per occurrence and in the aggregate; and (D) such other insurance as a property manager of housing projects similar to the Project would carry, or as reasonably required by Owner. Any loss within the deductibles shall be borne by Manager. All policies of insurance shall be maintained in effect during the period of the Agreement. Each policy shall be from an insurance company rated "A-" or higher by the A.M. Best Insurance Guide, with a financial size category rating of 8 or higher. The Commercial General Liability policy shall be endorsed to include a provision giving the Owner at least thirty (30) days prior written notice of cancellation. The commercial general liability insurance policy shall be endorsed to include as additional insureds the Owner and if required, any lenders or agencies. Manager shall furnish Owner with copies of all such endorsements upon request, and with Certificates of Insurance evidencing such policies and the renewals thereof.

C. Waiver of Subrogation. Each party hereby waives any and all rights of recovery against the other party, their respective officers, agents, partners and employees, occurring out of the ownership, management and operation of the Project for loss or damage as a result of any loss covered and to the extent covered by its insurance policies. Each party hereto shall, upon obtaining the policies of insurance required by this Section, notify its insurance carrier that the foregoing waiver is contained in this Agreement, and shall require such carrier to include an appropriate waiver of subrogation provision in the insurance policies.

XVI. COMPLIANCE WITH PROJECT AGREEMENTS AND RAD, PROJECT-BASED VOUCHER AND TAX CREDIT REQUIREMENTS

Notwithstanding any provision in this Agreement to the contrary, this Agreement remains subject to all agreements governing the Project, including, but not limited to the Disposition and Development
Agreement, Ground Lease, Joint Development Agreement, Relocation Plan, Property Management and Re-Occupancy Plan, and all Regulatory Agreements which have been, or shall be, executed on or before the construction closing of the Project (collectively, the "Project Agreements"). In the event of any conflict between this Agreement and the Project Agreements, the Project Agreements shall control. Pursuant to the Project Agreements, the Project shall be managed and operated in accordance with Section 42, RAD conversion and Project-Based Section 8 Voucher requirements and shall be subject to the approval of HUD.

In accordance with the terms of this Agreement, Manager agrees to lease the units of all sizes and types to lower income households in accordance with all applicable Regulatory Agreements and recorded covenants. Lower income households mean individuals or families whose gross annual household income is less than the percentage of the area median income as established by any and all Regulatory Agreements related to this property.

Manager shall indemnify and hold harmless Owner, its partners and affiliates against any loss, liability, penalty, payment or expense (including without limitation, reasonable attorneys’ fees) incurred from any tax credit recapture (including, without limitation, any interest and penalties associated with such recapture), and any other economic loss incurred by Owner as a result of Manager’s gross negligence or intentional misconduct with respect to the Project.

Special Reporting Requirements - Manager will prepare, as reasonably required, special reports for Owner in connection with the Low-Income Housing Tax Credits taken in connection with the financing of the Project or as requested by lenders or investors of Owner or governmental agencies having jurisdiction over the Project.

XVII. GOVERNMENTAL COMPLIANCE

In the performance of its obligations under this Agreement, Manager shall comply with the provisions of any federal, state or local law prohibiting discrimination in housing on the grounds of race, color, sex, creed, handicap, national origin, religion, marital status, height, weight, and age (including Title VI of the Civil Rights Act of 1964) (Public Law 88-352, 78 Stat. 241), all requirements imposed by or pursuant to the Regulations of the Secretary (24 CFR, Subtitle A, Part 1) issued pursuant to that Title, regulations issued pursuant to Executive Order 11063, and Title VIII of the 1968 Civil Rights Act.

MANAGER BECOMES AWARE THAT IT IS UNABLE TO DO SO, MANAGER SHALL PROMPTLY NOTIFY OWNER OF SUCH FACT AND THE REASONS INCIDENT THERETO. FURTHER, THE FOLLOWING PROVISIONS SHALL APPLY:

A. The Manager will comply with the leasing and other requirements with respect to all Tax Credit Apartment Units, contained in any documents executed by the Owner in connection with the acquisition, financing and ownership of the Project, including the Regulations, the Mortgages and the requirements of the California Tax Credit Allocation Committee (the “Credit Agency”), and Owner shall provide Manager with a copy of these documents.

B. Manager shall require each prospective tenant to certify, on the lease application the amount of such tenant’s annual family income, family size, and any other information required to enable Owner to obtain the Tax Credits or otherwise reasonably requested by Owner. Manager shall require tenants to certify in writing as to such matters on an annual basis, prior to such time as the information is required for reporting purposes. Manager must verify information provided by tenant including all income, assets, household characteristics and circumstances that affect eligibility. During initial lease-up and upon written request therefore, Manager shall submit the information described above on each prospective tenant to Owner for approval before the unit is leased.

C. Manager shall from time to time furnish Owner with a written schedule of maximum rents for the dwelling units which complies with the Requirements, for Owner’s (and any Noteholder’s, if required) approval. Without Owner’s express prior written consent, Manager shall not enter into any lease on behalf of Owner at a rental amount exceeding the applicable maximum.

D. Manager shall maintain and preserve all written records of tenant family income and size, and any other information necessary to comply with the Requirements or otherwise reasonably requested by Owner throughout the term of this Agreement, and shall turn all such records over to Owner upon the termination or expiration of this Agreement.

E. Manager shall prepare reports of low-income leasing and occupancy and other matters related to Manager’s obligations hereunder and to the operation of the Project, as requested by Owner, in form suitable for submission in connection with the Tax Credits and in compliance with the Requirements.

F. Manager acknowledges that the Project and its operations are subject to various restrictions. Manager acknowledges that the Tax Credit Apartment Units in the Project have restrictions on affordability and that the Owner is the recipient of Tax Credits with respect thereto. The Manager represents that it has the experience and expertise to manage and administer the Tax Credit Apartment Units subject to the Requirements and properly operate the Project in compliance with the requirements set forth in Section 42(b) of the Code for a qualified low income housing tax credit allocation from the State of California.

G. Annual Compliance Certification: The Manager will annually certify in writing to the Managing Member and the Investor Member its continued compliance with subsections (H) and (I) below and indicate if there has been any material breaches or changes in its related processes,
procedures, processes, or management personnel having responsibility for any aspect of compliance with laws and regulations referenced in subsection (H) below.

H. Compliance with Law and Complaint/Incident Escalation: The Manager hereby agrees to comply with all applicable local, state and federal laws, including but not limited to consumer protection and fair lending laws such as the Fair Housing Act (FHA), the Service Members Civil Relief Act (SCRA), the Americans with Disabilities Act of 1990 (ADA), the Fair Credit Reporting Act (FCRA), the Fair Debt Collection Practices Act (FDCPA), and the Unfair, Deceptive, or Abusive Acts or Practices (UDAAP) principles established by the Dodd Frank Wall Street Reform and Consumer Protection Act, and applicable State consumer privacy laws, including all regulations promulgated to implement such laws (collectively, “Laws and Regulations”). Manager shall also notify the Managing Member and the Investor Member in writing (i) at the address provided in the Company Operating Agreement and (ii) by e-mail to gs-uig-compliance@gs.com, within three (3) business days of identification of (1) any actual or potential material breach, infraction, or violation of Laws and Regulations and, (2) to the extent they relate to Laws and Regulations, any formal or informal consumer complaint, notice of violation, regulatory inquiry or investigation, or notice of fine, fee, or penalty.

I. InfoSec Language for Data Leak Escalation: The Manager shall not disclose any Personal Information (hereinafter defined) to any third party other than as required by, or as permitted in accordance with, law, rule or regulation. The Manager shall (i) comply with all applicable federal, state and local laws and regulations requiring notification to impacted individuals as a result of an incident involving the loss, theft unauthorized access to, or unauthorized disclosure of their Personal Information (an “Incident”); and (ii) take appropriate actions to contain and mitigate the Incident. Unless otherwise prohibited by applicable law, and subject to any delay requested by the relevant enforcement agency, Manager shall notify the Managing Member and the Investor Member as soon as possible, but at most within twenty-four (24) hours of learning of any Incident. “Personal Information” means any information that can be used to distinguish or trace an individual’s identity, either alone or in combination with other personal or identifying information that is linked or linkable to a specific individual, and includes but is not limited to an individual’s name (only material if in combination with any other personal information listed), home address, credit card or bank account numbers or other information, social security number, driver’s license number, date and place of birth, mother’s maiden name, gender or race, criminal record, medical data, educational data, financial data, or employment data.

[Signatures appear on next page]
IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

OWNER:

Pueblo del Sol I Housing Partners, L.P., a California limited partnership,

By: Related/Pueblo del Sol I Development Co., LLC,
a California limited liability company,
its administrative general partner

By: The Nicholas Company, Inc.,
a Delaware corporation, its manager

By: _____________________________
William A. Witte, President

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

By: La Cienega LOMOD, Inc., a California
nonprofit corporation, its sole member and manager

By: _____________________________
Tina Smith-Booth, President

Owner Address:

c/o The Related Companies of California, LLC
18201 Von Karman Avenue, Suite 900
Irvine, California 92612
Attention: Frank Cardone

MANAGER:

McCormack Baron Management, Inc.,
a Missouri corporation,

By: _____________________________
Michael Martinez, Vice President

Manager Address:

720 Olive Street, Suite 2500
St. Louis, MO 63101
Attachment 1 to Management Agreement

Section 3 Plan
Attachment 2 to Management Agreement

RAD AND PBV [AND RESIDENT RIGHTS] ADDENDUM

This addendum (this “Addendum”) is attached to and made a part of the Management Agreement (the “Management Agreement”) by and between McCORMACK BARON MANAGEMENT, INC., a Missouri corporation (“Manager”) and PUEBLO DEL SOL 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 a multi-family apartment complex located in Los Angeles, California, and known as Pueblo Del Sol Phase I (the “Project”);

WHEREAS, the Project includes two hundred one (201) 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 one hundred twelve (112) 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; and

WHEREAS, the Project includes thirty-nine (39) 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, tenants residing in the Project shall have the right to return to the Project as set forth in the Property Management and Re-occupancy Plan; 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

Section 1.1 Definitions

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

(a) “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.

(b) "HUD" means the U.S. Department of Housing and Urban Development.

(c) "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.

(d) "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.

(e) "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.

(f) "RAD HAP Contract" means the HUD form entitled "PBV Housing Assistance Payments Contract New Construction or Rehabilitation" between Owner and Authority, the RAD HAP Rider, as well as any applicable lender or investor riders, all of which as applicable to the RAD Units.

(g) "RAD HAP Rider" means the HUD form entitled "Rental Assistance Demonstration (RAD); Rider to the Section 8 Project-based Voucher (PBV) Housing Assistance Payments (HAP) Contract for New Construction or Rehabilitated Housing (Public Housing Conversions; First Component) between Owner and Authority.

(h) "RAD Program" means the Rental Assistance Demonstration (RAD) Program created by the Consolidated and Further Continuing Appropriations Act of 2012, and implemented by Notice PIH-2012-32, as amended.

(i) "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, Notice PIH 2012-32, REV-4, 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.

(j) "RAD Use Agreement" means that certain agreement executed by Owner 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.

(k) "Regulatory Agreements" means the California Tax Credit Allocation Committee Regulatory Agreement, the RAD Use Agreement, the [Bond Regulatory Agreement and Declaration of Restrictive Covenants], the Ground Lease, all regulatory agreements and recorded covenants and all loan documents.

(l) "Resident" means any tenant residing at the Project, including those in PBV Units, RAD Units and those residing in units which are not subject to RAD Requirements or 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, 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. Manager 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 Project on the date of this Agreement, who is in good standing and elects to return to a 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 Manager shall confirm and require that any Resident moving into a Tax Credit Unit or a unit that is regulated by the California Debt Limit Allocation Committee 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 unit. 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, Manager shall include the HUD lease addendum for project based voucher units (Form HUD 52530.c.), in all PBV Unit and RAD Unit leases.

a. **Termination Notification.** Manager 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:
      1. If the health or safety of other Residents, 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;
   ii. Fourteen (14) days in the case of nonpayment of rent; and
   iii. Thirty (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.** Manager will maintain a grievance process in accordance with the RAD Requirements and the PBV Requirements. Further, Manager’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 Manager’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 Manager 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 Manager, Owner or Authority.

iii. The Manager 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 _______ years, increasing by _____% of the total increase per year. The foregoing provision shall also apply to those existing Pueblo del Sol 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.**

Manager 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 Manager, management, and their representatives. In the absence of a legitimate resident organization at the Project, Manager 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 resident organization.

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

b. **Protected Activities.** Manager 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, Manager must allow Residents and resident organizers to conduct other reasonable activities related to the establishment or operation of a resident organization. Manager shall not require Residents and resident organizers to obtain prior permission before engaging in the activities permitted in this section.

c. Meeting Space. Manager 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 Manager’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. Manager 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 Manager, managers, or their agents. Manager 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 Manager 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 Manager directly with questions or concerns regarding issues related to their tenancy. Manager shall actively engage Residents in the absence of a Resident organization; and

ii. Owner through Manager 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 Manager. These requests will be subject to approval by the Manager.

[SIGNATURE PAGE FOLLOWS]
IN WITNESS WHEREOF, Manager and Owner have caused this Addendum to be executed by their duly authorized signatories as of the date first above written.

OWNER:

Pueblo del Sol I Housing Partners, L.P., a California limited partnership,

By: Related/Pueblo del Sol I Development Co., LLC, a California limited liability company, its administrative general partner

By: The Nicholas Company, Inc., a Delaware corporation, its manager

By: _____________________________
    William A. Witte, President

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

By: La Cienega LOMOD, Inc., a California nonprofit corporation, its sole member and manager

By: __________________________________
    Tina Smith-Booth, President

Owner Address:

c/o The Related Companies of California, LLC
18201 Von Karman Avenue, Suite 900
Irvine, California 92612
Attention: Frank Cardone

MANAGER:

McCormack Baron Management, Inc., a Missouri corporation,

By: _____________________________
    Michael Martinez, Vice President

Manager Address:

720 Olive Street, Suite 2500
St. Louis, MO 63101