RESOLUTION AUTHORIZING THE ISSUANCE AND DELIVERY OF MULTIPLE SERIES OF MULTIFAMILY HOUSING REVENUE NOTES BY THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES AS A CONDUIT ISSUER DESIGNATED AS ITS MULTIFAMILY HOUSING REVENUE NOTE (JORDAN DOWNS PHASE S2) TAX-EXEMPT SERIES 2021A IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $29,030,000 AND MULTIFAMILY HOUSING REVENUE NOTE (JORDAN DOWNS PHASE S2) TAXABLE SERIES 2021B IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $13,900,000 (TOGETHER, THE “PRIVATE ACTIVITY NOTES”) AND APPROVING FOR PURPOSES OF SECTION 147(F) OF THE INTERNAL REVENUE CODE OF 1986 THE ISSUANCE OF THE PRIVATE ACTIVITY NOTES TO PROVIDE FINANCING FOR THE ACQUISITION, REHABILITATION, CONSTRUCTION AND EQUIPPING OF JORDAN DOWNS PHASE S2 AND APPROVING AND AUTHORIZING THE EXECUTION BY THE PRESIDENT AND CEO, OR OTHER DESIGNATED OFFICERS AND DELIVERY OF RELATED DOCUMENTS AND AGREEMENTS AND TAKING ANY NECESSARY RELATED ACTIONS INCLUDING THE EXECUTION OF AMENDATORY DOCUMENTS THERETO

Douglas Guthrie                   Jenny Scanlin
President & Chief Executive Officer               Chief Strategic Development Officer

Purpose:
Adopting the resolution (Attachment 1) will authorize the President and CEO or other Designated Officers, to take all actions necessary to effectuate the issuance by the Housing Authority of the City of Los Angeles (“Authority”) of tax-exempt and taxable multifamily conduit revenue notes (“Notes”) in principal amounts not to exceed $29,030,000 and $13,900,000, respectively, for Jordan Downs Phase S2 (the “Project”). The California Debt Limit Allocation Committee (“CDLAC”) in its approval of the tax-exempt bond allocation, designated March 29, 2021, as the debt issuance deadline for the Notes (Attachment 2).

Issuance of the Notes makes low interest rate financing available to fund the development of the Project. The Authority is authorized to use its tax-exempt borrowing status under the Housing Authorities Law, consisting of Part 2 of Division 24 of the California Health and Safety Code (the “Act”), to pass on lower interest rate financing to developers of affordable housing. For the Project, the Authority will serve in the capacity of a conduit issuer of private activity bonds or notes, thus the Authority will not be the obligor of the debt. The obligors of the debt will be the owners and/or operators of the Project (the “Borrowers”, as further defined in “Issues” below).
Regarding: On February 27, 2020, the Authority’s Board of Commissioners (“BOC”), by Resolution No. 9579 authorized the President and CEO to declare the Authority’s official intent (the “Inducement”) to issue one or more series of conduit revenue bonds in an aggregate principal amount not to exceed $44.4M to finance the cost of the acquisition, rehabilitation, construction, and equipping of the Project.

On February 27, 2020, the BOC, by Resolution No. 9584 approved, only for purposes of Section 147(f) of the internal revenue code of 1986 (“TEFRA Regulations”), the procedures followed by the Authority for its TEFRA proceedings and the subsequent issuance of private activity bonds or notes to finance the acquisition, construction, rehabilitation or equipping of the Project. The Mayor of the City of Los Angeles approved the Authority’s TEFRA proceedings, on March 31, 2020.

On February 25, 2021, the BOC will consider authorizing the Authority’s entry into a Disposition and Development Agreement, Ground Lease, Purchase Option, Right of First Refusal, a RAD Use Agreement, a Choice Neighborhoods Initiative (“CNI”) Declaration with the Department of Housing and Urban Development (“HUD”), an Acquisition Loan, and a loan of up to $17M of governmental grant funds to the Project.

In a separate action, staff will also seek approval from the La Cienga LOMOD, Inc. (“LOMOD”) Board of Directors on February 25, 2021, to enter into the Jordan Downs Phase S2, LP as the Managing General Partner, and to authorize and approve the execution of the Jordan Downs Phase S2, LP ownership documents, financing documents and related documents and agreements, all related to LOMOD’s participation in the partnership.

Issues: In 2012, the Authority executed a Master Development Agreement (“MDA”) with Jordan Downs Community Partners, LLC, (the “Master Developer”), a joint venture of BRIDGE Housing Corporation, a California nonprofit public benefit corporation (“BRIDGE”), and The Michaels Development Company I, L.P., a New Jersey limited partnership (“Michaels”), for the redevelopment of Jordan Downs. The MDA was amended twice in 2017 and a third time in 2020.

Jordan Downs Community Partners, LLC has assigned to Jordan Downs Phase S2, LP its rights and obligations to develop and own the Project. Jordan Downs Phase S2, LP, a California limited partnership, will be the Borrower of bond proceeds, grant funds and loans pursuant to the Project Loan Agreement (Attachment 4), the Funding Loan Agreement (Attachment 5), the Regulatory Agreement and Declaration of Restrictive Covenants (Attachment 6) and related financing documents.

Jordan Downs Phase S2, LP currently has Jordan S2-Michaels LLC, a California limited liability company, as its general partner, while an initial investor limited partner is a placeholder during the initial partnership creation. The initial investor limited partner will withdraw from the partnership at financial closing on March 29, 2021 (estimate). At financial closing, La Cienga LOMOD, Inc., a California nonprofit public benefit corporation and an Authority instrumentality, will be admitted into the partnership as the Managing General Partner (“MGP”), Jordan S2-Michaels LLC will become the Administrative General Partner (“AGP”), and Berkadia Jordan Downs Phase S2 Investor
LP, a Delaware limited partnership, will be admitted as the Investor Limited Partner ("ILP"). The execution of multiple legal documents including, but not limited to, the Amended and Restated Agreement of Limited Partnership will occur simultaneously with the financial closing. The partnership interests are divided 0.0049% to the MGP, 0.0059% to the AGP and 99.99% to the ILP.

The Project is comprised of 81-units of new construction, affordable residential housing (including one manager’s unit) consisting of 49 replacement units ("Replacement Units") and 31 non-replacement units. Seventeen of the 49 Replacement Units will be converted from Section 9 public housing and into Section 8 RAD units ("RAD Units"), while the balance of the Replacement Units will be assisted by the Section 8 Project Based Housing Choice Voucher Program ("PBV Units") and CNI replacement units. The 31 non-replacement units will also be PBV Units, to ensure deeper affordability on site and to provide additional operating income that makes the Project financially viable. Table 1 below illustrates this narrative according to residential unit size.

<table>
<thead>
<tr>
<th>Unit Size</th>
<th>All Units</th>
<th>RAD Units</th>
<th>PBV Units</th>
<th>Non-replacement PBV Units</th>
<th>Manager’s Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Bedroom</td>
<td>18</td>
<td>1</td>
<td>10</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>33</td>
<td>9</td>
<td>10</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Three Bedroom</td>
<td>29</td>
<td>7</td>
<td>11</td>
<td>11</td>
<td>1</td>
</tr>
<tr>
<td>Four Bedroom</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Five Bedroom</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>81</td>
<td>17</td>
<td>32</td>
<td>31</td>
<td>1</td>
</tr>
</tbody>
</table>

The Project will be built on a 1.89-acre site at an estimated cost of $60.4M. The Project site has been razed and new construction residential housing will be constructed. The Authority owns the site and will execute a Ground Lease Agreement between the Authority, as landlord, the Borrower, as tenant. The Ground Lease will be in full force for a term of 75-years. The economics of the Project prevent the Borrower from paying the $3.4M upfront, and the Authority is extending the Acquisition Loan. All principal and interest due on the Acquisition Loan is payable 55-years after the construction loan has been paid in full, but not later than December 2077 (estimate). The Acquisition Loan bears 4% simple interest and repayment is secured by a pledge of cash flow from residual receipts.

In addition to the Acquisition Loan, the Project will be financed through a $13.2M Transformative Climate Communities Program Implementation Grant ("TCC Loan"); a $35M Choice Neighborhoods Initiative Implementation Grant ("CNI Loan") of which $1M will be used for this transaction; a $2.6M Infill Infrastructure Grant ("IIG Loan") of which $2M is included as a loan to the Borrower and the balance will be directed to reimburse the Authority for site demolition costs incurred. These three funding sources are loans and will be evidenced by a TCC Note, a CNI Note and an IIG Note, respectively.
On June 12, 2020, the Authority submitted a CDLAC-CTCAC Joint Application to (i) request a $29.03M tax-exempt private activity debt issuance allocation from the California Debt Limit Allocation Committee ("CDLAC"); and (ii) request 4% federal tax credits from the California Tax Credit Allocation Committee ("CTCAC"). On September 21, 2020, the Project was awarded the $29.03M bond allocation and received a reservation of federal tax credits in the amount of $19.7M, the tax credit reservation based on an applicable percentage of 3.24% and not 4%, as the name may suggest (Attachment 3). However, a 4% minimum applicable percentage was recently established through the passage of the federal Consolidated Appropriation Act, 2021 (H.R 133), in December 2020. As a result of the new 4% floor, federal LIHTC equity for the Project is projected to increase to $24.6M, factoring-in price per tax credit of $0.9065. The price per tax credit reflects current market conditions and was obtained through a circulated solicitation for equity investors. COVID-19 impact to the equity market and multiple affordable housing developments competing for limited pool of potential investors has kept the price per tax credit near $0.89 for the past year.

When awarding a bond allocation to an applicant, CDLAC instructs the applicant that the private activity bonds must be issued within 180- or 194-days of allocation. For the Project, the bond issuance deadline is March 29, 2021, and execution requires approved and valid TEFRA proceedings as of the date of bond issuance. TEFRA proceedings are valid for not more than one year from the date the proceedings were approved by the highest-ranking elected official in the jurisdiction where the development is located. Initially, TEFRA proceedings conducted for the Project were adopted by the Authority’s BOC on February 27, 2020, and subsequently approved by the Mayor of the City of Los Angeles on March 31, 2020. The one-year TEFRA validity period expires on March 30, 2021. The bond issuance is likely to close on March 29, 2021, a date that falls barely within the one-year TEFRA validity allowance period. However, in the unlikely event the bond closing is delayed, subject to CDLAC approval of an extension of the bond closing date, the Project will require new TEFRA documentation. To prepare for such an event, the resolution that accompanies this report includes a request for adoption by the BOC of TEFRA proceedings recently conducted by Authority staff. On February 12, 2021, staff prepared and posted a notification of public hearing regarding the Project. The public notice was posted on the Authority’s internet web page, and an additional posting was affixed to the bulletin board in front of the Authority’s 2600 Wilshire Boulevard main building. The public hearing was conducted on February 23, 2021. A minimum of seven days must transpire between the posting of the notice of public hearing and the day the public hearing is conducted. In this instance, the public notice period was eleven days and meets the minimum requirement for public notification of the hearing. The resolution that accompanies this report is an acknowledgement that Authority officers and staff properly performed the arrangement, scheduling, notification and execution of a public hearing concerning the proposed acquisition, redevelopment, rehabilitation, construction and equipping of the Project, and that these proceedings were conducted in accordance with the requirements of the Tax Equity and Fiscal Responsibility Act ("TEFRA").

In addition to issuing approximately $29M of tax-exempt private activity notes (“Tax-Exempt Note”), the financing plan calls for the issuance of up to $13.9M of taxable notes
The Taxable Note will fund a portion of the Project’s construction costs and will be fully repaid at the time of conversion to permanent financing. The Authority (the “Issuer” and the “Governmental Lender”) will issue the Taxable Note the same day the Tax-Exempt Note is issued. The Tax-Exempt Note and the Taxable Note are being sold through direct purchase, rather than a public offering. JPMorgan Chase has committed to purchase the Tax-Exempt Note, while CIT Bank has committed to purchase the entire Taxable Note.

The Multifamily Housing Revenue Note (Jordan Downs Phase S2) Series 2021A (the “Tax-Exempt Note”) will be issued in a principal amount not to exceed $29,030,000. The Multifamily Housing Revenue Note (Jordan Downs Phase S2) Taxable Series 2021B (the “Taxable Note”) will be issued in a principal amount not to exceed $13,900,000.

JPMorgan Chase (the “Tax-Exempt Funding Lender”) and CIT Bank (the “Taxable Funding Lender”) have agreed to enter into a co-lender agreement, with JPMorgan Chase serving as the lead agent. The Authority’s Housing Conduit Bond Policy (the “Policy”), Section 4.4.1, specifies there may not be more than one “lender” associated with a transaction of this type, but it also states that exceptions can be made provided certain conditions are met. Following assessment of the Tax-Exempt Funding Lender and the Taxable Funding Lender, review of the co-lender agreement (including evaluation by the Authority’s bond counsel, Kutak Rock, and municipal advisor, CSG), and favorable terms of the debt financing, staff recommends approval of an exception to the Policy’s Section 4.4.1. Tax-exempt construction financing provided by JPMorgan Chase will carry an interest rate of 1.85%, while the taxable construction financing provided by CIT Bank is set at 3.35%. At conversion to permanent financing, the JPMorgan Chase commitment will be reduced to approximately $15.2M and bear interest at 4.0%, the term being 18 years and the amortization being 40 years.

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

Conduit bond issuance authority developed and utilized. Growth in revenue from bond authority realized to support the Authority’s objectives.

PLACE Strategy #2: Increase functionality and effectiveness of Asset Management portfolio.

Utilize available funding tools, including Tax Credits, conventional debt/equity, Project-Based Vouchers and RAD to achieve site-based improvements and stabilized operating income and ensure long-term affordability.

Funding: The Chief Administrative Officer confirms the following:

The budget impact of the conduit debt issuance is positive. The Authority expects to collect bond issuance fees of approximately $165,000 at bond closing (June 2021), and
additional conduit bond fees aggregating to approximately $330,000 for the period 2022 and 2036.

Environmental Review: Not Applicable

Section 3: Not Applicable

Attachments:

1. Resolution
2. CDLAC Resolution 20-117 (September 21, 2020)
3. CTCAC Reservation Letter CA-20-628 (September 16, 2020)
4. Project Loan Agreement
5. Funding Loan Agreement
6. Regulatory Agreement and Declaration of Restrictive Covenants
RESOLUTION NO. ________

RESOLUTION AUTHORIZING THE ISSUANCE AND DELIVERY OF MULTIPLE SERIES OF MULTIFAMILY HOUSING REVENUE NOTES BY THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES AS A CONDUIT ISSUER DESIGNATED AS ITS MULTIFAMILY HOUSING REVENUE NOTE (JORDAN DOWNS PHASE S2) TAX-EXEMPT SERIES 2021A IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $29,030,000 AND MULTIFAMILY HOUSING REVENUE NOTE (JORDAN DOWNS PHASE S2) TAXABLE SERIES 2021B IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $13,900,000 (TOGETHER, THE “PRIVATE ACTIVITY NOTES”) AND APPROVING FOR PURPOSES OF SECTION 147(F) OF THE INTERNAL REVENUE CODE OF 1986 THE ISSUANCE OF THE PRIVATE ACTIVITY NOTES TO PROVIDE FINANCING FOR THE ACQUISITION, REHABILITATION, CONSTRUCTION AND EQUIPPING OF JORDAN DOWNS PHASE S2 AND APPROVING AND AUTHORIZING THE EXECUTION BY THE PRESIDENT AND CEO, OR OTHER DESIGNATED OFFICERS, AND DELIVERY OF RELATED DOCUMENTS AND AGREEMENTS AND TAKING ANY NECESSARY RELATED ACTIONS INCLUDING THE EXECUTION OF AMENDATORY DOCUMENTS THERETO

WHEREAS, the Housing Authority of the City of Los Angeles (the “Authority”) is a public body, corporate and politic, duly created, established and authorized to transact business and exercise powers under and pursuant to the provisions of the Housing Authorities Law, consisting of Part 2 of Division 24 of the California Health and Safety Code (the “Act”), including to issue and sell mortgage revenue bonds or notes as part of a plan of financing for the purpose of making loans or otherwise providing funds to finance the acquisition, construction, rehabilitation and development of multifamily residential rental housing projects, including units for households meeting the income limits set forth in the Act;

WHEREAS, the Authority now desires to issue its revenue notes in accordance with the Act, to provide financing for the acquisition, construction and equipping of Jordan Downs Phase S2, a multifamily rental housing project described in paragraph 13 below (the “Project”);

WHEREAS, the Project will be located wholly within the City of Los Angeles;

WHEREAS, it is in the public interest and for the public benefit that the Authority authorize the conduit bond financing for the Project as a conduit issuance, and it is within the powers of the Authority to provide for such a financing and the issuance of such multifamily mortgage revenue notes;

WHEREAS, the Authority proposes to issue, in accordance with the Act, its Multifamily Housing Revenue Note (Jordan Downs Phase S2) Series 2021A (the “Tax-Exempt Note”) with a principal amount not to exceed $29,030,000;

WHEREAS, the Authority proposes to issue, in accordance with the Act, its Multifamily Housing Revenue Note (Jordan Downs Phase S2) Taxable Series 2021B (the “Taxable Note” and together with the Tax-Exempt Note, the “Notes”) with a principal amount not to exceed $13,900,000;

WHEREAS, the Authority, as the conduit issuer of the Notes (“Issuer”) and the governmental lender (“Governmental Lender”), proposes to use the proceeds of the Notes to fund a loan to Jordan Downs Phase S2, LP (the “Borrower”) to finance a portion of the acquisition, construction and equipping
of the Project and, if applicable, to pay certain costs of issuance in connection with the issuance of the Notes;

WHEREAS, JPMorgan Chase Bank, N.A., a national banking association (the “Tax-Exempt Funding Lender”), has expressed its intention to purchase the Tax-Exempt Note authorized hereby or to cause such Tax-Exempt Note to be purchased by its affiliate, in whole;

WHEREAS, CIT Bank, N.A. (the “Taxable Funding Lender”), has expressed its intention to purchase the Taxable Note authorized hereby or to cause such Taxable Note to be purchased by its affiliate, in whole;

WHEREAS, this Board of Commissioners (the “Board of Commissioners”) finds that the public interest and necessity require that the Authority at this time make arrangements for the issuance and delivery of the Notes;

WHEREAS, the interest on the Tax-Exempt Note may qualify for a federal tax exemption under Section 142(a)(7) of the Internal Revenue Code of 1986, as amended (the “Code”) only if the Tax-Exempt Note is approved in accordance with Section 147(f) of the Code;

WHEREAS, pursuant to the Code, the Tax-Exempt Note, following a public hearing, is required to be approved by a representative of the issuer of the Tax-Exempt Note and the highest elected representative of the governmental unit having jurisdiction over the area in which the Project is located;

WHEREAS, pursuant to Section 147(f) of the Code, the Authority caused a notice to appear on February 12, 2021 on the Authority’s website (www.hacla.org/News-Notifications) that a public hearing would be held on February 23, 2021 regarding the issuance of the Tax-Exempt Note;

WHEREAS, the Authority held a public hearing on February 23, 2021 (the “TEFRA Hearing”), at which time an opportunity was provided to present arguments both for and against the issuance of the Tax-Exempt Note;

WHEREAS, the Authority, as the conduit issuer of the Tax-Exempt Note, by this resolution approves issuance of the Tax-Exempt Note for purposes of Section 147(f) of the Code;

WHEREAS, the Authority will forward the minutes of the TEFRA Hearing to the Mayor requesting his approval of the issuance of the Tax-Exempt Note for purposes of Section 147(f) of the Code;

WHEREAS, the Borrower and upon financial closing, the owner of the Project, Jordan Downs Phase S2, LP, provided to the Authority the following information as a good faith estimate of the cost of the Notes financing and the Authority disclosed such information in accordance with Section 5852.1 of the California Government Code: (a) the true interest cost of the Notes, (b) the finance charge of the Notes, including all third party expenses, (c) the amount of proceeds received by the Authority for the issuance and delivery of the Notes less the finance charge of the Notes and any reserves or capitalized interest paid or funded with proceeds of the Notes and (d) the total payment amount (the “Financing Information”); and

WHEREAS, such Financing Information has been disclosed in connection with the Board of Commissioners meeting in which this Resolution is approved.
NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing Authority of the City of Los Angeles, as follows:

1. The recitals hereinabove set forth are true and correct, and the Board of Commissioners so finds. This Resolution is being adopted pursuant to the Act.

2. Pursuant to the Act and the Funding Loan Agreement (as hereinafter defined), the revenue notes of the Authority, as conduit issuer, will be designated as: “Housing Authority of the City of Los Angeles Multifamily Housing Revenue Note (Jordan Downs Phase S2) Tax-Exempt Series 2021A” in a principal amount not to exceed $29,030,000; and “Housing Authority of the City of Los Angeles Multifamily Housing Revenue Note (Jordan Downs Phase S2) Taxable Series 2021B” in a principal amount not to exceed $13,900,000 are hereby authorized to be issued. The principal amounts of the Notes to be issued shall be determined by a Designated Officer (as defined below) in accordance with this Resolution.

3. The proposed form of a Funding Loan Agreement (the “Funding Loan Agreement”), among the Authority, the Tax-Exempt Funding Lender, the Taxable Funding Lender and U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”), is hereby approved along with any additions or supplements which may, in the determination of a Designated Officer, be necessary to document the issuance of both the Tax-Exempt Note and the Taxable Note authorized hereunder. The President and Chief Executive Officer and the Chief Administrative Officer of the Authority and each other officer also listed in paragraph 14 below (each hereinafter referred to as a “Designated Officer”) are hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Funding Loan Agreement, with such additions, changes or corrections as the Designated Officer executing the same may approve upon consultation with in-house counsel to the Authority and Bond Counsel to the Authority and approval by in-house counsel to the Authority and Bond Counsel and approval by in-house counsel to the Authority, such approval to be conclusively evidenced by the execution of said Loan Agreement with such additions, changes or corrections.

4. The proposed form of Project Loan Agreement (the “Loan Agreement”), by and among the Authority, the Fiscal Agent and the Borrower is hereby approved. Any Designated Officer, is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute the Loan Agreement, with such additions, changes or corrections as the Designated Officer, executing the same may approve upon consultation with in-house counsel to the Authority and Bond Counsel and approval by in-house counsel to the Authority, such approval to be conclusively evidenced by the execution of said Loan Agreement with such additions, changes or corrections.

5. The proposed forms of the Tax-Exempt Note and Taxable Note, each as set forth in the Funding Loan Agreement, are hereby approved, and the President and Chief Executive Officer or Chief Administrative Officer of the Authority, or any other Designated Officer, are hereby authorized and directed to execute, by manual signature of such officers, and the Fiscal Agent or an authenticating agent, is hereby authorized and directed to authenticate, by manual signatures of one or more authorized officers of the Fiscal Agent or an authenticating agent, the Tax-Exempt
Note and Taxable Note in substantially such forms and the Fiscal Agent is hereby authorized and directed to issue and deliver the Tax-Exempt Note to the Tax-Exempt Funding Lender and the Taxable Note to the Taxable Funding Lender in accordance with the Funding Loan Agreement. The date, maturity dates, interest rate or rates (which may be either fixed or variable), interest payment dates, denomination, form of registration privileges, manner of execution, place of payment, terms of redemption, use of proceeds, series designation and other terms of the Tax-Exempt Note and the Taxable Note shall be as provided in the Funding Loan Agreement as finally executed; provided, however, that: (a) the principal amount of the Tax-Exempt Note shall not exceed $29,030,000, the interest rate on the Tax-Exempt Note shall not exceed 12% per annum, and the final maturity of the Tax-Exempt Note shall be no later than forty years after the date of Tax-Exempt Note issuance; and (b) the principal amount of the Taxable Note shall not exceed $13,900,000, the interest rate on the Taxable Note shall not exceed 12% per annum, and the final maturity of the Taxable Note shall be no later than forty years after the date of Taxable Note issuance. The initial purchase price of the Tax-Exempt Note and the Taxable Note shall each be 100% of the principal amount thereof to be paid as advances are made with respect to the Tax-Exempt Note by the Tax-Exempt Funding Lender and with respect to the Taxable Note by the Taxable Funding Lender. The Tax-Exempt Note and the Taxable Note may each, if so provided in the Funding Loan Agreement, be issued as a “draw-down” notes to be funded over time as provided in the Funding Loan Agreement. Such Tax-Exempt Note and Taxable Note may be delivered in temporary form pursuant to the Funding Loan Agreement if, in the judgment of in-house counsel to the Authority, delivery in such form is necessary or appropriate until the Tax-Exempt Note and Taxable Note in definitive forms can be prepared.

6. The proposed form of Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) to be entered into by and among the Authority, the Fiscal Agent and the Borrower, substantially in the form attached hereto, is hereby approved. Any Designated Officer, is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Regulatory Agreement, with such additions, changes and corrections as the Designated Officer, may approve upon consultation with in-house counsel to the Authority and Bond Counsel and approval of in-house counsel to the Authority, such approval to be conclusively evidenced by the execution of said Regulatory Agreement with such additions, changes or corrections. Any Designated Officer is hereby authorized and directed for and in the name and on behalf of the Authority to execute amendments to the Regulatory Agreement in order that interest on the Tax-Exempt Note remains tax-exempt.

7. All actions heretofore taken by the officers and agents of the Authority with respect to the issuance and delivery of the Notes are hereby approved, confirmed and ratified, and each Designated Officer of the Authority, and other properly authorized officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including, but not limited to, those described in the Funding Loan Agreement, the Loan Agreement, the Regulatory Agreement and the other documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Notes in accordance with the Act and this Resolution and resolutions heretofore adopted by the Authority.
8. Any document authorized herein may be executed in multiple counterparts and any document authorized herein, except the Notes and the Regulatory Agreement, may be signed using electronic means.

9. Pursuant to Section 147(f) of the Code, the Authority hereby approves the issuance of the Tax-Exempt Note to finance the Project. It is intended that this Resolution constitute approval of the Tax-Exempt Note by the applicable representative of the Issuer of the Tax-Exempt Note.

10. Each Designated Officer, as specifically authorized under this resolution are hereby authorized, directed and empowered on behalf of the Authority and this Board of Commissioners to execute any other additional applications, certificates, agreements, documents or other instruments or any amendments or supplements thereto, subject to approval by in-house counsel to the Authority, or to do and to cause to be done any and all other acts and things as they may deem necessary or appropriate to carry out the purpose of the foregoing authorizations and the intent of this Resolution and to address any issues arising with respect to the Notes or the agreements relating thereto subsequent to their issuance.

11. The Notes shall contain a recital that each is issued pursuant to the Act. Such recital shall be conclusive evidence of its validity and of the regularity of its issuance.

12. This Resolution shall take effect immediately upon its passage and adoption.

13. The “Project” and “Borrower” referred to herein are as follows:

<table>
<thead>
<tr>
<th>Project</th>
<th># of Units</th>
<th>Address</th>
<th>Borrower</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jordan Downs Phase S2 Apartments</td>
<td>81 (including 1 manager unit)</td>
<td>2045 E. 101st Street, Los Angeles, CA 90002</td>
<td>Jordan Downs Phase S2, LP</td>
</tr>
</tbody>
</table>

14. The “Designated Officers” of the Authority referred to herein are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Douglas Guthrie</td>
<td>President and Chief Executive Officer</td>
</tr>
<tr>
<td>Marlene Garza</td>
<td>Chief Administrative Officer</td>
</tr>
<tr>
<td>Jenny Scanlin</td>
<td>Chief Strategic Development Officer</td>
</tr>
<tr>
<td>Margarita Lares</td>
<td>Chief Programs Officer</td>
</tr>
</tbody>
</table>
PASSED AND ADOPTED by the Housing Authority of the City of Los Angeles this 25th of February, 2021.

APPROVED AS TO FORM:  
JAMES JOHNSON

By: ____________________________  
General Counsel

DATE: ____________________________

ADOPTED: ____________________________
ATTACHMENT 2

CDLAC RESOLUTION20-117 (SEPTEMBER 21, 2020)
September 21, 2020

Marlene Garza  
Chief Administration Officer  
Housing Authority of the City of Los Angeles  
2600 Wilshire Boulevard  
Los Angeles, CA 90057

RE: RESOLUTION ATTESTING TO THE TRANSFER OF PRIVATE ACTIVITY BOND ALLOCATION

Dear Ms. Garza:

Enclosed is a copy of Resolution No. 20-117, adopted by the California Debt Limit Allocation Committee (the "Committee") on September 16, 2020, transferring $29,030,000 of the 2020 State Ceiling on Qualified Private Activity Bonds to the Housing Authority of the City of Los Angeles (the "Applicant") for the Jordan Downs Phase S2 Project on a carryforward basis.

The Resolution establishes the terms and conditions under which the allocation has been granted. Please read it carefully and keep a copy in your permanent files. You are advised to consult bond counsel regarding the making of a carryforward election, pursuant to the rules of the Internal Revenue Service.

The following is additional information pertaining to the use of the allocation for this Project:

1. **Performance Deposit:** Pursuant to Section 5050 of the Committee’s Regulations, the performance deposit certified in support of this project ($100,000) is to remain on deposit until you receive written authorization from the Committee that it may be released. This written release will be provided once the Committee receives the "Report of Action Taken" form indicating that the allocation transferred was used for the issuance of bonds for the specific Project, a copy of the conformed regulatory agreement and the payment of the second installment of the CDLAC filing fee. A copy of the conformed regulatory agreement should be sent electronically to CDLAC@treasurer.ca.gov. The full amount of the deposit will be released upon the Committee's approval if at least 80% of the allocation is used for the issuance of bonds. If an amount less than 80% of the allocation is used to issue bonds, a proportionate amount of the deposit will be subject to forfeiture.

2. **IRS Certification:** The IRS-required certification will be prepared and sent to bond counsel once the Committee receives the “Report of Action Taken” form.

3. **Second Installment of Filing Fee:** Enclosed is an invoice for this Project. The invoice attached herein should be considered final, due and payable upon the issuance of bonds.
4. **Compliance:** The Certification of Compliance II or equivalent form is to be submitted by the Project Sponsor to the Applicant by the Applicant's specified deadline, but no later than March 1st annually until the project's Certificate of Completion has been submitted to the Applicant. Following the submission of the Certificate of Completion or equivalent form to the Applicant, the Certification of Compliance II is to be submitted March 1st every three (3) years thereafter. In addition, an Annual Applicant Public Benefits and On-going Compliance Self-Certification (Self Certification) form must be submitted by the Applicant online every year until the Certificate of Completion has been submitted to the Applicant. After the completion of the project has been reported, the Self Certification will be required to be submitted March 1st every three years thereafter pursuant to Section 5144 of the CDLAC Regulations. Verification to CDLAC of income and rental information is not required in advance of the submission of the Certificate of Completion. A copy of the Certification of Compliance II and the Certificate of Completion forms may be found at this website location: http://www.treasurer.ca.gov/cdlac. Failure to submit compliance may result in disqualification from future program participation.

Please consult the Committee’s Regulations for a full explanation of the use of allocation. Do not hesitate to contact me should you have questions.

Sincerely,

[Signature]

Genevieve V. Jopana
Chief Deputy Treasurer

Enclosures

cc: John Castanon, Housing Authority of the City of Los Angeles  
    J. Toger Swanson, Esq., Kutak Rock LLP  
    Milton R Pratt, Jordan Downs Phase S2, LP
THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

RESOLUTION NO. 20-117

A RESOLUTION TRANSFERRING A PORTION OF THE 2020 STATE CEILING ON QUALIFIED PRIVATE ACTIVITY BONDS AND AUTHORIZING THE MAKING OF A CARRYFORWARD ELECTION FOR A QUALIFIED RESIDENTIAL RENTAL PROJECT

WHEREAS, the California Debt Limit Allocation Committee ("Committee") has received an application ("Application") from the Housing Authority of the City of Los Angeles ("Applicant") for the transfer to the Applicant of a portion of the 2020 State Ceiling on Qualified Private Activity Bonds under Section 146 of the Internal Revenue Code of 1986, as amended, for use by the Applicant to issue bonds or other obligations ("Bonds") for a Project as specifically described in Exhibit A ("Project") (capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Regulations of the Committee implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds); and

WHEREAS, the Project Sponsor has represented and the Applicant has confirmed in the Application certain facts and information concerning the Project; and

WHEREAS, in evaluating the Project and allocating a portion of the State Ceiling on Qualified Private Activity Bonds to the Applicant for the benefit of the Project, the Committee has relied upon the written facts and information represented in the Application by the Project Sponsor and the Applicant; and

WHEREAS, it is appropriate for the Committee to make a transfer of a portion of the 2020 State Ceiling On Qualified Private Activity Bonds ("Allocation") in order to benefit such Project described in the Application; and

WHEREAS, the Committee has determined that it is appropriate to authorize the Applicant to make an election to carryforward Allocation to calendar year 2020 with respect to the Project described in the Application.

NOW, THEREFORE, the California Debt Limit Allocation Committee resolves as follows:

Section 1. There is hereby transferred to the Applicant authorization to use $29,030,000 of the 2020 State Ceiling on Qualified Private Activity Bonds. Such Allocation may be used only by the Applicant and only for the issuance of Bonds for the Project, as specifically described in Exhibit A. All of the terms and conditions of Exhibit A are incorporated herein as though set forth in full (this resolution, together with Exhibit A are hereafter referred to collectively as this "Resolution").

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds. The Project Sponsor and the Applicant, and all their respective successors and assigns, will be bound by such terms and conditions. The Applicant shall monitor the Project for compliance with the terms and conditions of this Resolution. In addition, the Project shall be subject to the monitoring provisions of California Code of Regulations, Title 4, Section 10337(c) and Section 5220 of the Committee's Regulations.

Section 3. Any modification to the Project made prior to the issuance of the Bonds that impacts the resolution must be reported to the Executive Director and, if the Executive Director determines such modification to be material in light of the Committee’s Regulations, shall require reconsideration by the Committee before the Allocation may be used for the Project. After Bonds are issued, the terms and conditions set forth in this Resolution shall be enforceable by the Committee through an action for specific performance or any other available remedy. In addition, after bonds are issued, changes to Items #1, #6, #7, #10 thru #12, #14 thru #16, #18 thru #26, and #37 of the Exhibit A require Committee or Executive Director approval for the term of commitment; changes to Items #2, #13, #17, #27, and #39 thru #41 of the Exhibit A cannot be altered; changes to Items #3 thru #5 of the Exhibit A require no Committee or Executive Director approval but any alterations must be reported to CDLAC staff for the affordability period; changes to Items #8 and #9 of the Exhibit A require no CDLAC notification; and changes to Items #28 thru #36 and #38 of the Exhibit A require Committee or Executive Director approval only prior to the Project being Placed in Service by the CA Tax Credit Allocation Committee (TCAC).
Section 4. Any material changes in the structure of the bond sale prior to the issuance of the Bonds and not previously approved by the Committee shall require approval of the Committee Chair or the Executive Director.

Section 5. The transfer of proceeds from the sale of bonds to a project other than the Project subject to this Resolution is allowable only with the prior approval of the Executive Director in consultation with the Chair, except when the Project is unable to utilize any of its allocation and the Applicant is requesting the transfer of the entire Allocation to different project(s). In such case, prior approval of the Committee must be obtained. Any transfer made pursuant to this section may only be made to another/other project(s) of the same issuer that has been previously approved by the Committee.

Section 6. The Applicant is authorized to use the Allocation transferred hereby to make a carryforward election with respect to the Project. The Applicant is not authorized to transfer the Carryforward Allocation to any governmental unit in the State other than the Committee.

Section 7. The Allocation transferred herein to the Applicant shall automatically revert to this Committee unless the Applicant has issued Bonds for the Project by the close of business on March 29, 2021. Upon the discretion of the Executive Director, the expiration may be extended pursuant to the provisions in Chapter 1, Article 8 of the Committee's Regulations.

Section 8. Prior to being submitted to the IRS, draft Carryforward Elections must be emailed to CDLAC at cdlac@treasurer.ca.gov no later than February 3, 2021 for CDLAC approval of election amounts.

Section 9. Within twenty-four (24) hours of using the Allocation to issue Qualified Private Activity Bonds, the Applicant shall notify the Committee at cdlac@treasurer.ca.gov that the Allocation has been used. This notice shall identify the Applicant, the project or program, the date the Allocation was used, and the amount of Allocation used.

Section 10. Within fifteen (15) calendar days of the Bond closing, the Applicant or its counsel shall formally transmit to the Committee information regarding the issuance of the Bonds by submitting a completed Report of Action Taken in a form prescribed by and made available by the Committee.

Section 11. Any differences between the amount of Bonds issued and the amount of the Carryforward Allocation granted in Section 1 of this Resolution shall be retained by the Applicant for the period allowed by Section 146(f)(3)(A) of the Internal Revenue Code regarding carryforward elections. Use of any unused Carryforward Allocation shall be in accordance with Section 5132 of the Committee's Regulations regarding carryforward elections.

Section 12. The staff of the Committee is authorized and directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain a copy of this Resolution in the Applicant's official records for the term of the Bonds under this Carryforward Allocation or the term of the income and rental restrictions whichever is longer. The Committee staff is further directed to retain a copy of this Resolution in the files of the Committee (or any successor thereto) for the same period of time.

Section 13. In consideration of the Allocation transferred to the Applicant and the Project Sponsor, the Applicant and the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Further, the Applicant and the Project Sponsor expressly agree that the terms and conditions of this Resolution may be enforced by the Committee through an action for specific performance or any other available remedy, provided however, that the Committee agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of Bondholders. In addition, the Applicant and the Project Sponsor shall ensure that the Bond documents, as appropriate, expressly provide that the Committee is a third party beneficiary of the terms and conditions set forth in this Resolution.
RESOLUTION NO. 20-117

Section 14. The Certification of Compliance II or equivalent form is to be submitted by the Project Sponsor to the Applicant by the Applicant's specified deadline, but no later than March 1st annually until the project's Certificate of Completion has been submitted to the Applicant. Following the submission of the Certificate of Completion or equivalent form to the Applicant, the Certification of Compliance II is to be submitted March 1st every three years thereafter. In addition, an Annual Applicant Public Benefits and On-going Compliance Self-Certification (Self Certification) form must be submitted by the Applicant online every year until the Certificate of Completion has been submitted to the Applicant. After the completion of the project has been reported, the Self Certification will be required to be submitted March 1st every three years thereafter pursuant to Section 5144 of the CDLAC Regulations. Verification to CDLAC of income and rental information is not required in advance of the submission of the Certificate of Completion. A copy of the Certification of Compliance II and the Certificate of Completion forms may be found at this website location: http://www.treasurer.ca.gov/cdlac. Failure to submit compliance may result in disqualification from future program participation.

Section 15. The applicant may return the allocation to the Committee without assessment of negative points or forfeiture of the performance deposit if the formal written notification is received by the Committee no later than November 16, 2020 for this project.

Section 16. This Resolution shall take effect immediately upon its adoption.

* * *

CERTIFICATION

I, Genevieve V. Jopanda, Chief Deputy Treasurer of the California Debt Limit Allocation Committee, hereby certify that the above is a full, true, and correct copy of the Resolution adopted at a meeting of the Committee held in the Jesse Unruh Building, 915 Capitol Mall, Room 587, Sacramento, California 95814, on September 16, 2020 at 11:04 a.m. with the following votes recorded:

AYES: State Treasurer Fiona Ma, CPA
Keely Bosler for Governor Gavin Newsom
Anthony Sertich for State Controller Betty T. Yee

NOES: None

ABSTENTIONS: None

ABSENCES: None

Date: September 21, 2020

Genevieve V. Jopanda, Chief Deputy Treasurer
RESOLUTION NO. 20-117
(QUALIFIED RESIDENTIAL RENTAL PROJECT)

EXHIBIT A

1. Applicant: Housing Authority of the City of Los Angeles
2. Application No.: 20-628
3. Project Sponsor: Jordan Downs Phase S2, LP (Jordan S2-Michaels, LLC & La Cienega LOMOD, Inc.)
4. Project Management Co.: Michaels Management Affordable
5. Project Name: Jordan Downs Phase S2
6. Type of Project: New Construction/Family
7. Location: Los Angeles, CA
8. Private Placement Purchaser: Greystone Servicing Company LLC
   Cash Flow Bond: Not Applicable

   All units identified in the CDLAC resolution, including both the Federally Bond-Restricted Units and the Other Restricted Units, will be incorporated into the Bond Regulatory Agreement. Assumptions to be included in the Bond Regulatory Agreement regarding the Other Restricted Units will include the AMI as outlined in the CDLAC resolution, a limitation that tenants pay no more than 30% of their income and 1.5 persons per bedroom occupancy standard to determine the applicable rent.
   Applicable

9. Public Sale: Not Applicable
   Credit Enhancement Provider: Not Applicable
10. Total Number of Units: 80 plus 1 unrestricted manager unit(s)
11. Total Number of Restricted Rental Units: 80
12. The term of the income and rental restrictions for the Project will be at least 55 years from the date 50% occupancy is achieved or when the project is otherwise placed in service.
13. The Regulatory Agreement shall not terminate prior to the end of the CDLAC Resolution affordability term in the event of foreclosure, exercise of power of sale, and/or transfer of title by deed in lieu of foreclosure in connection with a deed of trust directly or indirectly securing the repayment of Cash Flow Permanent Bonds.
14. The Project will utilize Gross Rents as defined in Section 5170 of the Committee’s Regulations.
   Applicable
15. Income and Rental Restrictions:
   a. Federally Bond-Restricted Set-aside Units:
      At least 40% of the total units will be restricted at 60% of the Area Median Income.
   b. Other Restricted Units
      For the entire term of the income and rental restrictions, the Project will have:
      At least 80 Qualified Residential units rented or held vacant for rental for persons or families whose income is at or below 50% of the Area Median Income.
RESOLUTION NO. 20-117
Exhibit A
Page 2 of 5

16. 10% of the units will be restricted to households with incomes no greater than 50% of the Area Median Income in accordance with Section 5191 of the Committee’s Regulations. These units will be distributed as follows:

   Applicable
   Studios:    0
   One-bedroom: 2
   Two-bedroom: 3
   Three-bedroom: 3
   Four-bedroom: 1
   Five-bedroom: 0

17. For acquisition and rehabilitation projects, a minimum of $15,000 in hard construction costs will be expended for each Project unit.
   Not Applicable

18. A minimum of $22,226,215 of public funds will be expended for the Project.
   Applicable

19. At a minimum, the financing for the Project shall include a Taxable Tail in the amount of $0,000.
    Taxable debt may only be utilized for Project related expenses, not for the cost of issuance for which the Project Sponsor could otherwise have used tax-exempt financing.
    Not Applicable

20. If the Project received points for having large family units for the entire term of the income and rental restrictions, the Project will have at least 30 three-bedroom or larger units.
    Applicable

21. For a period of fifteen (15) years after the Project is placed in use, the Project will provide to Project residents high-speed Internet or wireless (WIFI) service in each Project unit.
    Not Applicable

22. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents an after school program of an ongoing nature on-site, or there must be an after school program available to Project residents within 1/2 mile of the Project except where the Project will provide no cost round trip transportation. The program shall include, but is not limited to: tutoring, mentoring, homework club, art, and recreation activities to be provided weekdays throughout the school year for at least ten (10) hours per week.
    Not Applicable

23. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents instructor-led educational, health and wellness, or skill building classes. The classes shall include, but are not limited to: financial literacy, computer training, home-buyer education, GED, resume building, ESL, nutrition, exercise, health information/awareness, art, parenting, on-site food cultivation & preparation, and smoking cessation. Classes shall be provided at a minimum of 84 hours per year (drop-in computer labs, monitoring and technical assistance shall not qualify) and be located within 1/2 mile of the Project or except where Project will provide no cost round trip transportation.
    Applicable

24. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents 20 hours or more per week of licensed childcare on-site or there must be 20 hours or more per week of licensed childcare available to Project residents within 1/2 mile of the Project except where Project will provide no cost round trip transportation.
    Not Applicable
RESOLUTION NO. 20-117
Exhibit A
Page 3 of 5

25. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents health and wellness services and programs within 1/2 mile of the Project or except where the Project will provide no cost round trip transportation. Such services and programs shall provide individualized support for tenants (not group classes) but need to be provided by licensed individuals or organizations. The services shall include, but are not limited to; visiting nurses programs, intergenerational visiting programs and senior companion programs. Services shall be provided for a minimum of 100 hours per year.

Not Applicable

26. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents a bona fide service coordinator. The responsibilities must include, but are not limited to: (a) providing tenants with information about available services in the community, (b) assisting tenants with access services through referral and advocacy, and (c) organizing community-building and/or enrichment activities for tenants (such as holiday events, tenant council, etc.).

Applicable

Minimum full-time equivalent hours per year: 611.728

27. Minimum sustainable specifications will be incorporated into the project design per Section 5205 of the CDLAC Regulations.

Applicable

Section Waived:

☐ Energy Efficiency
☐ Landscaping
☐ Roofs
☐ Exterior Doors
☐ Appliances (ENERGY STAR)
☐ Window Coverings
☐ Water Heater
☐ Floor Coverings
☐ Insulation (Greengard Emission Criteria)

28. The Project commits to becoming certified under any one of the following programs upon completion:
   a. Leadership in Energy & Environmental Design (LEED for Homes)  
      Applicable
   b. Green Communities
      Not Applicable
   c. Passive House Institute US (PHIUS)
      Not Applicable
   d. Passive House
      Not Applicable
   e. Living Building Challenge
      Not Applicable
   f. National Green Building Standard ICC / ASRAE – 700 silver or higher rating
      Not Applicable
   g. Green Point Rated Multifamily Guidelines
      Not Applicable
   h. WELL
      Not Applicable

29. The Project is a New Construction or Adaptive Reuse Project that commits to Energy Efficiency (including heating, cooling, fan energy, and water heating but not the following end uses: lighting, plug load, appliances, or process energy) beyond the requirements in Title 24, Part 6 of California Building Code (Percentage Better than the 2016 Standards):
   a. 7%  
      Not Applicable
   b. 12%  
      Not Applicable
30. The Project is a New construction or Adaptive Reuse Project that commits to Energy Efficiency. The local building department has determined that building permit applications submitted on or before December 31, 2016 are complete and energy efficiency beyond the requirements in the 2013 Title 24, Part 6, of the California Building Code (the 2013 Standards) for the project as a whole shall be awarded.
   a. 9% Not Applicable
   b. 15% Not Applicable

31. The Project is a New Construction or Adaptive Reuse Project that commits to Energy Efficiency with renewable energy that provides the following percentages of project tenants' energy loads (Offset of Tenants' Load):
   a. 20% Not Applicable
   b. 30% Not Applicable
   c. 40% Not Applicable

32. The Project is a Home Energy Rating System (HERS II) Rehabilitation Project that commits to improve energy efficiency above the current modeled energy consumption of the project as a whole by:
   a. 15% Not Applicable
   b. 20% Not Applicable

33. The Project is a Rehabilitation Project that commits to developing, and/or managing the Project with the following Photovoltaic generation or solar energy:
   a. Photovoltaic generation that offsets tenants loads Not Applicable
   b. Photovoltaic generation that offsets 50% of common area load Not Applicable
   c. Solar hot water for all tenants who have individual water meters Not Applicable

34. The Project is a Rehabilitation Project and will implement sustainable building management practices that include:
   1) development of a project-specific maintenance manual including replacement specifications and operating information on all energy and green building features; and 2) undertaking formal building systems commissioning, retro-commissioning or re-commissioning as appropriate (continuous commissioning is not required).
   Not Applicable

35. The Project is a Rehabilitation project that individually meters or sub-meters currently master-metered gas, electricity or central hot water systems for all tenants.
   Not Applicable

36. The project will commit to use no irrigation at all, irrigate only with reclaimed water, greywater, or rainwater (excepting water used for Community Gardens) or irrigate with reclaimed water, greywater or rainwater in an amount that annually equals 10,000 gallons or 150 gallons per unit whichever is less.
   Not Applicable

37. The Project will commit to having at least one (1) nonsmoking building. If the Project only has one (1) building, it will be subject to a policy developed by the Sponsor that prohibits smoking in contiguous designated units. These restrictions will be incorporated into the lease agreements for the appropriate units.
   Applicable

38. The Project will commit to having a parking ratio equivalent to or less than one (1) parking stall per single room occupancy or one-bedroom restricted rental unit and 1.5 parking stalls per two-bedroom or larger restricted rental unit.
   Applicable
39. As specified in Section 5144(b) of the Committee’s Regulations, sponsors will be required to utilize TCAC’s Compliance Manual specifically Section VI: Qualify Tenants for Low Income Housing Tax Credit Units, to verify tenant income in conjunction with initial occupancy. No less than every three (3) years after the project is completed, the Sponsor must collect and retain the following income and verification documentation related to all the Federally Bond-Restricted units identified in the Committee Resolution: TCAC Tax Income Calculation (TIC) or equivalent documentation, all associated source income documentation, evidence of the verifying income computation and unit lease.

Applicable

40. As specified in Section 5144(c) of the Committee’s Regulations, compliance with the income and rental requirements of the Federally Bond-Restricted Units identified in the Committee Resolution and the Bond Regulatory Agreement must be demonstrated by the Applicants initial review of 20% of all management files associated with the Federally Bond-Restricted units and subsequent review every three (3) years of 20% of all management files associated with the Federally Bond-Restricted units.

Applicable

41. As specified in Section 5144(d) of the Committee’s Regulations, applicants are required to ensure an onsite inspection as well as an on-site review of the 20% Federally Bond-Restricted units is performed every three (3) years after the Qualified Project Period has commenced.

The following entity will conduct the site and file inspections:

Not Applicable
STATE OF CALIFORNIA
CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
ACCOUNTING SERVICES
915 Capitol Mall, Room 311
Sacramento, CA 95814
(916) 653-3255

FILING FEE INVOICE

PAYMENT IS DUE WITHIN 30 DAYS OF BOND CLOSING

Date: September 21, 2020
Invoice No.: FY 20-022
Application No.: 20-628
Analyst Initials: RCF

To: John Castanon
Bond Manager
Housing Authority of the City of Los Angeles
2600 Wilshire Boulevard
Los Angeles, CA 90057

2nd Installment of fee levied pursuant to Section 8869.90 of the California Government Code:

NAME OF ISSUER: Housing Authority of the City of Los Angeles

NAME OF PROJECT: Jordan Downs Phase S2

ALLOCATION AWARD DATE: September 16, 2020

ALLOCATION AWARD AMOUNT: $29,030,000

AMOUNT DUE:

<table>
<thead>
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<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
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<td>Allocation award x .00035</td>
<td>$1,016.50</td>
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<tr>
<td>Less initial application fee</td>
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<tr>
<td><strong>Amount Due</strong></td>
<td><strong>$8,960.50</strong></td>
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</table>

Issuer or Bond Trustee to complete the following (please use ink):

BOND ISSUANCE DATE:

PRINCIPAL AMOUNT OF BOND ISSUE: $

AMOUNT OF BOND ALLOCATION USED: $

The application fee is based on the amount of allocation used to issue bonds. Please complete the following only if the amount of allocation used is less than the amount of allocation awarded, and remit the revised amount due.

REVISED AMOUNT DUE:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount issued x .00035</td>
<td>$</td>
</tr>
<tr>
<td>Less initial application fee</td>
<td>-$1,200.00</td>
</tr>
<tr>
<td><strong>Revised Amount Due</strong></td>
<td><strong>$</strong></td>
</tr>
</tbody>
</table>

PLEASE WRITE APPLICATION NUMBER ON YOUR CHECK, OR RETURN A COPY OF THIS INVOICE WITH YOUR PAYMENT.
ATTACHMENT 3

CTCAC RESERVATION LETTER CA-20-628 (SEPTEMBER 16, 2020)
Reservation Letter  
Tax Exempt

September 16, 2020

Milton R. Pratt, Jr.
Jordan Downs Phase S2, LP
2 Cooper Street, 14th Floor
Camden, NJ 08102

Email: mpratt@tmo.com

RE: CA-20-628 / Jordan Downs Phase S2
2031, 2045, 2063 E. 101st; 10010, 10016 Grape Street
Los Angeles, CA 90002

Dear Mr. Pratt, Jr.:

The California Tax Credit Allocation Committee (TCAC), in its role as administrator of the federal and California Low Income Housing Tax Credit programs (Tax Credit programs) established by Section 42 of the Internal Revenue Code of 1986, as amended (the “Code”), and Sections 12206, 17058 and 23610.5 of the California Revenue and Taxation Code, respectively, hereby reserves for the project referenced above low income housing tax credits in the following amount(s) and under the following conditions and limitations:

$1,970,328 in federal Tax Credits annually for each of ten years (applicable percentage of 3.24%);

These credit amounts have been calculated using a qualified basis and estimated applicable percentage(s) identified in the attached staff report. While the actual qualified basis and applicable percentage may change, the credit amounts of the reservations stated above can be adjusted for projects requesting credit under Regulation Section 10326 at the time of placed-in-service.

TCAC has reviewed all documentation required to be submitted before issuance of this letter and finds them to be acceptable and in accordance with the Qualified Allocation Plan. Additionally, TCAC conducted its initial evaluation to determine the appropriate amount of tax credits needed for financial feasibility and long-term viability.
This evaluation is performed to assess whether development and operating costs are reasonable, that program requirements are being adhered to and that no more tax credits are awarded than are needed to fill the gap left after considering all other committed funding. Any special conditions stated in the attached staff report must be adhered to.

This reservation of tax credits is conditioned upon the receipt of a tax-exempt bond allocation no later than September 16, 2020.

This reservation is further conditioned upon the project's owner providing TCAC with an updated development timetable by either December 31st of the year following the year the project received its reservation of Tax Credits for rehabilitation projects, or by December 31st of the second year following the year the project received its reservation of Tax Credits for new construction projects, as required under Regulation Section 10326(j).

This Reservation is further conditioned upon the project owner's constructing, purchasing, or rehabilitating the project in accordance with the application submitted to TCAC and upon the owner placing the project in service within the time periods allowed by law and regulation. This Reservation is further conditioned upon the owner posting project signage at the construction site in a manner consistent with criteria outlined on the TCAC website at: http://www.treasurer.ca.gov/cteac/signage/memo.pdf. The allocation may be rescinded if satisfactory progress toward completion is not maintained. Within one year from the project's actual placed in service date, the Applicant must request from TCAC the issuance of Internal Revenue Service (IRS) Form(s) 8609 and submit the required documentation as specified in TCAC Regulation Section 10328(e). Prior to issuance of IRS Form 8609, the project owner must submit to TCAC the following in the form of a CD/DVD/flash drive (Please do not submit these documents in a binder):

- an updated application (in MS Excel format) which shows in every respect what changes have occurred or are being proposed from the application upon which this Reservation was made (all changes are subject to approval by the Committee);
- all documents under Regulation Section 10322(i); and

Internal Revenue Procedure 94-57 allows owners of qualified housing projects to specify the date on which the gross rent floor described in Section 42(g)(2)(A) of the Internal Revenue Code of 1986, as amended (the "Code") will take effect. The IRS will treat the gross rent floor as taking effect on the date of this reservation under Code Section 42(h)(1). However, the IRS will treat the gross rent floor as taking effect on a building's placed in service date if the building owner designates that date as the date on which the gross rent floor will take effect for the building. The project owner must make this designation to use the placed in service date no later than the date on which the building is placed in service. If elected, the TCAC election form on our website (http://www.treasurer.ca.gov/cteac/inservice/STOhome.asp) will be required to be submitted with the rest of the items listed above prior to issuance of IRS Form 8609.

Before issuance of IRS Form 8609, the project owner will be required to sign a TCAC Regulatory Agreement and lease rider, if applicable, which will bind current and future owners to covenants previously agreed to by the project owner and TCAC. The project will be monitored by TCAC for the duration of the compliance period to ensure that the project is abiding by all covenants. Projects will be charged a one-time monitoring fee of $410 per unit. This fee must be paid before any tax forms will be issued and/or the Regulatory Agreement will be recorded. (Credits cannot be claimed if the Agreement has not been recorded.)

Within 20 days of the date of this reservation, by 5:00 p.m. on October 6, 2020 the owner must provide a check made out to the TCAC in the amount of $19,703, which is the reservation fee required for this project. The reservation fee is not refundable.
By accepting this Reservation, the owner understands and accepts the risks that the U.S. Congress, U.S. Department of the Treasury or the State of California may change the requirements for the award of tax credits by subsequent enactment of law or regulation. The owner further acknowledges that it has consulted its own tax advisor as to any consequences related to this Reservation or eventual award of tax credits.
Applicant acknowledges that it is under an affirmative obligation to advise TCAC of any material change in the nature or composition of the owner or the development team or of any of the specifics of the Project set forth in the Application.

Moreover, even after the reservation of tax credits, the amount of such reservation may be adjusted if, upon the initial and subsequent feasibility determinations, TCAC determines that the Project received more credits than are necessary for financial feasibility of the Project. In addition, TCAC may rescind a reservation of credits in the event that the maximum amount of credits achievable is insufficient for financial feasibility of the Project.

TCAC accepts no responsibility for any adverse consequences to the owner if the owner chooses to proceed with the project based upon this Reservation. Upon mutual consent with the TCAC, the project's Reservation may be canceled and the credits returned to TCAC to be reused (IRC Sec. 42(h)(3)(C)(iii)).

The owner is advised that TCAC is required by law to perform a financial evaluation of your project after it is placed in service and before issuance of tax forms. TCAC has the responsibility to determine the reasonableness of all costs included in the development of this project. The evaluation and reasonableness determination may result in the denial of any allocation of tax credits or a reduction in the amount of tax credits finally allocated to this project. If the feasibility analysis indicates that less credits are allowable, the credit allocation will be adjusted accordingly, and the excess credits must be returned.

Please examine the provisions of this Reservation carefully, and advise me promptly if there are any errors contained herein. If you agree to the terms of this Reservation, please sign and date this form and deliver the original letter and reservation fee no later than 5:00 p.m. on October 6, 2020 to the TCAC at 915 Capitol Mall, Room 485, Sacramento, CA 95814. You are encouraged to keep a copy of this document for your records.

Executed this 16th day of September, 2020.

By: __________________________
   Judith Blackwell
   Executive Director

Accepted this ______ day of ________________, 2020.

By: __________________________
   (signature)

   (type or print name)

   (type or print title)
Jordan Downs Phase S2, located at 2031, 2045, 2063 E. 101st Street and 10010, 10016 Grape Street in Los Angeles, requested and is being recommended for a reservation of $1,970,328 in annual federal tax credits to finance the new construction 80 units of housing serving large families with rents affordable to households earning 30-50% of area median income (AMI). The project will be developed by The Michaels Development Company I, LP and will be located in Senate District 35 and Assembly District 64.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers and HUD Rental Assistance Demonstration (RAD) Project-based Vouchers. The project financing includes state funding from the IIG program of HCD.

Project Number: CA-20-628

Project Name: Jordan Downs Phase S2
Site Address: 2031, 2045, 2063 E. 101st Street and 10010, 10016 Grape Street, Los Angeles, CA 90002
County: Los Angeles
Census Tract: 2421.00

Tax Credit Amounts
Federal/Annual: $1,970,328
State/Total: $0

Tax Credit Amounts
Recommended: $1,970,328

Applicant Information
Applicant: Jordan Downs Phase S2, LP
Contact: Milton R. Pratt, Jr.
Address: 2 Cooper Street, 14th Floor, Camden, NJ 08102
Phone: (856) 797-8964
Email: mpratt@tm.com

General Partner(s) or Principal Owner(s):
Jordan S2-Michaels, LLC
La Cienega LOMOD, Inc.

General Partner Type:
Joint Venture

Parent Company(ies):
The Michaels Organization
The Housing Authority of the City of Los Angeles

Developer:
The Michaels Development Company I, LP

Investor/Consultant:
Berkadia Affordable Tax Credit Solutions

Management Agent:
Michaels Management Affordable
Project Information

Construction Type: New Construction
Total # Residential Buildings: 5
Total # of Units: 81
No. / % of Low Income Units: 80 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HUD RAD Project-based Vouchers (21% / 17 Units) & HUD Section 8 Project-based Vouchers (79% / 63 Units)

Bond Information

Issuer: Housing Authority of the City of Los Angeles
Expected Date of Issuance: February 25, 2021

Information

Housing Type: Large Family
Geographic Area: City of Los Angeles
TCAC Project Analyst: Jack Waegell

55-Year Use / Affordability

<table>
<thead>
<tr>
<th>Aggregate Targeting</th>
<th>Percentage of Affordable Units</th>
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<td>Number of Units</td>
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<tr>
<td>30% AMI: 14</td>
<td>18%</td>
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<tr>
<td>40% AMI: 14</td>
<td>18%</td>
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<tr>
<td>50% AMI: 52</td>
<td>65%</td>
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Unit Mix

18 1-Bedroom Units
33 2-Bedroom Units
29 3-Bedroom Units
1 4-Bedroom Units
81 Total Units
<table>
<thead>
<tr>
<th>Unit Type &amp; Number</th>
<th>2020 Rents Targeted % of Area Median Income</th>
<th>2020 Rents Actual % of Area Median Income</th>
<th>Proposed Rent (including utilities)</th>
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<tbody>
<tr>
<td>1 1 Bedroom</td>
<td>30%</td>
<td>30%</td>
<td>$633</td>
</tr>
<tr>
<td>3 1 Bedroom</td>
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<td>40%</td>
<td>$845</td>
</tr>
<tr>
<td>10 1 Bedroom</td>
<td>50%</td>
<td>50%</td>
<td>$1,056</td>
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<tr>
<td>3 1 Bedroom</td>
<td>50%</td>
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<td>$1,056</td>
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<tr>
<td>1 1 Bedroom</td>
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<td>30%</td>
<td>$633</td>
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<tr>
<td>2 2 Bedrooms</td>
<td>40%</td>
<td>40%</td>
<td>$1,014</td>
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<tr>
<td>1 2 Bedrooms</td>
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<td>5 2 Bedrooms</td>
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<td>12 2 Bedrooms</td>
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<td>9 2 Bedrooms</td>
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<tr>
<td>3 3 Bedrooms</td>
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<td>$878</td>
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<tr>
<td>6 3 Bedrooms</td>
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<td>$1,464</td>
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<td>1 4 Bedrooms</td>
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<tr>
<td>1 2 Bedrooms</td>
<td>Manager's Unit</td>
<td>Manager's Unit</td>
<td>$0</td>
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**Project Cost Summary at Application**

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Land and Acquisition</td>
<td>$6,077,500</td>
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<tr>
<td>Construction Costs</td>
<td>$36,014,949</td>
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<tr>
<td>Rehabilitation Costs</td>
<td>$0</td>
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<tr>
<td>Construction Hard Cost Contingency</td>
<td>$1,888,247</td>
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<tr>
<td>Soft Cost Contingency</td>
<td>$266,223</td>
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<tr>
<td>Relocation</td>
<td>$0</td>
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<tr>
<td>Architectural/Engineering</td>
<td>$1,155,000</td>
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<tr>
<td>Const. Interest, Perm. Financing</td>
<td>$4,937,245</td>
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<tr>
<td>Legal Fees</td>
<td>$533,500</td>
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<tr>
<td>Reserves</td>
<td>$1,481,941</td>
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<tr>
<td>Other Costs</td>
<td>$2,703,315</td>
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<tr>
<td>Developer Fee</td>
<td>$3,500,000</td>
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<tr>
<td>Commercial Costs</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$58,557,920</strong></td>
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</tbody>
</table>
### Residential

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Construction Cost Per Square Foot:</td>
<td>$396</td>
</tr>
<tr>
<td>Per Unit Cost:</td>
<td>$722,937</td>
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<tr>
<td>True Cash Per Unit Cost*:</td>
<td>$664,913</td>
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</table>

#### Construction Financing

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Greystone - Tax-exempt</td>
<td>$29,030,000</td>
</tr>
<tr>
<td>Greystone - Bridge Loan</td>
<td>$13,750,000</td>
</tr>
<tr>
<td>HACLA - Ground Lease Note</td>
<td>$3,400,000</td>
</tr>
<tr>
<td>HCD/HACLA-IIG Grant Fund Loan</td>
<td>$2,600,000</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>$283,325</td>
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<tr>
<td>Deferred Costs &amp; Reserves</td>
<td>$2,283,611</td>
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<tr>
<td>Deferred Developer Fee</td>
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<tr>
<td>Tax Credit Equity</td>
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#### Permanent Financing

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<thead>
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<th>Source</th>
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<tbody>
<tr>
<td>Greystone</td>
<td>$14,750,000</td>
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<tr>
<td>HACLA - Ground Lease Note</td>
<td>$3,400,000</td>
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<tr>
<td>HACLA-TCC Grant Fund Loan **</td>
<td>$13,200,000</td>
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<tr>
<td>HACLA-CNI Grant Fund Loan***</td>
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<tr>
<td>HCD/HACLA-IIG Grant Fund Loan</td>
<td>$2,600,000</td>
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<tr>
<td>AHP</td>
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<td>Accrued Interest</td>
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<tr>
<td>Forward Commitment Fee Deposit</td>
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<td>General Partner Capital Contribution</td>
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<tr>
<td>Deferred Developer Fee</td>
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<tr>
<td>Tax Credit Equity</td>
<td>$19,703,280</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$58,557,920</strong></td>
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*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

**HACLA - TCC (Transformative Climate Communities) Grant Fund Loan

***HACLA - CNI (Choice Neighborhoods Initiative) Grant Fund Loan

### Determination of Credit Amount(s)

- **Requested Eligible Basis:** $49,374,225
- **130% High Cost Adjustment:** Yes
- **Applicable Fraction:** 100.00%
- **Qualified Basis:** $64,186,493
- **Applicable Rate:** 3.24%
- **Total Maximum Annual Federal Credit:** $1,970,328
- **Approved Developer Fee (in Project Cost & Eligible Basis):** $3,500,000
- **Investor/Consultant:** Berkadia Affordable Tax Credit Solutions
- **Federal Tax Credit Factor:** $1,000,000

Except as allowed for projects basing cost on assumed third party debt, the “as vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.
Eligible Basis and Basis Limit
- Requested Unadjusted Eligible Basis: $49,374,225
- Actual Eligible Basis: $49,374,225
- Unadjusted Threshold Basis Limit: $35,278,944
- Total Adjusted Threshold Basis Limit: $85,727,834

Adjustments to Basis Limit
- Required to Pay State or Federal Prevailing Wages/Financed by labor-affiliated organization employing construction workers paid at least state or federal prevailing wages
- Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels
- 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 82%
- 55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 34%

Cost Analysis and Line Item Review
- Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitations. Annual operating expenses exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 3.24% of the qualified basis. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Significant Information / Additional Conditions
- The project's estimated cost per unit is $722,937. This project is phase S2 of the larger Jordan Downs public housing master redevelopment project. This project will require the demolition of existing buildings, and the relocation and upgrading of existing underground utilities as well as new underground utilities. This project will also require the reconstruction of portions of two public streets, including new landscaping and irrigation, road resurfacing, new sidewalks, new storm water infrastructure and electric power utilities, and the relocation and installation of water and sewer lines. In addition, the project is required to pay prevailing wages. This project's zoning and entitlements also required that its five buildings have different designs (4 two-story walk-up buildings and 1 four-story podium building) which resulted in the loss of some construction efficiencies.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions
- If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.
State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

**CDLAC Additional Conditions**
The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.
PROJECT LOAN AGREEMENT

among

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES,

as Governmental Lender

U.S. BANK NATIONAL ASSOCIATION,

as Fiscal Agent

and

JORDAN DOWNS PHASE S2, LP,

as Borrower

relating to

Jordan Downs Phase S2
Maximum Project Loan Principal Amount: $[42,911,988]

Dated as of [March 1, 2021]

All of the right, title and interest of the Housing Authority of the City of Los Angeles (except for its Unassigned Rights) in and to this Project Loan Agreement are being assigned to U.S. Bank National Association, as Fiscal Agent, as security for the Funding Loan made pursuant to that certain Funding Loan Agreement dated as of [March 1, 2021] by and among the Governmental Lender, the Initial Funding Lender named therein, the Additional Construction Phase Funding Lender named therein and the Fiscal Agent.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.01</td>
<td>Definitions</td>
<td>2</td>
</tr>
<tr>
<td>1.02</td>
<td>Interpretation</td>
<td>3</td>
</tr>
<tr>
<td>2.01</td>
<td>Representations, Warranties and Covenants of the Governmental Lender</td>
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<tr>
<td>2.02</td>
<td>Representations, Warranties and Covenants of the Borrower</td>
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<tr>
<td>2.03</td>
<td>Representations and Warranties of the Fiscal Agent</td>
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<tr>
<td>2.04</td>
<td>Arbitrage and Rebate Fund Calculations</td>
<td>10</td>
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<td>2.05</td>
<td>Tax Covenants of the Borrower</td>
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<tr>
<td>3.01</td>
<td>Conditions to Funding the Project Loan</td>
<td>13</td>
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<tr>
<td>3.02</td>
<td>Terms of the Project Loan</td>
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<td>3.03</td>
<td>Deposits</td>
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<td>Pledge and Assignment to Fiscal Agent</td>
<td>14</td>
</tr>
<tr>
<td>3.05</td>
<td>Investment of Funds</td>
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<td>3.06</td>
<td>Damage; Destruction and Eminent Domain</td>
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<td>Enforcement of Financing Documents</td>
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<td>Payments Under the Project Notes; Independent Obligation of Borrower</td>
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<td>Additional Payments Under the Project Notes and This Project Loan Agreement</td>
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<td>Payments to Rebate Fund</td>
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<td>Borrower’s Obligations Upon Prepayment</td>
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<td>Limits on Personal Liability</td>
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<td>Performance of Obligations</td>
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<td>Borrower To Maintain Its Existence; Certification of No Default</td>
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</tr>
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</table>
Section 5.06. Borrower To Remain Qualified in State and Appoint Agent ........................ 20
Section 5.07. Sale or Other Transfer of Project .............................................................. 21
Section 5.08. Right To Perform Borrower’s Obligations .................................................. 21
Section 5.09. Notice of Certain Events .......................................................................... 21
Section 5.10. Survival of Covenants .............................................................................. 21
Section 5.11. Access to Project; Records ........................................................................ 21
Section 5.12. Tax Regulatory Agreement ....................................................................... 22
Section 5.13. Damage, Destruction and Condemnation ................................................. 22
Section 5.14. Obligation of the Borrower To Construct the Project ............................... 22
Section 5.15. Filing of Financing Statements .................................................................. 22
Section 5.16. Ground Lease ........................................................................................... 23

ARTICLE VI
INDEMNIFICATION

Section 6.01. Indemnification ......................................................................................... 23
Section 6.02. Limitation With Respect to the Funding Lender ......................................... 25

ARTICLE VII
EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default ..................................................................................... 26
Section 7.02. Remedies on Default ................................................................................. 27
Section 7.03. No Remedy Exclusive .............................................................................. 27
Section 7.04. Agreement To Pay Attorneys’ Fees and Expenses ..................................... 28
Section 7.05. No Additional Waiver Implied by One Waiver ......................................... 28
Section 7.06. Control of Proceedings ............................................................................. 28
Section 7.07. Assumption of Obligations ....................................................................... 30

ARTICLE VIII
MISCELLANEOUS

Section 8.01. Notices ..................................................................................................... 30
Section 8.02. Concerning Successors and Assigns .......................................................... 31
Section 8.03. Governing Law ......................................................................................... 31
Section 8.04. Modifications in Writing ......................................................................... 31
Section 8.05. Further Assurances and Corrective Instruments ...................................... 31
Section 8.06. Captions ................................................................................................... 31
Section 8.07. Severability .............................................................................................. 31
Section 8.08. Counterparts ............................................................................................. 31
Section 8.09. Amounts Remaining in Loan Payment Fund or Other Funds ...................... 31
Section 8.10. Effective Date and Term ........................................................................... 32
Section 8.11. Cross-references ...................................................................................... 32
Section 8.12. Funding Lender Representative as Third-party Beneficiary ........................ 32
Section 8.13. Americans with Disabilities Act ................................................................. 32
Section 8.14. Nonliability of Governmental Lender ........................................................ 32
Section 8.15. No Liability of Officers ............................................................................ 34
Section 8.16. Capacity of the Fiscal Agent ..................................................................... 34
Section 8.17. Reliance .................................................................................................... 34
PROJECT LOAN AGREEMENT

THIS PROJECT LOAN AGREEMENT (this “Project Loan Agreement”) dated as of [March 1, 2021], by and among the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES (the “Governmental Lender”), a public body, corporate and politic, duly organized and existing under the laws of the State of California (the “State”), U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States (together with any successor Fiscal Agents appointed under the Funding Loan Agreement, the “Fiscal Agent”), and JORDAN DOWNS PHASE S2, LP, a limited partnership duly organized and existing under the laws of the State of California (together with its successors and assigns permitted hereunder, the “Borrower”).

RECITALS

A. Pursuant to Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code of the State of California (the “Act”) and this Project Loan Agreement, the Governmental Lender is agreeing to make a mortgage loan to the Borrower in the maximum aggregate principal amount of $[42,911,988] (the “Project Loan”) to provide for the financing of a 81-unit (including one manager’s unit) affordable rental housing development located at 2045 E. 101st Street, in the City of Los Angeles, California, and known as Jordan Downs Phase S2 (the “Project”).

B. The Governmental Lender is making the Project Loan to the Borrower with the proceeds received from the loan in the maximum aggregate principal amount of $[42,911,988] (the “Funding Loan” and together with the Project Loan, the “Loans”) made to the Governmental Lender pursuant to the Funding Loan Agreement (the “Funding Loan Agreement”), by and among JPMorgan Chase Bank, N.A., in its capacity as Initial Funding Lender (the “Initial Funding Lender”), CIT Bank, N.A., in its capacity as Additional Construction Phase Funding Lender (the “Additional Construction Phase Funding Lender” and together with the Initial Funding Lender the “Funding Lenders”), the Governmental Lender and the Fiscal Agent. The Funding Loan is evidenced by the tax-exempt Multifamily Housing Revenue Note (Jordan Downs Phase S2) Series 2021A (“Governmental Note-1”) dated [March ___], 2021 in the original principal amount of $[29,030,000] delivered by the Governmental Lender to the Initial Funding Lender and the taxable Multifamily Housing Revenue Note (Jordan Downs Phase S2) Taxable Series 2021B (“Governmental Note-2”) dated [March ___], 2021 in the original principal amount of $[13,750,000] delivered by the Governmental Lender to the Additional Construction Phase Funding Lender (collectively, the “Governmental Notes”).

C. The Initial Funding Lender and the Additional Construction Phase Funding Lender, pursuant to the terms and subject to the conditions of the Funding Loan Agreement, the Construction Phase Financing Agreement and the Construction Loan Agreement, have agreed to originate and fund the Funding Loan severally, but not jointly, to the Governmental Lender on a draw-down basis, which proceeds of the Funding Loan will be used by the Governmental Lender to fund the Project Loan to the Borrower in corresponding installments pursuant to this Project Loan Agreement. The Initial Funding Lender will administer the Loans during the Construction Phase in accordance with a Co-Lender Agreement and the Financing Documents.
D. The Borrower has agreed to use the proceeds of the Project Loan to finance the acquisition, development, construction and equipping of the Project and to pay certain closing costs with respect to the Loans.

E. The Borrower’s repayment obligations in respect of the portion of the Project Loan funded by the Initial Funding Lender will be evidenced by a Promissory Note dated [March____], 2021 (together with all riders and modifications thereto, the “Project Note-1”) delivered to the Governmental Lender, which Project Note will be endorsed by the Governmental Lender to the Fiscal Agent as security for the Funding Loan. The Borrower’s repayment obligations in respect of the portion of the Project Loan funded by the Additional Construction Phase Funding Lender will be evidenced by a Promissory Note dated [March __], 2021 (together with all riders and modifications thereto, the “Project Note-2” and together with Project Note-1, the “Project Notes”) delivered to the Governmental Lender, which Project Note will be endorsed by the Governmental Lender to the Fiscal Agent as security for the Funding Loan.

F. To secure the Borrower’s obligations under the Project Notes, the Borrower will execute and deliver to the Governmental Lender a Construction and Permanent Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing dated as of [March 1, 2021], as it may be amended, modified, supplemented or restated from time to time (the “Security Instrument”) with respect to the Project, which Security Instrument will be assigned by the Governmental Lender to the Fiscal Agent as security for the Funding Loan.

G. If the conditions to the occurrence of the Conversion Date occur pursuant to the Construction Loan Agreement the Project Loan shall convert to a permanent loan. The retirement in whole of the Governmental Note-2 shall be a Condition to Conversion and, following such retirement, the Additional Construction Phase Funding Lender shall have no further rights or obligations under this Funding Loan Agreement or under any of the other Financing Documents.

NOW, THEREFORE, for and in consideration of the mutual covenants and representations hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. All words and phrases (except for Event of Default) defined in the Funding Loan Agreement and the Construction Loan Agreement shall have the same meanings for the purposes of this Project Loan Agreement. In addition to the words and phrases defined in the Funding Loan Agreement and elsewhere herein, the following words and phrases shall have the following meanings:


“Event of Default” means any of those events specified in and defined by the applicable provisions of Article VII hereof to constitute an event of default.
“Fee Component” means the Authority Fee as defined in the Tax Regulatory Agreement, the annual fee of the Fiscal Agent equal to $3,100 per outstanding series of Government Note, payable in advance on each [March 1], commencing [March] 1, 2022 and the fees of the Rebate Analyst, if any, expressed as a flat, fixed amount or in terms of a percentage of the unpaid principal amount of the Funding Loan on an annual basis.

“Ground Lease” shall mean that certain Ground Lease Agreement, dated [_______], 2021, by and between the Housing Authority of the City of Los Angeles and the Borrower.

“Project Loan Agreement” means this Project Loan Agreement, together with any amendments hereto.

“Project Loan Amortization Schedule” means the Project Loan Amortization Schedule to be attached as Schedule 1 to the Project Note-1 on the Conversion Date.

“Project Loan Payment” means each payment of the Project Loan on each Project Loan Payment Date pursuant to each Project Note and this Project Loan Agreement.

“Project Loan Payment Date” means (a) the [tenth] day of each calendar month, commencing [April 10], 2021, or (b) any other date on which the Project Loan is prepaid or paid, whether at scheduled maturity or upon prepayment or acceleration of the maturity thereof; provided, however, that if a Project Loan Payment Date is not a Business Day, payment shall be made on the first Business Day following such Project Loan Payment Date.

“Taxes” means all taxes, water rents, sewer rents, assessments and other governmental or municipal or public or private dues, fees, charges and levies and any liens (including federal tax liens) which are or may be levied, imposed or assessed upon the Project or any part thereof, or upon any leases pertaining thereto, or upon the rents, issues, income or profits thereof, whether any or all of the aforementioned be levied directly or indirectly or as excise taxes or as income taxes.

Section 1.02. Interpretation. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. Words importing persons include firms, partnerships, limited liability companies, joint ventures, associations and corporations. References to Articles, Sections and other subdivisions of this Project Loan Agreement are the Articles, sections and other subdivisions of this Project Loan Agreement as originally executed.

The terms “herein,” “hereunder,” “hereby,” “hereto,” “hereof” and any similar terms refer to this Project Loan Agreement; the term “heretofore” means before the date of execution of this Project Loan Agreement; and the term “hereafter” means after the date of execution of this Project Loan Agreement.
ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 2.01. Representations, Warranties and Covenants of the Governmental Lender. The Governmental Lender makes the following representations, warranties and covenants for the benefit of the Borrower, the Fiscal Agent and the Funding Lenders:

(a) The Governmental Lender is a public body, corporate and politic, duly organized, validly existing and in good standing under the laws of the State.

(b) The Governmental Lender has all necessary power and authority to incur the indebtedness of the Funding Loan evidenced by the Governmental Notes and to make the Project Loan from the proceeds thereof, and to execute, and deliver this Project Loan Agreement, the Funding Loan Agreement, and the other Financing Documents to which it is a party, and to perform its duties and discharge its obligations hereunder and thereunder.

(c) The Governmental Lender has taken all action on its part to incur the Funding Loan evidenced by the Governmental Notes and make the Project Loan from the proceeds thereof and for the sale, execution and delivery thereof.

(d) Each of the Financing Documents to which the Governmental Lender is a party has been duly and validly authorized, executed and delivered by the Governmental Lender and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Governmental Lender, enforceable against the Governmental Lender in accordance with its respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors’ rights generally and the application of equitable principles.

(e) The Governmental Lender has complied with the provisions of the laws of the State, including, but not limited to, the Act, which are prerequisites to the consummation of the transactions on the part of the Governmental Lender described or contemplated in the Financing Documents. The execution and delivery of the Governmental Notes and the Financing Documents to which the Governmental Lender is a party, the consummation of the transactions on the part of the Governmental Lender contemplated thereby and the fulfillment of or compliance with the terms and conditions thereof do not conflict with or result in the breach of any of the terms, conditions or provisions of any agreement or instrument or judgment, order or decree to which the Governmental Lender is now a party or by which it is bound, nor do they constitute a default under any of the foregoing or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature upon any property or assets of the Governmental Lender under the terms of any instrument or agreement.

(f) No authorization, consent, approval, order, registration, declaration or withholding of objection on the part of, or filing of or with any governmental authority, other than those already obtained, is required for the due execution and delivery by the
Governmental Lender of, and performance by the Governmental Lender of its obligations under, the Financing Documents.

(g) To the knowledge of the undersigned representatives of the Governmental Lender, there is no action, suit, proceeding, inquiry or investigation pending or, to the knowledge of the Governmental Lender, threatened against the Governmental Lender by or before any court, governmental agency or public board or body, nor, to the Governmental Lender’s knowledge, is there any basis therefor, which (i) affects or questions the existence or the territorial jurisdiction of the Governmental Lender or the title to office of any member of the governing body of the Governmental Lender; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of any Financing Documents or the issuance, sale, execution or delivery of the Governmental Note; (iii) affects or questions the validity or enforceability of the Governmental Notes or any Financing Document; (iv) questions the tax-exempt status of the interest on Governmental Note-1; or (v) questions the power or authority of the Governmental Lender to perform its obligations under the Governmental Notes or any Financing Document, or to carry out the transactions contemplated by the Governmental Notes and the Financing Documents.

(h) No officer or other official of the Governmental Lender has any personal financial interest in the Project or the Borrower or in the transactions contemplated by this Project Loan Agreement.

(i) Upon the discovery by the Governmental Lender of any noncompliance by the Borrower with this Project Loan Agreement, the Tax Certificate or the Tax Regulatory Agreement, the Governmental Lender will promptly notify the Fiscal Agent and the Funding Lender Representative of such noncompliance and will, subject to the provisions of Article VII hereof, promptly institute action, or cause the Fiscal Agent to institute action, to correct such noncompliance, will diligently pursue such action and will attempt to correct such noncompliance within 60 days after such discovery, subject to the provisions of the Funding Loan Agreement, this Project Loan Agreement, the Tax Certificate and the Tax Regulatory Agreement.

It is expressly acknowledged that the Governmental Lender makes no representation as to the financial position or business condition of the Borrower and does not represent or warrant as to any of the statements, materials (financial or otherwise), representations or certifications furnished or to be made and furnished by the Borrower in connection with the issuance, sale, execution and delivery of the Governmental Notes, or as to the correctness, completeness or accuracy of such statements. Also, it is expressly acknowledged that the Governmental Lender is making no representations as to the necessity of registering the Project Notes pursuant to any securities laws or complying with any other requirements of securities laws.

Section 2.02. Representations, Warranties and Covenants of the Borrower. The Borrower makes the following representations, warranties and covenants, all of which, together with the other representations and agreements of the Borrower contained in this Project Loan Agreement, are relied upon by the Governmental Lender, the Funding Lenders and the Fiscal Agent and serve as a basis for the undertakings of the Governmental Lender and the Fiscal Agent contained in this Project Loan Agreement:
(a) The Borrower is a California limited partnership duly organized, validly existing and in good standing under the laws of the state in which it has been organized and is duly qualified to conduct its business under the laws of the State and in every other state in which the nature of its business requires such qualification, has full legal right, power and authority to enter into this Project Loan Agreement and the other Financing Documents, and to carry out and consummate all transactions contemplated hereby and by the other Financing Documents, and by proper action has duly authorized the execution, delivery and performance of this Project Loan Agreement and the other Financing Documents. All corporate general partners, if any, of the Borrower are duly organized and in good standing under the laws of their respective states of organization and are duly qualified to transact business in the State as either domestic or foreign corporations, as applicable. All partnership general partners are duly formed and in good standing under the laws of their respective states of formation and, to the extent required by the laws of the State, are duly qualified to transact business in the State as either domestic or foreign partnerships or limited liability companies, as applicable.

(b) The Borrower has the legal right, power and authority to (i) own its properties and assets, including, but not limited to, the Project, (ii) to carry on its business as now being conducted and the Borrower contemplates it to be conducted with respect to the Project and (iii) execute and deliver, carry out its obligations under, and close the transactions provided for in, the Financing Documents to which it is a party.

(c) Each of the Financing Documents to which the Borrower is a party has been duly authorized, executed and delivered by the Borrower and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and general principles of equity.

(d) No authorization, consent, approval, order, registration, declaration or withholding of objection on the part of, or filing of or with any governmental authority, other than those already obtained or those necessary to be obtained during the course of construction of the Project, is required for the due execution and delivery or approval, as the case may be, by the Borrower of, and the performance by the Borrower of its obligations under, the Financing Documents.

(e) None of the execution and delivery of the Financing Documents to which the Borrower is a party, the consummation of the transactions provided for in the Financing Documents, or the Borrower’s fulfillment of or compliance with the terms and conditions of the Financing Documents (i) violates or will violate any law, rule or regulation of any governmental agency or body having jurisdiction over the Borrower, or any of its activities or properties, or any judgment, order, writ, injunction or decree to which the Borrower is subject, or any of the organizational or other governing documents of the Borrower, (ii) conflicts or will conflict with any agreement, instrument or license to which the Borrower is now a party or by which it or any of its properties or assets is bound or results or will result in a breach of, or constitutes or will constitute a default (with due notice or the passage of time or both) under, any such agreement, instrument or license,
(iii) contravenes or will contravene any such law, rule or regulation or any such judgment, order, writ, injunction or decree, or (iv) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, except for any lien, charge or encumbrance permitted under the terms of the Financing Documents.

(f) There is no action, suit, proceeding, inquiry or investigation pending or, to the Borrower’s knowledge, threatened against or affecting the Borrower or any of its properties (including, without limitation, the Project), which, if adversely determined, would (i) impair the right of the Borrower to carry on its business substantially as now conducted and as contemplated by the Financing Documents, (ii) materially adversely affect the financial condition of the Borrower, (iii) prohibit, restrain or enjoin the making of the Funding Loan or the Project Loan or the execution and delivery of any of the Financing Documents, (iv) adversely affect the validity or enforceability of any of the Financing Documents, or (v) adversely affect the exclusion from gross income for federal income tax purposes of interest on the Governmental Note-1.

(g) The Project and the operation of the Project (in the manner contemplated by the Financing Documents) conform and, following completion of the construction of the Project, will continue to conform in all material respects with the requirements of the Act as well as all applicable zoning, planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project.

(h) The Borrower has filed or caused to be filed all federal, state and local tax returns which are required to be filed or has obtained appropriate extensions therefor, and has paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due.

(i) The Borrower is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party which default would materially adversely affect the transactions contemplated by the Financing Documents or the operations of the Borrower or the enforceability of the Financing Documents to which the Borrower is a party or the ability of the Borrower to perform all obligations thereunder.

(j) The Borrower agrees to pay all costs of maintenance and repair, all Taxes and assessments, insurance premiums (including public liability insurance and insurance against damage to or destruction of the Project) concerning or in any way related to the Project, or any part thereof, and any expenses or renewals thereof, and any other governmental charges and impositions whatsoever, foreseen or unforeseen, and all utility and other charges and assessments concerning or in any way related to the Project.

(k) All of the partnership interests in the Borrower are validly issued and are fully registered, if required, with the applicable governmental authorities and/or agencies, and there are no outstanding options or rights to purchase or acquire those interests, except for the purchase option provided to the general partner of the Borrower, the right of first refusal provided to the Housing Authority of the City of Los Angeles and as may be
permitted by the Borrower’s Partnership Agreement. If the Borrower is a limited liability company, all of the ownership interests in the Borrower are validly issued and are fully registered, if required, with the applicable governmental authorities and/or agencies, and, except as set forth in Borrower’s Partnership Agreement, there are no outstanding options or rights to purchase or acquire those interests. Nothing in this Project Loan Agreement shall prevent the Borrower from issuing additional partnership interests or ownership interests if such units are issued in accordance with all applicable securities laws.

(l) The representations and warranties of the Borrower contained in the Tax Certificate and Tax Regulatory Agreement are true and accurate in all material respects.

(m) The information, statements or reports furnished in writing to the Governmental Lender and the Funding Lender Representative by the Borrower in connection with this Project Loan Agreement or the consummation of the transactions contemplated hereby do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading; and the representations and warranties of the Borrower and the statements, information and descriptions contained in the Borrower’s closing certificates, as of the Delivery Date, are true and correct in all material respects, do not contain any untrue statement of a material fact, and do not omit to state a material fact necessary to make the representations, warranties, statements, information and descriptions contained in the Borrower’s closing certificates, as of the Delivery Date, are true and correct in all material respects, do not contain any untrue statement of a material fact, and do not omit to state a material fact necessary to make the representations, warranties, statements, information and descriptions contained therein, in the light of the circumstances under which they were made, not misleading; and any estimates or assumptions contained in any certificate of the Borrower delivered as of the Delivery Date are reasonable.

(n) To the knowledge of the Borrower, no commissioner, member, officer or employee of the Governmental Lender has been or is in any manner interested, directly or indirectly, in that person’s own name or in the name of any other person, in the Financing Documents, the Borrower or the Project, in any contract for property or materials to be furnished or used in connection with the Project, or in any aspect of the transactions contemplated by the Financing Documents.

(o) The Borrower intends to hold the Project for its own account and has no current plans to sell, and has not entered into any agreement, to sell all or any portion of the Project, [except for the purchase option provided to the administrative general partner of the Borrower and the right of first refusal provided to [the administrative general partner of the Borrower]].

(p) The Project is located wholly within the boundaries of the City of Los Angeles, California.

(q) The Borrower shall make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Act or impair the exclusion from gross income for federal income tax purposes of the interest on the Governmental Note-1. The Borrower shall operate the Project as required by the Tax Regulatory Agreement.
The Funding Loan Agreement has been submitted to the Borrower for examination, and the Borrower, by execution of this Project Loan Agreement, acknowledges and agrees that it has participated in the drafting of the Funding Loan Agreement and that it is bound by, shall adhere to the provisions of, covenants and agrees to perform all obligations required of the Borrower pursuant to, and shall have the rights set forth by the applicable terms and conditions of, the Funding Loan Agreement.

The Borrower will have a leasehold interest in the land and the improvements comprising the Project, subject only to liens permitted under the Security Instrument. The Ground Lease is in full force and effect and the Borrower has paid all rent and other amounts due and payable to the ground lessor thereunder. There exists no material violation of or material default by the Borrower under the Ground Lease, and no event has occurred which, upon the giving of notice or the passage of time, or both, would constitute a material default by any other party under the Ground Lease.

The Borrower acknowledges that (i) it understands the nature and structure of the transactions relating to the financing of the Project, (ii) it is familiar with the provisions of all of the documents and instruments relating to the financing, (iii) it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project, and (iv) it has not relied on the Governmental Lender, the Fiscal Agent, the Additional Construction Phase Funding Lender or the Funding Lender Representative for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Financing Documents or otherwise relied on the Governmental Lender, the Fiscal Agent, the Additional Construction Phase Funding Lender or the Funding Lender Representative in any manner.

All representations and warranties of the Borrower in the Financing Documents are incorporated herein by reference for the benefit of the Governmental Lender and the Fiscal Agent as if fully set forth herein.

Section 2.03. Representations and Warranties of the Fiscal Agent. The Fiscal Agent makes the following representations and warranties for the benefit of the Governmental Lender, the Borrower and the Funding Lenders:

(a) The Fiscal Agent is a national banking association duly organized and existing under the laws of the United States. The Fiscal Agent is duly authorized to act as a fiduciary and to execute the trust created by the Funding Loan Agreement, and meets the qualifications to act as Fiscal Agent under the Funding Loan Agreement.

(b) The Fiscal Agent has complied with the provisions of law which are prerequisite to the consummation of, and has all necessary power (including trust powers) and authority (i) to execute and deliver this Project Loan Agreement and the other Financing Documents to which it is a party, (ii) to perform its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, and (iii) to consummate the transactions contemplated by this Project Loan Agreement and the other Financing Documents to which it is a party.
(c) The Fiscal Agent has duly authorized (i) the execution and delivery of this Project Loan Agreement and the other Financing Documents to which it is a party, (ii) the performance by the Fiscal Agent of its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, and (iii) the actions of the Fiscal Agent contemplated by this Project Loan Agreement and the other Financing Documents to which it is a party.

(d) Each of the Financing Documents to which the Fiscal Agent is a party has been duly executed and delivered by the Fiscal Agent and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding obligation of the Fiscal Agent, enforceable against the Fiscal Agent in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(e) The Fiscal Agent meets the qualifications to act as Fiscal Agent under the Funding Loan Agreement.

(f) The Fiscal Agent has complied with the provisions of law which are prerequisites to the consummation of the transactions on the part of the Fiscal Agent described or contemplated in the Financing Documents.

(g) No approval, permit, consent, authorization or order of any court, governmental agency or public board or body not already obtained is required to be obtained by the Fiscal Agent as a prerequisite to (i) the execution and delivery of this Project Loan Agreement and the other Financing Documents to which the Fiscal Agent is a party, (ii) the authentication or delivery of the Governmental Notes, (iii) the performance by the Fiscal Agent of its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, or (iv) the consummation of the transactions contemplated by this Project Loan Agreement and the other Financing Documents to which the Fiscal Agent is a party. The Fiscal Agent makes no representation or warranty relating to compliance with any federal or state securities laws.

Section 2.04. Arbitrage and Rebate Fund Calculations. The Borrower shall (a) take or cause to be taken all actions necessary or appropriate in order to fully and timely comply with Section 4.12 of the Funding Loan Agreement, and (b) if required to do so under Section 4.12 of the Funding Loan Agreement, select at the Borrower’s expense, a Rebate Analyst reasonably acceptable to the Governmental Lender for the purpose of making any and all calculations required under Section 4.12 of the Funding Loan Agreement. Such calculations, if required, shall be made in the manner and at such times as specified in Section 4.12 of the Funding Loan Agreement. The Borrower shall cause the Rebate Analyst to provide such calculations to the Fiscal Agent and the Governmental Lender at such times and with such directions as are necessary to comply fully with the arbitrage and rebate requirements set forth in the Funding Loan Agreement and to comply fully with Section 148 of the Code, including the timely payment of any arbitrage rebate owed.
Section 2.05. Tax Covenants of the Borrower. The Borrower represents, warrants, covenants and agrees that:

(a) **Qualified Residential Rental Project Exempt Facility Bonds.** The Borrower shall assure that the proceeds of the Governmental Note-1 are used in a manner such that the Governmental Note-1 will satisfy the requirements of Section 142(d) of the Code relating to qualified residential rental projects. All of the proceeds of the Governmental Note-1 will be used to construct the residential rental units comprising the Project and none of such amounts will be used to provide for or construct in any way any of the common space relating to the Project.

(b) **Federal Guarantee Prohibition.** The Borrower shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any portion of the Governmental Note-1 to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(c) **Rebate Requirement.** The Borrower shall take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Governmental Note-1.

(d) **No Arbitrage.** The Borrower shall not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the proceeds of the Governmental Note-1 which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of funding of the Governmental Note-1 would have caused the Governmental Note-1 to be an “arbitrage bond” within the meaning of Section 148 of the Code.

(e) **Maintenance of Tax Exemption.** The Borrower shall take all actions necessary to assure the exclusion of interest on the Governmental Note-1 from the gross income of the owners of the Governmental Note-1 to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Governmental Note-1, including payment of the costs of the Governmental Lender incurred to assure the exclusion of interest on the Governmental Note-1 from the gross income of the owners of the Governmental Note-1.

(f) **Private Activity Volume Cap.** The Governmental Note-1 upon funding thereof shall be considered a “private activity bond” within the meaning of the Code with respect to which the California Debt Limit Allocation Committee has transferred a portion of the State of California’s private activity bond allocation (within the meaning of Section 146 of the Code) equal to the principal amount of the Governmental Note-1.

(g) **Limitation on Issuance Costs.** The Borrower covenants that, from the proceeds of the Governmental Note-1 and investment earnings thereon, an amount not in excess of 2% of the proceeds of the Governmental Note-1, will be used for costs of issuance of the Governmental Note-1, all within the meaning of Section 147(g)(1) of the Code. For this purpose, if the fees of the Funding Lenders are retained as a discount on the purchase
of the Governmental Note-1, such retention shall be deemed to be an expenditure of
proceeds of the Governmental Note-1 for said fees.

(h) **Limitation of Expenditure of Proceeds.** The Borrower covenants that not
less than 95% of the net proceeds of the Governmental Note-1 (within the meaning of
Section 150(a)(3) of the Code) are paid for Qualified Project Costs (as defined in the Tax
Regulatory Agreement).

(i) **Limitation on Land.** The Borrower covenants that less than 25% of the
proceeds of the Governmental Note-1 shall be used, directly or indirectly, for the
acquisition of land.

(j) **Existing Facilities Limit.** The Borrower covenants that no proceeds of the
Governmental Note-1 shall be used for the acquisition of any tangible property or an
interest therein, other than land or an interest in land, unless the first use of such property
is pursuant to such acquisition; provided, however, that this limitation shall not apply with
respect to any building (and the equipment therefor) if rehabilitation expenditures (as
defined in Section 145(d) of the Code) with respect to such building equal or exceed 15%
of the portion of the cost of acquiring such building (and equipment) financed with
proceeds of the Governmental Note-1; and provided, further, that this limitation shall not
apply with respect to any structure other than a building if rehabilitation expenditures with
respect to such structure equal or exceed 100% of the portion of the cost of acquiring such
structure financed with the proceeds of the Governmental Note-1.

(k) **Certain Uses Prohibited.** The Borrower covenants that no proceeds of the
Governmental Note-1 shall be used directly or indirectly to provide any airplane, skybox
or other private luxury box, health club facility, facility used for gambling or store the
principal business of which is the sale of alcoholic beverages for consumption off premises,
and no portion of the proceeds of the Governmental Note-1 shall be used for an office
unless (i) the office is located on the premises of the facilities constituting the Project and
(ii) not more than a de minimis amount of the functions to be performed at such office is
not related to the day-to-day operations of the Project.

(l) **Income Targeting.** The Borrower hereby elects to have the Project meet
the requirements of Section 142(d)(1)(B) of the Code in that 40% or more of the residential
units in the Project shall be occupied by persons or families whose Adjusted Income (as
defined in the Tax Regulatory Agreement) is 60% or less of Median Income for the Area
(as defined in the Tax Regulatory Agreement), adjusted for household size.

(m) **Tax Regulatory Agreement.** The Borrower agrees to perform and comply
with its obligations under the Tax Regulatory Agreement.

(n) **Compliance With Tax Certificate.** In furtherance of the covenants in this
section, the Borrower shall execute, deliver and comply with the provisions of the Tax
Certificate, which are by this reference incorporated into this Project Loan Agreement and
made a part of this Project Loan Agreement as if set forth in this Project Loan Agreement.
in full, and the terms of which shall control over any conflicting provisions of this Project Loan Agreement.

ARTICLE III

THE PROJECT LOAN

Section 3.01. Conditions to Funding the Project Loan. On the Delivery Date and thereafter, the Governmental Lender shall cause the proceeds of the Funding Loan to be deposited with the Fiscal Agent or disbursed directly to the Borrower or its order in accordance with Sections 2.02 and 2.10 of the Funding Loan Agreement and Section 3.03 hereof. The Fiscal Agent shall use such proceeds as provided in Article II of the Funding Loan Agreement to make the Project Loan, provided that no initial disbursements of proceeds shall be made until the following conditions have been met:

(a) The Borrower shall have executed and delivered to the Governmental Lender the Project Notes and the Governmental Lender shall have endorsed the Project Notes to the Fiscal Agent;

(b) The Security Instrument and the Assignment, with only such changes therein as shall be approved in writing by Funding Lender Representative, shall have been executed and delivered by the Borrower and the Governmental Lender, respectively, and delivered to the title company for recording in the appropriate office for officially recording real estate documents in the jurisdiction in which the Project is located (the “Recorder’s Office”);

(c) The Tax Regulatory Agreement shall have been executed and delivered by the parties thereto and shall have been delivered to the title company for recording in the Recorder’s Office, and the Fiscal Agent shall have received evidence satisfactory to it of such delivery;

(d) All other Financing Documents not listed above shall have been executed and delivered by all parties thereto and delivered to the Fiscal Agent; and

(e) The Borrower shall have delivered to the Fiscal Agent, the Governmental Lender and the Funding Lender Representative a certificate confirming, as of the Delivery Date, the matters set forth in Section 2.02 hereof and an opinion of its counsel or other counsel satisfactory to the Fiscal Agent, the Governmental Lender, Bond Counsel and the Funding Lender Representative.

(f) The Borrower shall have paid, or duly provided for payment of, the Governmental Lender issuance fee;

(g) The Borrower shall have made, or have duly provided for, the deposits required by Section 3.03 hereof.

Section 3.02. Terms of the Project Loan. The Project Loan shall: (i) be evidenced by the Project Notes; (ii) be secured by the Security Instrument; (iii) be in the maximum aggregate
principal amount of $[42,911,988]; (iv) bear interest as provided in the Project Notes; (v) provide for principal and interest payments in accordance with the Project Notes; and (vi) be subject to optional and mandatory prepayment at the times, in the manner and on the terms, and have such other terms and provisions, as provided herein and in the Project Notes. The outstanding principal balance of the Project Loan at any time shall be an amount equal to the proceeds of the Funding Loan advanced by the Funding Lenders and deposited by the Fiscal Agent into the Project Loan Fund under the Funding Loan Agreement minus any principal amounts paid or prepaid by the Borrower with respect to principal in accordance with the terms hereof and the Project Notes.

Section 3.03. Deposits. On the Delivery Date, the Borrower will deposit with the Fiscal Agent the sum of (i) $[____] for credit to the Cost of Issuance Fund; and (ii) $[24,041,806] for credit to the Borrower Equity Account of the Project Loan Fund. [The Borrower will deposit with the Fiscal Agent the sum of $[____] as the Initial Debt Service Deposit.] Subject to the conditions listed in Section 3.01 hereof, amounts on deposit in the Project Loan Fund are to be disbursed to or at the direction of the Borrower or otherwise as provided in Section 2.10(d) or Section 4.02(b) of the Funding Loan Agreement.

To the extent that amounts in the Cost of Issuance Fund from the above-mentioned sources are insufficient to pay all costs of closing the Loans, the Borrower shall cause the payment of such additional costs of closing the Loans to be made on its behalf as such amounts become due.

Section 3.04. Pledge and Assignment to Fiscal Agent. The parties hereto acknowledge, and the Borrower consents to, the pledge and assignment by the Governmental Lender to the Fiscal Agent pursuant to the Funding Loan Agreement of all of the Governmental Lender’s right, title and interest in this Project Loan Agreement (excluding the Unassigned Rights), the Project Loan, the Project Notes, the Security Instrument, the other Project Loan Documents and the Revenues as security for the payment of the principal of, premium, if any, and interest on the Governmental Notes and the payment of any other amounts due under the Financing Documents.

Section 3.05. Investment of Funds. Except as otherwise provided in the Funding Loan Agreement, any money held as a part of any fund or account established under the Funding Loan Agreement shall be invested or reinvested by the Fiscal Agent in Qualified Investments in accordance with Section 4.08 of the Funding Loan Agreement.

Section 3.06. Damage; Destruction and Eminent Domain. If, prior to payment in full of the Project Loan, the Project or any portion thereof is destroyed or damaged in whole or in part by fire or other casualty, or title to, or the temporary use of, the Project or any portion thereof shall have been taken by the exercise of the power of eminent domain, and the Governmental Lender, the Borrower or the Fiscal Agent receives Net Proceeds from insurance or any condemnation award in connection therewith, such Net Proceeds shall be utilized as provided in the Project Loan Documents and the Funding Loan Agreement.

Section 3.07. Enforcement of Financing Documents. The Fiscal Agent or the Funding Lender Representative may enforce and take all reasonable steps, actions and the proceedings necessary for the enforcement of all terms, covenants and conditions of the Funding Loan Agreement and the other Financing Documents as and to the extent set forth herein and therein.
ARTICLE IV

LOAN PAYMENTS

Section 4.01. Payments Under the Project Notes; Independent Obligation of Borrower.

(a) Payment Obligations. The Borrower agrees to repay the Project Loan on each Project Loan Payment Date as provided in the Project Notes, and in all instances at the times and in the amounts necessary to enable the Governmental Lender, or the Fiscal Agent, on behalf of the Governmental Lender, to pay the applicable Funding Lender, as applicable, all amounts payable with respect to the Funding Loan, when due, whether at maturity or upon prepayment (with premium, if applicable), acceleration or otherwise.

The obligation of the Borrower to make the payments set forth in this Article IV shall be an independent obligation of the Borrower, separate from its obligation to make payments under the Project Notes, provided that in all events payments made by the Borrower under and pursuant to the Project Notes shall be credited against the Borrower’s obligations hereunder on a dollar for dollar basis. If for any reason a Project Note or any provision of a Project Note shall be held invalid or unenforceable against the Borrower by any court of competent jurisdiction, such Project Note or such provision of such Project Note shall be deemed to be the obligation of the Borrower pursuant to this Project Loan Agreement to the full extent permitted by law and such holding shall not invalidate or render unenforceable any of the provisions of this Article IV and shall not serve to discharge any of the Borrower’s payment obligations hereunder or eliminate the credit against such obligations to the extent of payments made under such Project Note.

(b) Obligations Unconditional; No Setoff. The obligation of the Borrower to repay the Project Loan, to perform all of its obligations under the Project Loan Documents, to provide indemnification pursuant to Section 6.01 hereof, to pay costs, expenses and charges pursuant to Section 4.02 hereof and to make any and all other payments required by this Project Loan Agreement, the Funding Loan Agreement or any other documents contemplated by this Project Loan Agreement or by the Project Loan Documents shall, subject to the limitations set forth in Section 4.06 hereof, be absolute and unconditional, and shall be paid or performed without notice or demand, and without abatement, deduction, set-off, counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising, and irrespective of whether the Borrower’s title to the Project or to any part thereof is defective or nonexistent, and notwithstanding any damage due to loss, theft or destruction of the Project or any part thereof, any failure of consideration or frustration of commercial purpose, the taking by eminent domain of title to or of the right of temporary use of all or any part of the Project, legal curtailment of the Borrower’s use thereof, the eviction or constructive eviction of the Borrower, any change in the tax or other laws of the United States of America, the State or any political subdivision thereof, any change in the Governmental Lender’s legal organization or status, or any default of the Governmental Lender or the Fiscal Agent hereunder or under any other Financing Document, and
regardless of the invalidity of any action of the Governmental Lender or the invalidity of any portion of this Project Loan Agreement.

(c) **Payments From Borrower to Fiscal Agent.** Each payment by the Borrower hereunder or under the Project Notes to the Fiscal Agent shall be made in immediately available funds to the Fiscal Agent on each Project Loan Payment Date or such other date when such payment is due. Whenever any Project Loan Payment or any other payment under this Project Loan Agreement or under a Project Note shall be stated to be due on a day that is not a Business Day, such payment shall be made on the first Business Day immediately thereafter.

**Section 4.02. Additional Payments Under the Project Notes and This Project Loan Agreement.**

(a) In addition to the payments set forth in Section 4.01 hereof, payments to be made by the Borrower under the Project Notes include certain money to be paid in respect of, among others, the Fee Component and amounts required to be deposited pursuant to the Construction Loan Agreement and the other Project Loan Documents, as set forth in subsection (b) of this Section 4.02. To the extent that any portion of the Fee Component and amounts required to be deposited pursuant to the Construction Loan Agreement and the other Project Loan Documents remain due and owing at any time, such amounts remaining due and owing shall be payable from money on deposit in the Administration Fund as provided in Section 4.06 of the Funding Loan Agreement or from other money of the Borrower, to the extent that money in the Administration Fund is insufficient for such purposes. All other fees and expenses shall be payable from money of the Borrower as provided in subsection (b) of this Section 4.02.

(b) In addition to the funding of the initial deposits required of the Borrower described in Section 3.03, the Borrower shall pay (or cause to be paid by the Fiscal Agent (to the extent paid from money on deposit in the Administration Fund or the Cost of Issuance Fund, as applicable)), in consideration of the funding of the Project Loan, the following fees, expenses and other money payable in connection with the Loans:

(i) On the Delivery Date, from money on deposit in the Cost of Issuance Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Initial Funding Lender and the Additional Construction Phase Funding Lender, their respective origination fees, together with all third party and out-of-pocket expenses of the Initial Funding Lender and the Additional Construction Phase Funding Lender (including but not limited to the fees and expenses of counsel to the Initial Funding Lender and the Additional Construction Phase Funding Lender) in connection with the Loans.

(ii) reserved.

(iii) On the Delivery Date, from money on deposit with the Title Company or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Governmental Lender, an initial financing fee in an
amount equal to $[______], together with all third party and out-of-pocket expenses of the Governmental Lender (including but not limited to the fees and expenses of Bond Counsel and counsel to the Governmental Lender) in connection with the Loans and the issuance of the Governmental Notes.

(iv) [reserved].

(v) On the Delivery Date, from money on deposit with the Title Company or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Fiscal Agent, an acceptance fee in an amount equal to $3,000, together with all third party and out-of-pocket expenses of the Fiscal Agent (including but not limited to the fees and expenses of counsel to the Fiscal Agent in the amount of $3,000) in connection with the Loans and the issuance of the Governmental Notes.

(vi) To the Fiscal Agent, the Ordinary Fiscal Agent’s Fees and Expenses and the Extraordinary Fiscal Agent’s Fees and Expenses when due from time to time.

(vii) To the Governmental Lender, the Ongoing Governmental Lender Fee when due and any extraordinary expenses not covered by the Ongoing Governmental Lender Fee the Governmental Lender may incur in connection with the Financing Documents or the Project from time to time.

(viii) To the Rebate Analyst, the reasonable fees and expenses of such Rebate Analyst in connection with the computations relating to arbitrage rebate required under the Funding Loan Agreement and this Project Loan Agreement when due from time to time.

(ix) To the Funding Lender Representative, any amount due and owing the Funding Lender Representative from time to time but unpaid under the Construction Loan Agreement.

(x) [reserved].

(xi) To the Funding Lenders, the amounts required to be deposited in respect of reserves and impounds required under the Construction Loan Agreement and the other Project Loan Documents.

(xii) If the Fiscal Agent is collecting and remitting loan payments under the Funding Loan Agreement, to the Fiscal Agent, within two Business Days of receipt from the Fiscal Agent of a notice of deficiency in the Administration Fund as provided in Section 4.06 of the Funding Loan Agreement, the amount of any such deficiency in the Administration Fund.

Section 4.03. Payments to Rebate Fund. The Borrower shall pay when due to the Fiscal Agent at the Principal Office of the Fiscal Agent any amount required to be deposited in the Rebate Fund in accordance with Section 4.12 of the Funding Loan Agreement.
Section 4.04. Prepayment.

(a) Optional Prepayment of the Project Loan. The Borrower shall have the option to prepay the Project Loan in whole, together with all accrued and unpaid interest thereon, as provided in the Project Notes.

(b) Mandatory Prepayment of the Project Loan. The Borrower shall be required to prepay all or a portion of the outstanding principal balance of the Project Loan, together with accrued interest thereon, and together with any Prepayment Premium due under the Project Notes, as provided in the Project Notes. Additionally, the Borrower shall be required to prepay all or a portion of the outstanding principal balance of the Project Loan, together with accrued interest thereon, and together with any Prepayment Premium due under the Project Notes, in connection with the following:

(i) in part, in the event the Borrower elects to make a Pre-Conversion Loan Equalization Payment;

(ii) in whole, on or after the Conversion Deadline, at the written direction of the Funding Lender Representative, if the Conversion Notice is not issued by the Initial Funding Lender prior to the Conversion Deadline; and

(iii) as to Project Note-2, in whole on or before the earlier of (A) the Maturity Date of Project Note-2 or (B) the Conversion Date.

(c) Defeasance of the Funding Loan. In addition, after the Conversion Date and prior to the Window Period, the Borrower may cause a defeasance of the Funding Loan resulting in a release of the Pledged Security by satisfying the conditions set forth hereunder and in Article IX of the Funding Loan Agreement. In connection therewith, the Borrower will give written notice (a “Defeasance Notice”) to the Funding Lender Representative, the Governmental Lender and the Fiscal Agent of the date the Borrower desires to defease the Funding Loan (the “Defeasance Date”). The Defeasance Date may not be more than 60 calendar days, nor less than 30 calendar days, after the delivery of the Defeasance Notice. In connection with the delivery of the Defeasance Notice, the Borrower shall cause to be paid to the Funding Lender Representative the Defeasance Fee set forth in the Construction Loan Agreement. In addition to, and not in limitation of any other provisions of this Project Loan Agreement, the Borrower shall pay all fees, costs and expenses in connection with any defeasance whether or not such defeasance occurs. Following such defeasance in accordance with the terms and conditions hereof and the Funding Loan Agreement, the Project Loan shall be deemed paid in full, and the Borrower shall be entitled to the release of the Security Instrument, the Pledged Security and other security provided by it for the Project Loan, subject to the terms and conditions hereof and the other Financing Documents.

Section 4.05. Borrower’s Obligations Upon Prepayment. In the event of any prepayment, the Borrower will timely pay, or cause to be paid through the Fiscal Agent, an amount equal to the principal amount of the Funding Loan or portion thereof called for prepayment, together with interest accrued to the prepayment date and premium, if any. In addition, the
Borrower will timely pay all fees, costs and expenses associated with any prepayment of the Funding Loan.

Section 4.06. Limits on Personal Liability.

(a) Except as otherwise set forth in the Project Notes and subsection 4.06(b) below, the obligations of the Borrower under this Project Loan Agreement and the other Financing Documents are non-recourse liabilities of the Borrower which shall be enforced only against the Project and other property of the Borrower encumbered by the Financing Documents and not personally against the Borrower or any partner of the Borrower or any successor or assign of the Borrower. However, nothing in this Section 4.06 shall limit the right of the Governmental Lender, the Fiscal Agent, any Funding Lender or the Funding Lender Representative to proceed against the Borrower to recover any fees owing to any of them or any actual out-of-pocket expenses (including but not limited to actual out-of-pocket attorneys’ fees incurred by any of them) incurred by any of them in connection with the enforcement of any rights under this Project Loan Agreement or the other Financing Documents. Nothing in this Section 4.06 shall limit any right that any Funding Lender or the Funding Lender Representative may have to enforce the Project Notes, the Security Instrument, or any other Financing Document in accordance with their terms.

(b) Notwithstanding anything contained in any other provision of this Project Loan Agreement to the contrary (but subject to the provisions of Section 7.06 hereof), the following obligations of the Borrower shall be and remain the joint and several full recourse obligations of the Borrower and the Borrower’s general partner: (i) the Borrower’s obligations to the Governmental Lender and the Fiscal Agent under subsections (b)(ii), (b)(iv), (b)(v), and (b)(vi) of Section 4.02 hereof; (ii) the Borrower’s obligations under Sections 2.05 and 6.01 of this Project Loan Agreement; (iii) the Borrower’s obligation to pay any and all rebate amounts that may be or become owing with respect to the Funding Loan and fees and expenses of the Rebate Analyst as provided in Sections 2.04 and 4.03 of this Project Loan Agreement and the Tax Certificate; and (iv) the Borrower’s obligation to pay legal fees and expenses under Section 7.04 hereof.

(c) The Governmental Lender, the Fiscal Agent and the Funding Lenders shall not be liable for any debts or claims accruing in favor of any such parties against the Borrower or others or against the Project. The Borrower is not and shall not be an agent of the Governmental Lender, the Fiscal Agent and the Funding Lenders for any purpose. None of the Governmental Lender, the Fiscal Agent or the Funding Lenders is a joint venture partner with the Borrower in any manner whatsoever. Prior to default by the Borrower under this Project Loan Agreement and the exercise of remedies granted herein, the Governmental Lender, the Fiscal Agent and the Funding Lenders shall not be deemed to be in privity of contract with any contractor or provider of services to the Project, nor shall any payment of funds directly to a contractor, subcontractor or provider of services be deemed to create any third party beneficiary status or recognition of same by the Governmental Lender, the Fiscal Agent and the Funding Lenders.
ARTICLE V

SPECIAL COVENANTS OF BORROWER

Section 5.01. Performance of Obligations. The Borrower shall keep and faithfully perform all of its covenants and undertakings contained herein and in the Financing Documents, including, without limitation, its obligations to make all payments set forth herein and therein in the amounts, at the times and in the manner set forth herein and therein.

Section 5.02. Compliance With Applicable Laws. All work performed in connection with the Project shall be performed in strict compliance with all applicable federal, state, county and municipal laws, ordinances, rules and regulations now in force or that may be enacted hereafter. The Project satisfies all requirements of the Act, the Code and the Regulations applicable to the Project.

Section 5.03. Funding Loan Agreement Provisions. The execution of this Project Loan Agreement shall constitute conclusive evidence of approval of the Funding Loan Agreement by the Borrower. Whenever the Funding Loan Agreement by its terms imposes a duty or obligation upon the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to the Funding Loan Agreement, and the Borrower shall carry out and perform all of its obligations under the Funding Loan Agreement as fully as if the Borrower were a party to the Funding Loan Agreement.

Section 5.04. Americans with Disabilities Act. The Project, as designed, will comply in all material respects with all applicable zoning, planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project, including, but not limited to, the Americans with Disabilities Act of 1990 (“ADA”), to the extent required (as evidenced by an architect’s certificate to such effect).

Section 5.05. Borrower To Maintain Its Existence; Certification of No Default.

(a) The Borrower agrees to maintain its existence and maintain its current legal status with authority to own and operate the Project.

(b) In addition to performing all other similar requirements under the Financing Documents to which the Borrower is a party, the Borrower shall, within 30 days after the end of each calendar year, render to the Fiscal Agent a certificate executed by an Authorized Officer of the Borrower to the effect that the Borrower is not, as of the date of such certificate, in default of any of its covenants, agreements, representations or warranties under any of the Financing Documents to which the Borrower is a party and that, to the best of the Borrower’s knowledge, after reasonable investigation, there has occurred no default or Event of Default (as such terms are defined in each respective Financing Document) under any of the Financing Documents.

Section 5.06. Borrower To Remain Qualified in State and Appoint Agent. The Borrower will remain duly qualified to transact business in the State and will maintain an agent in the State on whom service of process may be made in connection with any actions against the Borrower.
Section 5.07. Sale or Other Transfer of Project. The Borrower may convey and transfer the Project only upon strict compliance with the provisions of the Financing Documents including the Tax Regulatory Agreement, and upon receipt of the prior written consent of the Governmental Lender and the Funding Lender Representative.

Section 5.08. Right To Perform Borrower’s Obligations. In the event the Borrower fails to perform any of its obligations under this Project Loan Agreement, the Fiscal Agent and/or the Funding Lender Representative, after giving requisite notice, if any, and subject to Section 5.05 of the Funding Loan Agreement, may, but shall be under no obligation to, perform such obligation and pay all costs related thereto, and all such costs so advanced shall become an additional obligation of the Borrower hereunder, payable on demand and if not paid on demand with interest thereon at the default rate of interest payable under the Project Loan Documents.

Section 5.09. Notice of Certain Events. The Borrower shall promptly advise the Governmental Lender, the Fiscal Agent, the Additional Construction Phase Funding Lender and the Funding Lender Representative in writing of the occurrence of any Event of Default hereunder or any event which, with the passage of time or service of notice or both, would constitute an Event of Default, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto. The Borrower shall provide no less than 30 days’ written notice to the California Debt Limit Allocation Committee and to the Governmental Lender prior to the redemption of Governmental Note-1, in whole or in part, on the Conversion Date.

Section 5.10. Survival of Covenants. The provisions of Sections 2.04, 2.05, 4.02, 4.03, 6.01 and 7.04 hereof shall survive the expiration or earlier termination of this Project Loan Agreement and, with regard to the Fiscal Agent, the resignation or removal of the Fiscal Agent.

Section 5.11. Access to Project; Records. Subject to reasonable notice and the rights of tenants at the Project, the Governmental Lender, the Fiscal Agent, any Funding Lender and the Funding Lender Representative, and the respective duly authorized agents of each, shall have the right (but not any duty or obligation) at all reasonable times and during normal business hours: (a) to enter the Project and any other location containing the records relating to the Borrower, the Project, the Loans and the Borrower’s compliance with the terms and conditions of the Financing Documents; (b) to inspect and audit any and all of the Borrower’s records or accounts pertaining to the Borrower, the Project, the Loans and the Borrower’s compliance with the terms and conditions of the Financing Documents; and (c) to require the Borrower, at the Borrower’s sole expense, (i) to furnish such documents to the Governmental Lender, the Fiscal Agent, any Funding Lender and the Funding Lender Representative, as the Governmental Lender, the Fiscal Agent, such Funding Lender or the Funding Lender Representative, as the case may be, from time to time, deems reasonably necessary in order to determine that the provisions of the Financing Documents have been complied with and (ii) to make copies of any records that the Governmental Lender, the Fiscal Agent, any Funding Lender or the Funding Lender Representative or the respective duly authorized agents of each, may reasonably require. The Borrower shall make available to the Governmental Lender, the Fiscal Agent, any Funding Lender and the Funding Lender Representative, such information concerning the Project, the Security Instrument and the Financing Documents as any of them may reasonably request.
Section 5.12. Tax Regulatory Agreement. The covenants of the Borrower in the Tax Regulatory Agreement shall be deemed to constitute covenants of the Borrower running with the land and an equitable servitude for the benefit of the Governmental Lender and the Funding Lender and shall be binding upon any owners of the Project until such time as such restrictions expire as provided in the Tax Regulatory Agreement. The Borrower covenants to file of record the Tax Regulatory Agreement and such other documents, and to take such other steps as are necessary in order to assure that the restrictions contained in the Tax Regulatory Agreement will, subject to the terms of the Tax Regulatory Agreement, be binding upon all owners of the Project. The Borrower covenants to include such restrictions or a reference to such restrictions in any documents transferring any interest in the Project to another to the end that such transferee has notice of, and is bound by, the Tax Regulatory Agreement. Subject to the provisions of Section 7.06 of this Project Loan Agreement, the Governmental Lender and the Fiscal Agent shall have the right to seek specific performance of or injunctive relief to enforce the requirements of any covenants of the Borrower contained in the Tax Regulatory Agreement.

Section 5.13. Damage, Destruction and Condemnation. If prior to full payment of the Funding Loan (or provision for payment of the Funding Loan in accordance with the provisions of the Funding Loan Agreement) the Project or any portion of it is destroyed (in whole or in part) or is damaged by fire or other casualty, or title to, or the temporary use of, the Project or any portion of it shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, or shall be transferred pursuant to an agreement or settlement in lieu of eminent domain proceedings, the Borrower shall nevertheless be obligated to continue to pay the amounts specified in this Project Loan Agreement and in the Project Notes to the extent the Project Loan is not prepaid in full in accordance with the terms of the Project Loan Documents.

Section 5.14. Obligation of the Borrower To Construct the Project. The Borrower shall proceed with reasonable dispatch (and in no event later than required under the Financing Documents) to complete the acquisition, development, construction and equipping of the Project as required by the Financing Documents. If amounts on deposit in the Project Loan Fund designated for the Project and available to be disbursed to the Borrower are not sufficient to pay the costs of the acquisition, development, construction and equipping, the Borrower shall pay such additional costs from its own funds. The Borrower shall not be entitled to any reimbursement from the Governmental Lender, the Fiscal Agent, the Funding Lender Representative or the Funding Lender in respect of any such additional costs or to any diminution or abatement in the repayment of the Project Loan. None of the Fiscal Agent, the Governmental Lender, the Funding Lender or the Funding Lender Representative makes any representation or warranty, either express or implied, that money, if any, which will be paid into the Project Loan Fund or otherwise made available to the Borrower will be sufficient to complete the Project, and none of the Fiscal Agent, the Governmental Lender, the Funding Lender or the Funding Lender Representative shall be liable to the Borrower or any other person if for any reason the Project is not completed.

Section 5.15. Filing of Financing Statements. The Borrower shall file or record or cause to be filed or recorded on or prior to the Delivery Date all UCC financing statements which are required to be filed or recorded in order fully to protect and preserve the security interests relating to the priority of the Project Loan, the Funding Loan, the Pledged Security and the Security Instrument, and the rights and powers of the Governmental Lender, the Fiscal Agent and the
Section 5.16. Ground Lease. Without the Funding Lender Representative’s prior written consent, the Borrower will not surrender, terminate, cancel, modify, change, supplement, alter, amend, waive, release, assign, transfer, pledge or hypothecate any of its rights or remedies under the Ground Lease.

ARTICLE VI

INDEMNIFICATION

Section 6.01. Indemnification. In addition to its other obligations hereunder, and in addition to any and all rights of reimbursement, indemnification, subrogation and other rights of Governmental Lender, the Fiscal Agent or Funding Lender pursuant hereto and under law or equity, to the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Governmental Lender, the Funding Lender, the Fiscal Agent and each of their respective officers, directors, employees, attorneys and agents (each an “Indemnified Party”), against any and all losses, damages, claims, actions, liabilities, reasonable costs and expenses of any nature, kind or character (including, without limitation, reasonable attorneys’ fees, litigation and court costs, amounts paid in settlement (to the extent that the Borrower has consented to such settlement) and amounts paid to discharge judgments) (hereinafter, the “Liabilities”) to which the Indemnified Parties, or any of them, may become subject under federal or state securities laws or any other statutory law or at common law or otherwise, to the extent arising out of or based upon or in any way relating to:

(a) The Project Loan Documents and the Financing Documents or the execution or amendment thereof or in connection with transactions contemplated thereby, including the sale, transfer or resale of the Project Loan or the Funding Loan;

(b) Any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Project Loan, the Funding Loan or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, construction, installation or rehabilitation of, the Project or any part thereof;

(c) Any lien (other than as permitted in the Security Instrument or any other Project Loan Document) or charge upon payments by the Borrower to the Governmental Lender, the Fiscal Agent or the Funding Lender hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Governmental Lender, the Fiscal Agent or the Funding Lender in respect of any portion of the Project;

(d) Any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance or hazardous material from, the Project or any part
thereof; provided, however, Borrower’s liability under this provision shall not extend to
cover any violations that first arise, commence or occur as a result of actions of the
Indemnified Party, after the satisfaction, discharge, release, assignment, termination or
cancellation of the Security Instrument following the payment in full of the Project Notes
and all other sums payable under the Project Loan Documents or after the actual
dispossession from the entire Project of Borrower and all entities which control, are
controlled by, or are under common control with Borrower following foreclosure of the
Security Instrument or acquisition of the Project by a deed in lieu of foreclosure;

(e) The enforcement of, or any action taken by the Governmental Lender, the
Fiscal Agent or the Funding Lender related to remedies under, this Project Loan Agreement
and the other Project Loan Documents and the Financing Documents;

(f) [Reserved];

(g) Any untrue statement or misleading statement or alleged untrue statement
or alleged misleading statement of a material fact by the Borrower made in the course of
Borrower applying for the Project Loan or the Funding Loan or contained in any of the
Project Loan Documents or Financing Documents to which the Borrower is a party;

(h) Any Determination of Taxability;

(i) Any breach (or alleged breach) by Borrower of any representation, warranty
or covenant made in or pursuant to this Project Loan Agreement or in connection with any
written or oral representation, presentation, report, appraisal or other information given or
delivered by Borrower, General Partner or their Affiliates to Governmental Lender, the
Fiscal Agent, the Funding Lender or any other Person in connection with the Borrower’s
application for the Project Loan and the Funding Loan (including, without limitation, any
breach or alleged breach by Borrower of any agreement with respect to the provision of
any substitute credit enhancement);

(j) Any failure (or alleged failure) by Borrower or the Governmental Lender to
comply with applicable federal and state laws and regulations pertaining to the making of
the Project Loan and the Funding Loan;

(k) the Project, or the condition, occupancy, use, possession, conduct or
management of, or work done in or about, or from the planning, design, acquisition,
installation, construction or rehabilitation of, the Project or any part thereof; or

(l) the use of the proceeds of the Project Loan and the Funding Loan, except
(i) in the case of the foregoing indemnification of the Governmental Lender or any related
Indemnified Party, such damages are caused by the active negligence or willful misconduct
of the Governmental Lender and (ii) in the case of the foregoing indemnification of the
Fiscal Agent or the Funding Lender or any related Indemnified Party, to the extent such
damages are caused by the gross negligence or willful misconduct of such Indemnified
Party. In the event that any action or proceeding is brought against any Indemnified Party
with respect to which indemnity may be sought hereunder, the Borrower, upon written
notice from the Indemnified Party (which notice shall be timely given so as not to
materially impair the Borrower’s right to defend), shall assume the investigation and defense thereof, including the employment of counsel reasonably approved by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement, which approval shall not be unreasonably withheld. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and to participate in the investigation and defense thereof. The Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Borrower if and only if in such Indemnified Party’s good faith judgment (based on the advice of counsel) a conflict of interest exists or could arise by reason of common representation.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Project Loan Agreement or the Regulatory Agreement, the Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section 6.01 if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless the Governmental Lender and the Funding Lender have consented to such transfer and to the assignment of the rights and obligations of the Borrower hereunder.

The rights of any persons to indemnity hereunder shall survive the final payment or defeasance of the Project Loan and the Funding Loan. The provisions of this Section 6.01 shall survive the termination of this Project Loan Agreement. Nothing contained in this Section 6.01 shall in any way be construed to limit the indemnification rights of the Governmental Lender contained in Section 7 of the Tax Regulatory Agreement. With respect to the Governmental Lender, the Tax Regulatory Agreement shall control in any conflicts between this Section 6.01 and Section 7 of the Tax Regulatory Agreement.

**Section 6.02. Limitation With Respect to the Funding Lender.** Notwithstanding anything in this Project Loan Agreement to the contrary, in the event that the Funding Lender (or its nominee) shall become the owner of the Project as a result of a foreclosure or a deed in lieu of foreclosure, or comparable conversion of the Project Loan, the Funding Lender (or its nominee) shall not be liable for any breach or default of any prior owner of the Project under this Project Loan Agreement and shall only be responsible for defaults and obligations incurred or occurring during the period that the Funding Lender (or its nominee) is the owner of the Project. Accordingly, during any period that the Funding Lender (or its nominee) owns the Project and that this Article VI is applicable to the Funding Lender (or its nominee), the Funding Lender’s (or its nominee’s) obligations under this Article VI shall be limited to acts and omissions of the Funding Lender (or its nominee) occurring during the period of the Funding Lender’s (or its nominee’s) ownership of the Project.
ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default. The following shall be “Events of Default” under this Project Loan Agreement, and the term “Event of Default” shall mean, whenever it is used in this Project Loan Agreement, one or all of the following events:

(a) Any representation or warranty made by the Borrower in the Financing Documents or any certificate, statement, data or information furnished by the Borrower in connection therewith or included by the Borrower in its application to the Governmental Lender for assistance proves at any time to have been incorrect when made in any material respect;

(b) Failure by the Borrower to pay any amounts due under this Project Loan Agreement, a Project Note or the Security Instrument at the times and in the amounts required by this Project Loan Agreement, such Project Note and the Security Instrument, as applicable;

(c) The Borrower shall fail to observe or perform any other term, covenant, condition or agreement (after taking into account any applicable cure period) set forth in this Project Loan Agreement, which failure continues for a period of 30 days after notice of such failure by the Governmental Lender, the Fiscal Agent or the Funding Lender Representative to the Borrower and the Investor Partner (unless such default cannot with due diligence be cured within 30 days but can be cured within a reasonable period and will not, in the Funding Lender Representative’s sole discretion, adversely affect the Funding Lender or result in impairment of this Project Loan Agreement or any other Financing Document, in which case no Event of Default shall be deemed to exist so long as Borrower or the Investor Partner shall have commenced to cure the default or Event of Default within 30 days after receipt of notice, and thereafter diligently and continuously prosecutes such cure to completion); provided, however, no such notice or grace periods shall apply in the case of any such failure which could, in the Funding Lender Representative’s judgment, absent immediate exercise by the Funding Lender Representative of a right or remedy under this Agreement, result in harm to the Funding Lender, impairment of this Project Loan Agreement or any other Financing Document;

(d) The occurrence of a default under the Construction Loan Agreement or the Security Instrument (after taking into account any applicable cure period thereunder) shall at the discretion of the Funding Lender Representative constitute an Event of Default under this Project Loan Agreement but only if the Fiscal Agent is provided written notice by the Funding Lender Representative that an Event of Default has occurred under such Financing Document and the Fiscal Agent is instructed by the Funding Lender Representative that such default constitutes an Event of Default hereunder. The occurrence of an Event of Default hereunder shall in the discretion of the Funding Lender Representative constitute a default under the other Financing Documents.
The Investor Partner shall be entitled to cure on behalf of the Borrower any Event of Default with respect to which a cure by the Borrower is expressly permitted, to the extent and subject to the same terms and conditions applicable to the Borrower. Any cure of an Event of Default tendered by the Investor Partner shall be treated as a cure tendered by Borrower and shall be accepted or rejected on the same terms as if the cure had been directly tendered by Borrower.

Nothing contained in this Section 7.01 is intended to amend or modify any of the provisions of the Financing Documents or to bind the Governmental Lender, the Fiscal Agent or the Funding Lender Representative to any notice and cure periods other than as expressly set forth in the Financing Documents.

Section 7.02. Remedies on Default. Subject to Section 7.06 hereof, whenever any Event of Default hereunder shall have occurred and be continuing, the Funding Lender Representative (or the Fiscal Agent at the direction of the Funding Lender), may take any one or more of the following remedial steps:

(a) The Funding Lender (or the Fiscal Agent at the direction of the Funding Lender) may take such action, without notice or demand, as the Funding Lender deems advisable to protect and enforce its rights against the Borrower and in and to the Project, including declaring the Project Loan to be immediately due and payable (including, without limitation, declaring the principal of, Prepayment Premium, if any, and interest on and all other amounts due on the Project Notes to be immediately due and payable).

(b) The Funding Lender (or the Fiscal Agent at the direction of the Funding Lender) may, without being required to give any notice (other than to the Governmental Lender or the Fiscal Agent, as applicable), except as provided herein, pursue all remedies of a creditor under the laws of the State, as supplemented and amended, or any other applicable laws.

(c) The Funding Lender (or the Fiscal Agent at the direction of the Funding Lender) may take whatever action at law or in equity may appear necessary or desirable to collect the payments under this Project Loan Agreement then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Project Loan Agreement.

In addition, subject to Section 7.06 hereof, the Governmental Lender and the Fiscal Agent may pursue remedies with respect to the Unassigned Rights.

Any amounts collected pursuant to Article IV hereof and any other amounts which would be applicable to payment of principal of and interest and any premium on the Funding Loan collected pursuant to action taken under this Section 7.02 shall be applied in accordance with the provisions of the Funding Loan Agreement.

Section 7.03. No Remedy Exclusive. Upon the occurrence of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available against the Borrower hereunder or under the Financing Documents or otherwise at law or in equity may be exercised by the Funding Lender (or the Fiscal Agent at the direction of the Funding Lender), at any time and from time to time, whether or not the Funding Lender has accelerated the Project Loan, and
whether or not the Funding Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Financing Documents. No remedy conferred upon or reserved to the Funding Lender or the Fiscal Agent by this Project Loan Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Project Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Funding Lender (or the Fiscal Agent at the direction of the Funding Lender) to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be expressly required by this Project Loan Agreement.

Section 7.04. Agreement To Pay Attorneys’ Fees and Expenses. In the event the Borrower shall default under any of the provisions of this Project Loan Agreement and the Governmental Lender, the Fiscal Agent or the Funding Lender Representative shall employ attorneys or incur other expenses for the collection of loan payments or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained in this Project Loan Agreement or in the Project Notes, the Borrower shall on demand therefor reimburse the reasonable fees of such attorneys and such other expenses so incurred.

Section 7.05. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Project Loan Agreement shall be breached by any party and thereafter waived by the other parties, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.06. Control of Proceedings.

(a) If an Event of Default has occurred and is continuing, notwithstanding anything to the contrary herein, the Funding Lender Representative shall have the sole and exclusive right at any time to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Project Loan Agreement, or for the appointment of a receiver or any other proceedings hereunder, in accordance with the provisions of law and of this Project Loan Agreement. In addition, the Funding Lender Representative shall have the sole and exclusive right at any time to directly enforce all rights and remedies hereunder and under the other Financing Documents with or without the involvement of the Fiscal Agent or the Governmental Lender. In no event shall the exercise of any of the foregoing rights result in an acceleration of the Project Loan without the express direction of the Funding Lender Representative.

(b) The Governmental Lender and the Fiscal Agent covenant that they will not, without the prior written consent of the Funding Lender Representative, take any of the following actions:

(i) prosecute any action with respect to a lien on the Project; or
(ii) initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal of, interest on, or other amounts due under, the Project Loan; or

(iii) interfere with or attempt to influence the exercise by the Funding Lender Representative of any of its rights under the Financing Documents upon the occurrence of any event of default by the Borrower under the Financing Documents; or

(iv) take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Project Loan or the Funding Loan.

(c) Notwithstanding Sections 7.06(a) and 7.06(b) hereof, the Governmental Lender or the Fiscal Agent may:

(i) specifically enforce the tax covenants of the Borrower specified in Section 2.04 and 2.05 hereof or seek injunctive relief against acts which may be in violation thereof;

(ii) specifically enforce the Tax Regulatory Agreement or seek injunctive relief against acts which may be in violation of the Tax Regulatory Agreement or are otherwise inconsistent with the operation of the Project in accordance with applicable requirements of the Internal Revenue Code and state law (but in neither the case of subsection (c)(i) above or this subsection (c)(ii) may the Governmental Lender or the Fiscal Agent seek any form of monetary damages from the Borrower in connection with such enforcement).

In addition, notwithstanding Section 7.06(a) and 7.06(b) hereof, the Governmental Lender and the Fiscal Agent may seek specific performance of the other Unassigned Rights (provided no monetary damages are sought), and nothing herein shall be construed to limit the rights of the Governmental Lender, the Fiscal Agent or any indemnified party related to the Governmental Lender or the Fiscal Agent under Section 6.01 (each a “Related Indemnified Party”) to enforce their respective rights against the Borrower under Sections 4.02, 4.03, 6.01 and 7.04 hereof and Sections 15 and 17 of the Tax Regulatory Agreement, provided that no obligation of the Borrower to the Governmental Lender, the Fiscal Agent or any Related Indemnified Party under such sections shall be secured by or in any manner constitute a lien on, or security interest in, the Project, whether in favor of the Governmental Lender, the Fiscal Agent or any Related Indemnified Party, and all such obligations are and shall be subordinate in priority, in right to payment and in all other respects to all other obligations, liens, rights (including without limitation the right to payment) and interests arising or created under the Financing Documents (except for the Fiscal Agent’s right to receive payment of reasonable fees and expenses pursuant to Section 6.06(a) of the Funding Loan Agreement after an event of default with respect to the Funding Loan, which reasonable fees and expenses of the Fiscal Agent shall be payable as provided thereunder). Accordingly, none of the Governmental Lender, the Fiscal Agent or any Related Indemnified Party shall have the right to enforce any monetary obligation arising under such sections other than directly against the Borrower, without recourse to the Project. In addition, any such enforcement must not cause the Borrower to file a petition seeking reorganization, arrangement, adjustment or composition of or
in respect of the Borrower under any applicable liquidation, insolvency, bankruptcy, rehabilitation, composition, reorganization, conservation or other similar law in effect now or in the future.

Section 7.07. Assumption of Obligations. In the event that the Fiscal Agent or the Funding Lender or their respective 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 Project Loan Agreement, the Project Notes, the Tax Regulatory Agreement, and any other Financing Documents to which the Borrower is a party or with respect to which it is a third-party beneficiary. 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.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Notices.

(a) Whenever in this Project Loan Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Any notice, request, complaint, demand, communication or other paper required or permitted to be delivered to the Governmental Lender, the Fiscal Agent, any Funding Lender, the Funding Lender Representative, the Borrower or the Investor Partner shall be sufficiently given and shall be deemed given (unless another form of notice shall be specifically set forth herein) on the Business Day following the date on which such notice or other communication shall have been delivered to a national overnight delivery service (receipt of which to be evidenced by a signed receipt from such overnight delivery service) addressed to the appropriate party at the addresses set forth in Section 11.04 of the Funding Loan Agreement or as required or permitted by this Project Loan Agreement by Electronic Notice. The Governmental Lender, the Fiscal Agent, the Funding Lenders, the Funding Lender Representative or the Borrower may, by notice given as provided in this paragraph, designate any further or different address to which subsequent notices or other communication shall be sent.

The Fiscal Agent agrees to accept and act upon Electronic Notice of written instructions and/or directions pursuant to this Project Loan Agreement.

(b) The Fiscal Agent shall provide to the Funding Lenders and the Funding Lender Representative (i) prompt notice of the occurrence of any Event of Default hereunder and (ii) any written information or other communication received by the Fiscal Agent hereunder within 10 Business Days of receiving a written request from a Funding Lender or the Funding Lender Representative for any such information or other communication.
Section 8.02. Concerning Successors and Assigns. All covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the financing herein contemplated and shall continue in full force and effect so long as the obligations hereunder are outstanding. Whenever in this Project Loan Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Borrower which are contained in this Project Loan Agreement shall bind its successors and assigns and inure to the benefit of the successors and assigns of the Governmental Lender, the Fiscal Agent, the Funding Lender and the Funding Lender Representative, as applicable.

Section 8.03. Governing Law. This Project Loan Agreement shall be construed in accordance with and governed by the internal laws of the State and, where applicable, the laws of the United States of America, and venue for any action in which the Governmental Lender is a named party shall be Los Angeles County, California unless the Governmental Lender waives this requirement in writing.

Section 8.04. Modifications in Writing. Modification or the waiver of any provisions of this Project Loan Agreement or consent to any departure by the parties therefrom, shall in no event be effective unless the same shall be in writing approved by the parties hereto and shall require the prior written consent of the Funding Lender Representative and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Borrower in any case shall entitle it to any other or further notice or demand in the same circumstances.

Section 8.05. Further Assurances and Corrective Instruments. The Governmental Lender, the Fiscal Agent and the Borrower agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required (including such supplements or further instruments requested by the Funding Lender Representative) for correcting any inadequate or incorrect description of the performance of this Project Loan Agreement.

Section 8.06. Captions. The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Project Loan Agreement.

Section 8.07. Severability. The invalidity or unenforceability of any provision of this Project Loan Agreement shall not affect the validity of any other provision, and all other provisions shall remain in full force and effect.

Section 8.08. Counterparts. This Project Loan Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 8.09. Amounts Remaining in Loan Payment Fund or Other Funds. It is agreed by the parties hereto that any amounts remaining in the Loan Payment Fund or other funds and accounts established under the Funding Loan Agreement upon expiration or sooner termination of the term hereof (and the repayment in full of the Project Loan and all other amounts
owing under the Project Loan Documents), shall be paid in accordance with the Funding Loan Agreement.

**Section 8.10. Effective Date and Term.** This Project Loan Agreement shall become effective upon its execution and delivery by the parties hereto, shall be effective and remain in full force from the date hereof, and, subject to the provisions hereof, shall expire on such date as the Funding Loan Agreement shall terminate.

**Section 8.11. Cross-references.** Any reference in this Project Loan Agreement to an “Exhibit,” an “Article,” a “Section,” a “Subsection” or a “Paragraph” shall, unless otherwise explicitly provided, be construed as referring, respectively, to an exhibit attached to this Project Loan Agreement, an article of this Project Loan Agreement, a section of this Project Loan Agreement, a subsection of the section of this Project Loan Agreement in which the reference appears and a paragraph of the subsection within this Project Loan Agreement in which the reference appears. All exhibits attached to or referred to in this Project Loan Agreement are incorporated by reference into this Project Loan Agreement.

**Section 8.12. Funding Lender Representative as Third-party Beneficiary.** The parties hereto agree and acknowledge that the Funding Lenders and the Funding Lender Representative are third party beneficiaries of this Project Loan Agreement.

**Section 8.13. Americans with Disabilities Act.** The Borrower hereby certifies that it and any contractor and subcontractor will comply with the Accessibility Laws (as defined in Appendix G of the Tax Regulatory Agreement). The Borrower and any contractor and subcontractor will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services, and activities in accordance with the applicable provisions of: (i) the Americans with Disabilities Act, 42 U.S.C. 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act (ADAAA) Pub. L. 110–325 and all subsequent amendments; (ii) Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794, the implementing regulations at 24 C.F.R. Part 8, as well as the requirements of Uniform Federal Accessibility Standards 24 C.F.R § 40, Appendix A; (iii) the Fair Housing Act, 42 U.S.C. §§ 3601-3620; 24 C.F.R. Parts 100, 103, and 104, and its implementing regulations; and (iv) applicable California building codes. The Borrower and any contractor and subcontractor will not discriminate against persons with disabilities or against persons due to their relationship to or association with a person with a disability. Any contract and subcontract entered into by the Borrower, relating to this Project Loan Agreement and the Project, to the extent allowed hereunder, shall be subject to the provisions of this Section.

**Section 8.14. Nonliability of Governmental Lender.** The Governmental Lender shall not be obligated to pay the principal (or Prepayment Premium) of or interest on the Funding Loan, except from Revenues and other money and assets received by the Fiscal Agent on behalf of the Governmental Lender pursuant to this Project Loan Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Governmental Lender or any member is pledged to the payment of the principal (or prepayment premium) or interest on the Funding Loan. The Governmental Lender shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Project Loan Agreement, the Funding Loan
or the Funding Loan Agreement, except only to the extent amounts are received for the payment thereof from the Borrower under this Project Loan Agreement.

The Borrower hereby acknowledges that the Governmental Lender’s sole source of money to repay the Funding Loan will be provided by the payments made by the Borrower pursuant to this Project Loan Agreement, together with investment income on certain funds and accounts held by the Fiscal Agent under the Funding Loan Agreement, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or prepayment premium) and interest on the Funding Loan as the same shall become due (whether by maturity, prepayment, acceleration or otherwise), then upon notice from the Fiscal Agent, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or prepayment premium) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Fiscal Agent, the Borrower, the Governmental Lender or any third party, subject to any right of reimbursement from the Fiscal Agent, the Governmental Lender or any such third party, as the case may be, therefor.

Any obligation or liability of the Governmental Lender created by or arising out of this Project Agreement (including, without limitation, any liability created by or arising out of the representations, warranties or covenants set forth herein or otherwise) shall not impose a debt or pecuniary liability upon the Governmental Lender or a charge upon its general credit, but shall be payable solely out of the moneys due and to become due under the Project Loan Documents (and not from any moneys due or to become due to the Governmental Lender pursuant to the Unassigned Rights). Neither the issuance of the Funding Loan nor the delivery of this Borrower Loan Agreement shall, directly or indirectly or contingently, obligate the Governmental Lender to make any appropriation for payment of the Funding Loan. No agreements or provisions contained in this Project Loan Agreement, the Funding Loan Agreement, any other Financing Document, nor any agreement, covenant or undertaking by the Governmental Lender contained in any document executed by the Governmental Lender in connection with the Project or the issuance, sale and delivery of the Governmental Notes shall give rise to any pecuniary liability of the Governmental Lender or a charge against its general credit, or shall obligate the Governmental Lender financially in any way. Nothing in the Funding Loan or this Project Loan Agreement or the proceedings of the Governmental Lender authorizing the Funding Loan or in the Act or in any other related document shall be construed to authorize the Governmental Lender to create a debt of the Governmental Lender within the meaning of any constitutional or statutory provision of the State. No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future commissioner, director, officer, employee or agent of the Governmental Lender in his or her individual capacity, and neither any employee or officer of the Governmental Lender nor any officer thereof executing the Governmental Notes shall be liable personally on the Governmental Notes or be subject to any personal liability or accountability by reason of the issuance thereof.

No commissioner, director, officer, employee or agent of the Governmental Lender shall incur any personal liability with respect to any other action taken by him or her pursuant to this Project Loan Agreement, the Funding Loan Agreement or the Act, provided such commissioner, director, officer, employee or agent acts in good faith. No agreements or provisions contained in this Project Loan Agreement nor any agreement, covenant or undertaking by the Governmental Lender contained in any document executed by the Governmental Lender in connection with the
Project or the issuance and delivery of the Governmental Notes shall give rise to any pecuniary liability of the Governmental Lender or a charge against its general credit, or shall oblige the Governmental Lender financially in any way. No breach of any pledge, obligation or agreement of the Governmental Lender hereunder may impose any pecuniary liability upon the Governmental Lender or any charge upon its general credit. The Governmental Lender shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Project Loan Agreement, the Funding Loan or the Funding Loan Agreement, except only to the extent amounts are received for the payment thereof from the Borrower under this Project Loan Agreement.

Section 8.15. No Liability of Officers. No member, officer, agent or employee of the Governmental Lender or any commissioner, director, officer, agent or employee of the Governmental Lender shall be individually or personally liable for the payment of any principal (or prepayment price) of or interest on the Funding Loan or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Project Loan Agreement; but nothing herein contained shall relieve any such commissioner, member, director, officer, agent or employee from the performance of any official duty provided by law or by this Project Loan Agreement.

Section 8.16. Capacity of the Fiscal Agent. The Fiscal Agent is entering into this Project Loan Agreement solely in its capacity as Fiscal Agent and shall be entitled to the rights, protections, limitations from liability and immunities afforded it as Fiscal Agent under the Funding Loan Agreement. The Fiscal Agent shall be responsible only for the duties of the Fiscal Agent expressly set forth herein and in the Funding Loan Agreement.

Section 8.17. Reliance. The representations, covenants, agreements and warranties set forth in this Project Loan Agreement may be relied upon by the Governmental Lender, the Fiscal Agent, Bond Counsel, the Funding Lender and the Funding Lender Representative. In performing their duties and obligations under this Project Loan Agreement and under the Funding Loan Agreement, the Governmental Lender and the Fiscal Agent may rely upon statements and certificates of the Borrower, upon certificates of tenants believed to be genuine and to have been executed by the proper person or persons, and upon audits of the books and records of the Borrower pertaining to occupancy of the Project. In addition, the Governmental Lender and the Fiscal Agent may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Governmental Lender or the Fiscal Agent under this Project Loan Agreement and under the Funding Loan Agreement in good faith and in conformity with the opinion of such counsel. It is expressly understood and agreed by the parties to this Project Loan Agreement (other than the Governmental Lender) that:

(a) the Governmental Lender may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Governmental Lender by the Fiscal Agent, the Funding Lender or the Borrower as to the existence of a fact or state of affairs required under this Project Loan Agreement to be noticed by the Governmental Lender;

(b) the Governmental Lender shall not be under any obligation to perform any record keeping or to provide any legal service, it being understood that such services shall
be performed or caused to be performed by the Fiscal Agent, the Funding Lender Representative or the Borrower, as applicable; and

(c) none of the provisions of this Project Loan Agreement shall require the Governmental Lender or the Fiscal Agent to expend or risk its own funds (apart from the proceeds of Funding Loan issued under the Funding Loan Agreement) or otherwise endure financial liability in the performance of any of its duties or in the exercise of any of its rights under this Project Loan Agreement, unless it shall first have been adequately indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred by taking any such action.

[Signature pages follow]
IN WITNESS WHEREOF, the parties hereto have executed this Project Loan Agreement all as of the date first set forth above.

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, as Governmental Lender

By ________________________________
Douglas Guthrie
President and Chief Executive Officer

APPROVED AS TO FORM:

______________________________
Becky Churchill Clark
Authority Sr. Staff Attorney

[GOVERNMENTAL LENDER’S SIGNATURE PAGE TO PROJECT LOAN AGREEMENT JORDAN DOWNS PHASE S2]
JORDAN DOWNS PHASE S2, LP, a California limited partnership

By: Jordan S2-Michaels, LLC, a California limited liability company, its administrative general partner

By ______________________________
Name: Kenneth P. Crawford
Title: Vice President

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

By ______________________________
Name: Tina Smith-Booth
Title: President

[BORROWER’S SIGNATURE PAGE TO PROJECT LOAN AGREEMENT JORDAN DOWNS PHASE S2]
U.S. BANK NATIONAL ASSOCIATION, as Fiscal Agent

By ________________________________
Name ______________________________
Title ______________________________

[FISCAL AGENT’S SIGNATURE PAGE TO PROJECT LOAN AGREEMENT
JORDAN DOWNS PHASE S2]
ATTACHMENT 5

FUNDING LOAN AGREEMENT
FUNDING LOAN AGREEMENT

among

JPMORGAN CHASE BANK, N.A.,
as Initial Funding Lender

CIT BANK, N.A.,
as Additional Construction Phase Funding Lender

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES,
as Governmental Lender

and

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent

relating to

Jordan Downs Phase S2
Maximum Funding Loan Principal Amount: $[42,911,988]

Dated as of [March] 1, 2021
## TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>ARTICLE I</th>
<th>DEFINITIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 1.01.</td>
<td>Definitions</td>
</tr>
<tr>
<td>Section 1.02.</td>
<td>Interpretation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ARTICLE II</th>
<th>THE FUNDING LOAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 2.01.</td>
<td>Terms</td>
</tr>
<tr>
<td>Section 2.02.</td>
<td>Pledged Security</td>
</tr>
<tr>
<td>Section 2.03.</td>
<td>Limited Obligations</td>
</tr>
<tr>
<td>Section 2.04.</td>
<td>Funding Loan Agreement Constitutes Contract</td>
</tr>
<tr>
<td>Section 2.05.</td>
<td>Form and Execution</td>
</tr>
<tr>
<td>Section 2.06.</td>
<td>Authentication</td>
</tr>
<tr>
<td>Section 2.07.</td>
<td>Mutilated, Lost, Stolen or Destroyed Governmental Notes</td>
</tr>
<tr>
<td>Section 2.08.</td>
<td>Registration: Transfer of Funding Loan; Transferee Representations; No Placement Agent</td>
</tr>
<tr>
<td>Section 2.09.</td>
<td>Funding Loan Closing Conditions; Delivery of Governmental Notes</td>
</tr>
<tr>
<td>Section 2.10.</td>
<td>Establishment of Project Loan Fund; Application of Funding Loan Proceeds and Other Money</td>
</tr>
<tr>
<td>Section 2.11.</td>
<td>Direct Loan Payments to Funding Lender; Disbursement of Fees</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ARTICLE III</th>
<th>PREPAYMENT OF THE FUNDING LOAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 3.01.</td>
<td>Prepayment of the Funding Loan Prior to Maturity</td>
</tr>
<tr>
<td>Section 3.02.</td>
<td>Notice of Prepayment</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ARTICLE IV</th>
<th>REVENUES AND FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 4.01.</td>
<td>Pledge of Revenues and Assets; Establishment of Funds</td>
</tr>
<tr>
<td>Section 4.02.</td>
<td>Project Loan Fund</td>
</tr>
<tr>
<td>Section 4.03.</td>
<td>Application of Revenues</td>
</tr>
<tr>
<td>Section 4.04.</td>
<td>Application of Loan Payment Fund</td>
</tr>
<tr>
<td>Section 4.05.</td>
<td>Application of Loan Prepayment Fund</td>
</tr>
<tr>
<td>Section 4.06.</td>
<td>Administration Fund</td>
</tr>
<tr>
<td>Section 4.07.</td>
<td>[Reserved]</td>
</tr>
<tr>
<td>Section 4.08.</td>
<td>Investment of Funds</td>
</tr>
<tr>
<td>Section 4.09.</td>
<td>[Reserved]</td>
</tr>
<tr>
<td>Section 4.10.</td>
<td>Accounting Records</td>
</tr>
<tr>
<td>Section 4.11.</td>
<td>Amounts Remaining in Funds</td>
</tr>
<tr>
<td>Section 4.12.</td>
<td>Rebate Fund; Compliance With Tax Certificate</td>
</tr>
<tr>
<td>Section 4.13.</td>
<td>Cost of Issuance Fund</td>
</tr>
<tr>
<td>Section 4.14.</td>
<td>Reports From the Fiscal Agent</td>
</tr>
</tbody>
</table>
ARTICLE V
GENERAL COVENANTS AND REPRESENTATIONS

Section 5.01. Payment of Principal and Interest ................................................................. 35
Section 5.02. Performance of Covenants ............................................................................ 36
Section 5.03. Instruments of Further Assurance ................................................................. 36
Section 5.04. Inspection of Project Books ........................................................................... 36
Section 5.05. No Modification of Security; Additional Indebtedness ................................. 37
Section 5.06. Damage, Destruction or Condemnation ......................................................... 37
Section 5.07. Tax Covenants ............................................................................................... 37
Section 5.08. Representations and Warranties of the Governmental Lender ................. 40
Section 5.09. Immunities and Limitations of Responsibility of Governmental Lender .... 41

ARTICLE VI
DEFAULT PROVISIONS AND DEFAULT: REMEDIES OF
FISCAL AGENT AND FUNDING LENDER

Section 6.01. Provisions Regarding Default and Acceleration ............................................ 42
Section 6.02. Effectiveness of Sections 6.02 Through 6.13 at the Direction of
Governmental Lender; Events of Default ........................................................................ 43
Section 6.03. Acceleration; Other Remedies Upon Event of Default .................................. 44
Section 6.04. Funding Lender Representative Control of Proceedings ............................... 45
Section 6.05. Waiver by Governmental Lender ................................................................... 45
Section 6.06. Application of Money After Default ............................................................ 46
Section 6.07. Remedies Not Exclusive ............................................................................... 46
Section 6.08. Fiscal Agent May Enforce Rights Without Governmental Note ................... 46
Section 6.09. Termination of Proceedings .......................................................................... 47
Section 6.10. Waivers of Events of Default ....................................................................... 47
Section 6.11. Interest on Unpaid Amounts and Default Rate for Nonpayment ................... 47
Section 6.12. Assignment of Project Loan; Remedies Under the Project Loan .................. 47
Section 6.13. Substitution .................................................................................................... 48

ARTICLE VII
CONCERNING THE FISCAL AGENT

Section 7.01. Standard of Care ......................................................................................... 48
Section 7.02. Reliance Upon Documents ............................................................................ 49
Section 7.03. Use of Proceeds ........................................................................................... 52
Section 7.04. [Reserved] ..................................................................................................... 52
Section 7.05. Trust Imposed ............................................................................................... 52
Section 7.06. Compensation of Fiscal Agent ...................................................................... 52
Section 7.07. Qualifications of Fiscal Agent ...................................................................... 53
Section 7.08. Merger of Fiscal Agent ................................................................................ 53
Section 7.09. Resignation by the Fiscal Agent ................................................................. 54
Section 7.10. Removal of the Fiscal Agent ........................................................................ 54
Section 7.11. Appointment of Successor Fiscal Agent ...................................................... 54
Section 7.12. Concerning Any Successor Fiscal Agent ...................................................... 55
Section 7.13. Successor Fiscal Agent ................................................................................ 55
Section 7.14. Appointment of Co-Fiscal Agent or Separate Fiscal Agent ....................... 55
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.15</td>
<td>Notice of Certain Events</td>
<td>57</td>
</tr>
<tr>
<td>7.16</td>
<td>[Reserved]</td>
<td>57</td>
</tr>
<tr>
<td>7.17</td>
<td>Filing of Financing Statements</td>
<td>57</td>
</tr>
<tr>
<td>7.18</td>
<td>USA Patriot Act Requirements of the Fiscal Agent</td>
<td>58</td>
</tr>
<tr>
<td></td>
<td><strong>ARTICLE VIII</strong></td>
<td></td>
</tr>
<tr>
<td>8.01</td>
<td>Amendments to This Funding Loan Agreement</td>
<td>58</td>
</tr>
<tr>
<td>8.02</td>
<td>Amendments to Financing Documents Require Consent of Funding Lender Representative</td>
<td>58</td>
</tr>
<tr>
<td>8.03</td>
<td>Opinion of Bond Counsel Required</td>
<td>58</td>
</tr>
<tr>
<td></td>
<td><strong>ARTICLE IX</strong></td>
<td></td>
</tr>
<tr>
<td>9.01</td>
<td>Discharge of Lien</td>
<td>58</td>
</tr>
<tr>
<td>9.02</td>
<td>Discharge of Liability on Funding Loan</td>
<td>60</td>
</tr>
<tr>
<td>9.03</td>
<td>Payment of Funding Loan After Discharge of Funding Loan Agreement</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td><strong>ARTICLE X</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>[INTENTIONALLY OMITTED.]</td>
<td>61</td>
</tr>
<tr>
<td></td>
<td><strong>ARTICLE XI</strong></td>
<td></td>
</tr>
<tr>
<td>11.01</td>
<td>[Reserved]</td>
<td>61</td>
</tr>
<tr>
<td>11.02</td>
<td>Limitation of Rights</td>
<td>61</td>
</tr>
<tr>
<td>11.03</td>
<td>Construction of Conflicts; Severability</td>
<td>61</td>
</tr>
<tr>
<td>11.04</td>
<td>Notices</td>
<td>61</td>
</tr>
<tr>
<td>11.05</td>
<td>Funding Lender Representative</td>
<td>64</td>
</tr>
<tr>
<td>11.06</td>
<td>Payments Due on Non-Business Days</td>
<td>65</td>
</tr>
<tr>
<td>11.07</td>
<td>Counterparts</td>
<td>65</td>
</tr>
<tr>
<td>11.08</td>
<td>Laws Governing Funding Loan Agreement; Venue</td>
<td>65</td>
</tr>
<tr>
<td>11.09</td>
<td>No Recourse</td>
<td>65</td>
</tr>
<tr>
<td>11.10</td>
<td>Successors and Assigns</td>
<td>66</td>
</tr>
<tr>
<td>11.11</td>
<td>Recycling Transactions</td>
<td>66</td>
</tr>
<tr>
<td>11.01.</td>
<td>Compliance with Americans with Disabilities Act</td>
<td>66</td>
</tr>
<tr>
<td></td>
<td><strong>EXHIBITS</strong></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>FORM OF GOVERNMENTAL NOTE</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>FORM OF NOTICE OF APPOINTMENT OF FUNDING LENDER REPRESENTATIVE</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>FORM OF TRANSFEREE REPRESENTATIONS LETTER</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>COSTS OF ISSUANCE REQUISITION</td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>PROJECT LOAN FUND REQUISITION</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>CONSTRUCTION PHASE INTEREST RATE</td>
<td></td>
</tr>
</tbody>
</table>
FUNDING LOAN AGREEMENT

THIS FUNDING LOAN AGREEMENT (this “Funding Loan Agreement”), dated as of [March] 1, 2021, by and among JPMORGAN CHASE BANK, N.A., in its capacity as Initial Funding Lender (the “Initial Funding Lender”), CIT BANK, N.A., in its capacity as Additional Construction Phase Funding Lender (the “Additional Construction Phase Funding Lender”), the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES (the “Governmental Lender”), a public body, corporate and politic, duly organized and existing under the laws of the State of California (the “State”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and operating under the laws of the United States of America, having a corporate trust office in Los Angeles, California, in its capacity as Fiscal Agent (the “Fiscal Agent”). Capitalized terms are defined in Section 1.01 of this Funding Loan Agreement.

RECITALS

A. Pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the “Act”) and the Project Loan Agreement dated as of the date hereof (the “Project Loan Agreement”) by and among the Governmental Lender, the Fiscal Agent and Jordan Downs Phase S2, LP, a limited partnership duly organized and existing under the laws of the State of California (the “Borrower”), the Governmental Lender is agreeing to make a mortgage loan to the Borrower in the maximum aggregate principal amount of $[__________] (the “Project Loan”) to provide for the financing of a 81-unit (including one manager unit) affordable rental housing development located at 2045 E. 101st Street, Los Angeles, CA 90002, and known as Jordan Downs Phase S2 (the “Project”).

B. The Governmental Lender is making the Project Loan to the Borrower with the proceeds received from the separate loan made to the Governmental Lender pursuant to this Funding Loan Agreement in the maximum aggregate principal amount of $[__________] (the “Funding Loan” and together with the Project Loan, the “Loans”). The Funding Loan is evidenced by the tax-exempt Multifamily Housing Revenue Note (Jordan Downs Phase S2) Series 2021A (the “Governmental Note-1”) dated the Closing Date (defined below) in the original principal amount of $[29,030,000] in the form attached hereto as Exhibit A delivered by the Governmental Lender to the Initial Funding Lender and the taxable Multifamily Housing Revenue Note (Jordan Downs Phase S2) Taxable Series 2021B (the “Governmental Note-2”) dated the Closing Date in the original principal amount of $[13,750,000] in the form attached hereto as Exhibit A delivered by the Governmental Lender to the Additional Construction Phase Funding Lender (collectively, the “Governmental Notes”).

C. The Initial Funding Lender and the Additional Construction Phase Funding Lender, pursuant to the terms and subject to the conditions of this Funding Loan Agreement and the Construction Loan Agreement, have agreed to originate and fund the Funding Loan to the Governmental Lender on a draw-down basis, which proceeds of the Funding Loan will be used by the Governmental Lender to fund the Project Loan to the Borrower in corresponding installments pursuant to the Project Loan Agreement. The Initial Funding Lender will administer the Loans during the Construction Phase in accordance with the Co-Lender Agreement and the other Financing Documents.
D. The Borrower has agreed to use the proceeds of the Project Loan to finance the acquisition, development, construction and equipping of the Project and to pay certain closing costs with respect to the Loans.

E. The Borrower’s repayment obligations in respect of the portion of the Project Loan corresponding to Governmental Note-1 will be evidenced by a Promissory Note dated [March ___], 2021, (together with all riders and modifications thereto, the “Project Note-1”) delivered to the Governmental Lender, which Project Note-1 will be endorsed by the Governmental Lender to the Fiscal Agent as security for the Funding Loan. The Borrower’s repayment obligations in respect of the portion of the Project Loan corresponding to Governmental Note-2 will be evidenced by a Promissory Note dated [March ___], 2021 (together with all riders and modifications thereto, the “Project Note-2” and together with Project Note-1, the “Project Notes”) delivered to the Governmental Lender, which Project Note-2 will be endorsed by the Governmental Lender to the Fiscal Agent as security for the Funding Loan.

F. To secure the Borrower’s obligations under the Project Notes, the Borrower will execute and deliver to the Governmental Lender a Construction and Permanent Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing dated as of [March 1], 2021 (the “Security Instrument”) with respect to the Project, which Security Instrument will be assigned by the Governmental Lender to the Fiscal Agent as security for the Funding Loan.

G. The Governmental Lender has determined that all things necessary to incur the Funding Loan and to execute and deliver the Governmental Notes, when executed by the Governmental Lender and authenticated by the Fiscal Agent and issued in accordance with this Funding Loan Agreement, the valid, binding and legal obligation of the Governmental Lender and to constitute this Funding Loan Agreement a valid lien on the properties, interests, revenues and payments herein pledged to the payment of the principal of, premium, if any, and interest on, the Governmental Notes, have been duly taken, and the creation, execution and delivery of this Funding Loan Agreement and the execution and delivery of the Governmental Notes, subject to the terms of this Funding Loan Agreement, have been duly authorized by the Governmental Lender.

H. The Fiscal Agent has the power and authority to enter into this Funding Loan Agreement, including corporate trust powers to accept the trusts hereunder and to accept and assume its other responsibilities hereunder as Fiscal Agent as evidenced by its execution of this Funding Loan Agreement.

NOW, THEREFORE, in consideration of the premises and of the origination and funding of the Funding Loan by the Funding Lender, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. The terms used in this Funding Loan Agreement (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of
this Funding Loan Agreement and of any amendment or supplement hereto shall have the respective meanings specified below. Terms used herein not otherwise defined shall have the respective meanings set forth in the Project Loan Agreement.

“Act” means, Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented.

“Additional Construction Phase Funding Lender” means CIT Bank, N.A., as initial holder of Governmental Note-2.

“Administration Fund” means the Administration Fund established by the Fiscal Agent pursuant to Section 4.01 hereof.

“Advance Request” shall mean a request by the Borrower to the Initial Funding Lender and the Additional Construction Phase Funding Lender that either or both of the Initial Funding Lender and the Additional Construction Phase Funding Lender disburse proceeds of the Funding Loan to the Fiscal Agent or to the Borrower as provided in Section 2.01(b), which request shall be in the form prescribed by the Construction Loan Agreement, which form shall contain a provision, for the benefit of the Fiscal Agent, providing for the amount of the Funding Loan to be disbursed by each of the Initial Funding Lender and the Additional Construction Phase Funding Lender. As provided in Section 2.01(b) hereof, all draws on the Funding Loan shall be made first on the portion of the Funding Loan evidenced by the Governmental Note-1 until the maximum principal amount of such Governmental Note has been fully drawn, then draws shall be made on the portion of the Funding Loan evidenced by the Governmental Note-2.

“Advance Termination Date” means the earliest to occur of (i) the date when the sum of the aggregate advances of the Funding Loan made by the Initial Funding Lender and the Additional Construction Phase Funding Lender equals the Authorized Amount, (ii) the end of the third full calendar year following the Delivery Date, (iii) the Conversion Date, (iv) the date of a Determination of Taxability or (v) the occurrence of an Event of Default hereunder.

“Affiliate” shall mean, as to any Person, any other Person that, directly or indirectly, is in Control of, is Controlled by or is under common Control with such Person.

“Assignment” means the Assignment of Deed of Trust dated as of the date hereof by the Governmental Lender assigning its interest in the Security Instrument and certain other Project Loan Documents to the Fiscal Agent.

“Authorized Amount” shall mean $42,911,988, the maximum principal amount of the Funding Loan authorized under this Funding Loan Agreement.

“Authorized Officer” means (a) when used with respect to the Governmental Lender, the President and Chief Executive Officer and Chief Administrative Officer of the Governmental Lender, and any other person at the time designated to act on behalf of the Governmental Lender as evidenced by a written certificate furnished to the Funding Lender Representative, the Fiscal Agent and the Borrower containing the specimen signature of such person and signed on behalf of the Governmental Lender by an Authorized Officer of the Governmental Lender, (b) when used
with respect to the Borrower, any general partner of the Borrower and such additional Person or Persons, if any, duly designated by the Borrower in writing to act on its behalf, (c) when used with respect to the Fiscal Agent, any authorized signatory of the Fiscal Agent, or any Person who is authorized in writing to take the action in question on behalf of the Fiscal Agent and (d) when used with respect to the Funding Lender Representative, any Person who is authorized in writing to take the action in question on behalf of the Funding Lender Representative.


“Bond Counsel” means (a) on the Delivery Date, Kutak Rock LLP, or (b) any other firm of attorneys selected by the Governmental Lender that is experienced in matters relating to the issuance of obligations by states and their political subdivisions that is listed as municipal bond attorneys in The Bond Buyer’s Municipal Marketplace and is acceptable to the Funding Lender Representative.

“Borrower” means Jordan Downs Phase S2, LP, a limited partnership duly organized and existing under the laws of the State of California, or any of its permitted successors or assigns, as owner of the Project.

“Borrower Equity Account” means the Borrower Equity Account of the Project Loan Fund established by the Fiscal Agent pursuant to Section 2.10 hereof.

“Borrower Equity Deposit” means $[24,041,806], which shall be comprised of sources other than the proceeds of the Project Loan.

“Business Day” means any day other than (a) a Saturday or a Sunday, or (b) a day on which (i) banking institutions in the City of New York or in the city in which the Principal Office of the Fiscal Agent is located are authorized or obligated by law or executive order to be closed or (ii) the New York Stock Exchange is closed.

“Certificate of the Governmental Lender” and “Request of the Governmental Lender” mean, respectively, a written certificate or request signed in the name of the Governmental Lender by an Authorized Officer of the Governmental Lender or such other Person as may be designated and authorized to sign for the Governmental Lender. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

“Closing Date” means [March __], 2021.


“Conditions to Conversion” means the conditions required to achieve the Conversion Date as defined and set forth in the Construction Loan Agreement.
“Construction Loan Agreement” means the Construction and Permanent Loan Agreement dated as of [March] 1, 2021 by and among the Borrower, the Initial Funding Lender and the Additional Construction Phase Funding Lender.

“Construction Loan Documents” means the Construction Loan Agreement, and all other documents to be executed and delivered by Borrower to the Initial Funding Lender and the Additional Construction Phase Funding Lender in connection with the Project.

“Construction Phase” means the construction phase of the Project Loan, which time period shall commence on the Closing Date and remain in effect to, but not including, the Conversion Date.

“Construction Phase Interest Rate” has the meaning set forth on Exhibit F.

“Control” shall mean, with respect to any Person, either (i) ownership directly or through other entities of more than 50% of all beneficial equity interest in such Person, or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, by contract or otherwise.

“Conversion” means conversion of the Project Loan from the Construction Phase to the Permanent Phase on the Conversion Date.

“Conversion Date” means the date the Conditions to Conversion are fully satisfied or waived by the Initial Funding Lender.

“Conversion Deadline” means, [April __, 202[3], as such date may be extended pursuant to the Project Notes.

“Cost,” “Costs” or “Costs of the Project” means costs paid with respect to the Project that (i) are properly chargeable to capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general federal income tax principles and in accordance with United States Treasury Regulations Section 1.103-8(a)(1), (ii) are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) are paid after the earlier of (A) 60 days prior to the date of a resolution of the Governmental Lender to reimburse costs of the Project with proceeds of the Loans or (B) the Delivery Date, and (iv) if the Costs of the Project were previously paid and are to be reimbursed with proceeds of the Loans such costs were (A) Costs of Issuance of the Governmental Note-1, (B) preliminary capital expenditures (within the meaning of United States Treasury Regulations Section 1.150-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of acquisition or rehabilitation of the Project that do not exceed 20% of the issue price of the Governmental Note-1 (as defined in United States Treasury Regulations Section 1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than 18 months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three years after the expenditure is paid); provided however, that if any portion of the Project is being constructed or developed by the Borrower or an affiliate (whether as a developer, a general contractor or a subcontractor), “Cost,” “Costs” or “Costs of the Project” shall include only (a) the actual out-of-pocket costs incurred by the Borrower or such affiliate in developing or constructing
the Project (or any portion thereof), (b) any reasonable fees for supervisory services actually
rendered by the Borrower or such affiliate (but excluding any profit component) and (c) any
overhead expenses incurred by the Borrower or such affiliate which are directly attributable to the
work performed on the Project, and shall not include, for example, intercompany profits resulting
from members of an affiliated group (within the meaning of Section 1504 of the Code)
participating in the acquisition, rehabilitation or development of the Project or payments received
by such affiliate due to early completion of the Project (or any portion thereof).

“Cost of Issuance Fund” means the Cost of Issuance Fund established by the Fiscal Agent
pursuant to Section 4.01 hereof.

“Costs of Issuance” means, as applicable, (i) the fees (excluding ongoing fees), costs and
expenses of (a) the Governmental Lender, the Governmental Lender’s counsel and the
Governmental Lender’s financial advisor, (b) Bond Counsel, (c) the Fiscal Agent and the Fiscal
Agent’s counsel, (d) the Initial Funding Lender, the Additional Construction Phase Funding
Lender, the Initial Funding Lender’s counsel and the Additional Construction Phase Funding
Lender’s counsel and (e) the Borrower’s counsel attributable to the funding of the Loans and the
Borrower’s financial advisor, if any, and (ii) all other fees, costs and expenses directly associated
with the Funding Loan and the Project Loan, including, without limitation, printing costs, costs of
reproducing documents, filing and recording fees.

“Costs of Issuance Deposit” means the deposit to be made by the Borrower with the Fiscal
Agent on the Delivery Date, which deposit shall equal $[14,000] and shall be comprised of sources
other than the proceeds of the Project Loan.

“Default Rate” means the lower of (i) (a) during the Construction Phase, the Default
Rate - Construction Phase or (b) during the Permanent Phase, the Default Rate - Permanent Phase,
or (ii) the Maximum Rate.

“Default Rate - Construction Phase” means the Construction Phase Interest Rate otherwise
in effect notwithstanding the default plus (a) 3% per annum for Governmental Note-1, or (b) 5%
per annum for Governmental Note-2.

“Default Rate - Permanent Phase” means the Permanent Phase Interest Rate otherwise in
effect notwithstanding the default plus 4% per annum.

“Delivery Date” means [March ___], 2021, the date of funding of the initial advance of the
Funding Loan and the delivery of the Governmental Notes.

“Determination of Taxability” shall mean, (a) a determination by the Commissioner or any
District Director of the Internal Revenue Service, (b) a private ruling or Technical Advice
Memorandum issued by the National Office of the Internal Revenue Service in which
Governmental Lender and Borrower were afforded the opportunity to participate, (c) a
determination by any court of competent jurisdiction, (d) the enactment of legislation or (e) receipt
by Fiscal Agent or Funding Lender Representative, at the request of Governmental Lender,
Borrower, Fiscal Agent or Funding Lender Representative, of an opinion of Bond Counsel, in each
case to the effect that the interest on the Governmental Note-1 is includable in gross income for
federal income tax purposes of the Funding Lender or any former Funding Lender other than a
Funding Lender who is a “substantial user” of the Project or a “related person” (as such terms are defined in Section 147(a) of the Code); provided, however, that no such Determination of Taxability under clause (a) or (c) shall be deemed to have occurred if the Governmental Lender (at the sole expense of the Borrower) or the Borrower is contesting such determination, has elected to contest such determination in good faith and is proceeding with all applicable dispatch to prosecute such contest until the earliest of (i) a final determination from which no appeal may be taken with respect to such determination, (ii) abandonment of such appeal by the Governmental Lender or the Borrower, as the case may be, or (iii) one year from the date of initial determination.

“Electronic Notice” means delivery of notice in a Word format or a Portable Document Format (PDF) by electronic mail to the electronic mail addresses listed in Section 11.04 hereof; provided, that if a sender receives notice that the electronic mail is undeliverable, notice must be sent as otherwise required by Section 11.04 hereof.

“Event of Default” or “event of default” means any of those events specified in and defined by the applicable provisions of Article VI hereof to constitute an event of default.

“Extraordinary Fiscal Agent’s Fees and Expenses” means all those fees, expenses and reimbursements earned or incurred by the Fiscal Agent as described under Section 7.06 hereof during any Rebate Year for Extraordinary Services, as set forth in a detailed invoice to the Borrower and the Funding Lender Representative.

“Extraordinary Services” means and includes, but not by way of limitation, services, actions and things carried out and all expenses incurred by the Fiscal Agent, in respect of or to prevent default under this Funding Loan Agreement or the Project Loan Documents, including any reasonable attorneys’ or agents’ fees and expenses and other litigation costs that are entitled to reimbursement under the terms of the Project Loan Agreement, and other actions taken and carried out by the Fiscal Agent which are not expressly set forth in this Funding Loan Agreement or the Project Loan Documents.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (c) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (d) any commingled investment fund in which the Governmental Lender and related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of investment.

“Fee Component” has the meaning set forth in the Project Loan Agreement.
“Financing Documents” means, collectively, this Funding Loan Agreement, the Governmental Notes, the Tax Certificate, the Project Loan Documents, the Construction Loan Documents (during the Construction Phase) and all other documents or instruments evidencing, securing or relating to the Loans.

“Fiscal Agent” means U.S. Bank National Association, as fiscal agent, and its successors hereunder and any successor fiscal agent or co fiscal agent appointed under this Funding Loan Agreement.

“Funding Lender” means any Person who is the holder of a Governmental Note.

“Funding Lender Representative” means the Funding Lender or any Person designated by the Funding Lender to act on behalf of the Funding Lender as provided in Section 11.05, or an assignee of such Person as provided in Section 11.05. The initial Funding Lender Representative shall be the Initial Funding Lender.

“Funding Loan” means the loan in the maximum aggregate principal amount of $42,911,988 made to the Governmental Lender pursuant to this Funding Loan Agreement by the Initial Funding Lender and the Additional Construction Phase Funding Lender.

“Funding Loan Amortization Schedule” means the Funding Loan Amortization Schedule attached as Schedule 1 to the Governmental Note-1.

“Government Note-1 Subaccount” means the Government Note-1 Subaccount of the Project Account of the Project Loan Fund established by the Fiscal Agent pursuant to Section 2.10 hereof, relating to and for certain proceeds of Governmental Note-1.

“Government Note-2 Subaccount” means the Government Note-2 Subaccount of the Project Account of the Project Loan Fund established by the Fiscal Agent pursuant to Section 2.10 hereof, relating to and for certain proceeds of Governmental Note-2.

“Governmental Lender” means 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, and any successor under this Funding Loan Agreement and the Financing Documents.

“Governmental Note-1” means that certain tax-exempt Multifamily Housing Revenue Note (Jordan Downs Phase S2) Series 2021A, dated the Delivery Date, executed by the Governmental Lender and authenticated by the Fiscal Agent in favor of the Initial Funding Lender, in the form attached hereto as Exhibit A, as the same may be amended, restated, supplemented or otherwise modified from time to time, or any mortgage note executed in substitution therefor, as such substitute note may be amended, restated, supplemented or otherwise modified from time to time.

“Governmental Note-2” means that certain taxable Multifamily Housing Revenue Note (Jordan Downs Phase S2) Taxable Series 2021B, dated the Delivery Date, executed by the Governmental Lender and authenticated by the Fiscal Agent in favor of the Additional Construction Phase Funding Lender, in the form attached hereto as Exhibit A, as the same may be amended, restated, supplemented or otherwise modified from time to time, or any mortgage note
executed in substitution therefor, as such substitute note may be amended, restated, supplemented or otherwise modified from time to time.

“Governmental Notes” means, collectively, the Governmental Note-1 and the Governmental Note-2.

“Government Obligations” means investments meeting the requirements of clause (a) or (b) of the definition of “Qualified Investments” herein.

“Ineligible Purchaser” shall mean a party who is not in compliance with City of Los Angeles loan repayments, Housing Authority of the City of Los Angeles loan repayments, regulatory agreements in the Housing Authority of the City of Los Angeles or other bond transactions, is debarred by the United States Department of Housing and Urban Development, has unacceptable financial statements in the Governmental Lender’s sole judgment, has unpaid property taxes, lapsed insurance or outstanding cited habitability violations, owns or operates a property that is part of any of the City of Los Angeles’ compliance monitoring programs due to unabated habitability violations (i.e., REAP), or has been convicted of criminal violations relating to the ownership or operation of multifamily housing in the City of Los Angeles.

“Initial Debt Service Deposit” means an amount equal to the sum of (i) the interest payable on the Funding Loan, and (ii) the ongoing fees payable with respect to the Project Loan as provided in Section 4.02 of the Project Loan Agreement), in each case for the period commencing on the Delivery Date to but not including the first day of the calendar month immediately succeeding the Delivery Date.

“Initial Funding Lender” means JPMorgan Chase Bank, N.A., as initial holder of Governmental Note-1.

“Interest Payment Date” means (i) the [first] day of each calendar month, commencing [______], 2021, (ii) the date of any prepayment of the Funding Loan, but only with respect to the portion of the Funding Loan subject to prepayment, and (iii) the Maturity Date.

“Investment Income” means the earnings and profits derived from the investment of money pursuant to Section 4.08 hereof.

“Investor Partner” means Berkadia Jordan Downs Phase S2 Investor LP, a Delaware limited partnership and its permitted successors and assigns, the limited partner of the Borrower.

“Loan Payment Fund” means the Loan Payment Fund established by the Fiscal Agent pursuant to Section 4.01 hereof.

“Loan Prepayment Fund” means the Loan Prepayment Fund established by the Fiscal Agent pursuant to Section 4.01 hereof.

“Loans” means, together, the Project Loan and the Funding Loan.

“Maturity Date” means the maturity date of the Funding Loan set forth in Section 2.01(e) hereof.
“Maximum Rate” means the lesser of (i) 12% per annum and (ii) the maximum interest rate that may be paid on the Funding Loan under State law.

“Moody’s” means Moody’s Investors Service, Inc., its successors and assigns, if such successors and assigns continue to perform the services of a securities rating agency.

“Net Proceeds” when used with respect to any insurance or condemnation award, means the proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all reasonable expenses incurred in the collection of such insurance proceeds or condemnation award, including reasonable attorneys’ fees.

“Notes” means, together, the Project Notes and the Governmental Notes.

“Notice of Conversion” means a written notice to be delivered not less than 10 days prior to the Conversion Date by the Initial Funding Lender to the Governmental Lender, the Fiscal Agent and the Borrower (i) stating that the Conditions to Conversion have been satisfied on or before the Conversion Deadline or, if any Condition to Conversion has not been satisfied on or before the Conversion Deadline, stating that such Condition to Conversion has been waived in writing by the Initial Funding Lender (if a waiver is permitted and is granted by Initial Funding Lender, in its sole and absolute discretion) on or before the Conversion Deadline, (ii) confirming the Conversion Date and (iii) providing for updated amortization schedules for the Project Note-1 and the Governmental Note-1 in the event the Borrower makes a Pre-Conversion Loan Equalization Payment at Conversion.

“Ongoing Governmental Lender Fee” shall mean the ongoing “Authority Fee” as defined in the Tax Regulatory Agreement.

“Ordinary Fiscal Agent’s Fees and Expenses” means the annual administration fee for the Fiscal Agent’s ordinary fees and expenses in rendering its services under this Funding Loan Agreement during each twelve month period, which fee is equal to (and shall not exceed) $3,100 per outstanding series of Governmental Note and shall be payable annually in advance on each anniversary of the Delivery Date.

“Permanent Phase” means the permanent phase of the Project Loan, which time period shall commence on the Conversion Date and remain in effect through the remaining term of the Project Loan.

“Permanent Phase Interest Rate” means, during the Permanent Phase, the fixed interest rate of [_____]% per annum; provided during the continuance of any Event of Default hereunder, the Permanent Phase Interest Rate shall be the Default Rate, in each case computed on the basis of a 360-day year and the actual number of days elapsed.

“Person” means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated association, a limited liability company or a government or any agency or political subdivision thereof, or any other organization or entity (whether governmental or private).

“Pledged Security” shall have the meaning given to that term in Section 2.02 hereof.
“Pre-Conversion Loan Equalization Payment” means a prepayment of the Project Loan by the Borrower (and corresponding prepayment of the Funding Loan hereunder) prior to the Conversion Deadline in order to equalize the principal amount of the Project Loan and the Funding Loan to the permanent phase loan amount confirmed by Initial Funding Lender.

“Prepayment Premium” shall mean any premium payable hereunder in connection with a prepayment of the Funding Loan, which premium shall be in an amount equal to (i) during the Construction Phase, the amount of premium, if any, payable by the Borrower under Section 5 of the Project Notes, and (ii) during the Permanent Phase, the amount of premium payable by the Borrower under Section 10 of the Project Note-1, in each case in connection with a prepayment of the Project Loan.

“Principal Office of the Fiscal Agent” means the office of the Fiscal Agent referenced in Section 11.04(a) hereof, or such other office or offices as the Fiscal Agent may designate in writing from time to time, or the office of any successor Fiscal Agent where it principally conducts its business of serving as Fiscal Agent under indentures pursuant to which municipal or governmental obligations are issued.

“Project” means, collectively, the land and residential rental apartment units, and related fixtures, equipment, furnishings and site improvements known as Jordan Downs Phase S2, located at 2045 E. 101st Street, Los Angeles, CA 90002, including the real estate described in the Security Instrument.

“Project Account” means the Project Account of the Project Loan Fund established by the Fiscal Agent pursuant to Section 2.10 hereof.

“Project Loan” means the loan made by the Governmental Lender to the Borrower pursuant to the Project Loan Agreement in the maximum aggregate principal amount of $[42,911,988], as evidenced by the Project Notes.

“Project Loan Agreement” means the Project Loan Agreement dated as of the date hereof among the Borrower, the Governmental Lender and the Fiscal Agent, as amended, supplemented or restated from time to time.

“Project Loan Documents” means the Security Instrument, the Project Notes, the Project Loan Agreement, the Tax Regulatory Agreement, the Assignment, the Construction Loan Agreement, any Subordination Agreement(s) and any and all other instruments and other documents evidencing, securing, or otherwise relating to the Project Loan or any portion thereof.

“Project Loan Fund” means the Project Loan Fund established by the Fiscal Agent pursuant to Section 2.10 hereof.

“Project Note-1” means the multifamily note dated the Delivery Date from the Borrower, including all riders and addenda thereto, evidencing the Borrower’s obligation to repay the portion of the Project Loan corresponding to Governmental Note-1, which Project Note-1 will be delivered to the Governmental Lender and endorsed by the Governmental Lender to the Fiscal Agent as security for the Funding Loan, as the same may be amended, restated, supplemented or otherwise
modified from time to time, or any note executed in substitution therefor, and as such substitute note may be amended, restated, supplemented or otherwise modified from time to time.

“Project Note-2” means the multifamily note dated the Delivery Date from the Borrower, including all riders and addenda thereto, evidencing the Borrower’s obligation to repay the portion of the Project Loan corresponding to Governmental Note-2, which Project Note-2 will be delivered to the Governmental Lender and endorsed by the Governmental Lender to the Fiscal Agent as security for the Funding Loan, as the same may be further amended, restated, supplemented or otherwise modified from time to time, or any note executed in substitution therefor, and as such substitute note may be amended, restated, supplemented or otherwise modified from time to time.

“Project Notes” means, collectively, the Project Note-1 and the Project Note-2.

“Qualified Investments” means any of the following if and to the extent permitted by law: (a) direct and general obligations of the United States of America; (b) obligations of any agency or instrumentality of the United States of America the payment of the principal of and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America; (c) senior debt obligations of Freddie Mac; (d) senior debt obligations of Fannie Mae; (e) demand deposits or time deposits with, or certificates of deposit issued by, the Fiscal Agent or its affiliates or any bank organized under the laws of the United States of America or any state or the District of Columbia which has combined capital, surplus and undivided profits of not less than $50,000,000; provided that the Fiscal Agent or such other institution has been rated at least “VMIG-1”/“A-1+” by Moody’s or S&P which deposits or certificates are fully insured by the Federal Deposit Insurance Corporation or collateralized pursuant to the requirements of the Office of the Comptroller of the Currency; (f) investment agreements with a bank or any insurance company or other financial institution which has a rating assigned by Moody’s or S&P to its outstanding long-term unsecured debt which is the highest rating (as defined below) for long-term unsecured debt obligations assigned by Moody’s or S&P, and which are approved by the Funding Lender Representative; (g) shares or units in any money market mutual fund rated “Aaa”/“AAA” by Moody’s or S&P or (or if a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security) (including mutual funds of the Fiscal Agent or its affiliates or for which the Fiscal Agent or an affiliate thereof serves as investment advisor or provides other services to such mutual fund receives reasonable compensation therefor) registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of (A) direct obligations of the government of the United States of America, or (B) tax exempt obligations; (h) (i) tax-exempt obligations rated in the highest short term rating category by Moody’s or S&P, or (ii) shares of a tax-exempt municipal money market mutual fund or other collective investment fund registered under the federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933, having assets of at least $100,000,000, and having a rating of “Aaa”/“AAA” by Moody’s or S&P (or if a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security), for which at least 95% of the income paid to the holders on interest in such money market fund will be excludable from gross income under Section 103 of the Code, including money market funds for which the Fiscal Agent or its affiliates receive a fee for investment advisory or other services to the fund; or (i) any other investments approved in writing by the Funding Lender Representative. For purposes of this definition, the “highest rating” shall mean a rating of at least “VMIG-1”/“A-1+” for obligations with less than one year maturity; at
least “Aaa”/“VMIG-1”/“AAA”/“A-1+” for obligations with a maturity of one year or greater but less than three years; and at least “Aaa”/“AAA” for obligations with a maturity of three years or greater. Qualified Investments must be limited to instruments that have a predetermined fixed-dollar amount of principal due at maturity that cannot vary or change and interest, if tied to an index, shall be tied to a single interest rate index plus a single fixed spread, if any, and move proportionately with such index.

“Qualified Transferee” means (a) a “qualified institutional buyer” (“QIB”) as defined in Rule 144A promulgated under the Securities Act or (b) an investor described in Sections (a)(1), (2), (3) or (8) (to the extent all equity owners are investors described in such Sections (a)(1), (2) or (3)) of Rule 501 promulgated under the Securities Act.

“Rating Agency” means Moody’s or S&P, as applicable, or any successor rating service thereof.

“Rebate Analyst” means a certified public accountant, financial analyst or bond counsel, or any firm of the foregoing, or financial institution (which may include the Fiscal Agent) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code, selected and retained by the Borrower at the expense of the Borrower, with the prior written consent of the Governmental Lender, to make the rebate computations required under this Funding Loan Agreement and the Project Loan Agreement.

“Rebate Fund” means the Rebate Fund established by the Fiscal Agent pursuant to Section 4.01 hereof.

“Rebate Year” means each one-year period that ends at the close of business on the day in the calendar year that is selected by Borrower as indicated in the Tax Certificate. The first and last Rebate Years may be short periods. If no day is selected by Borrower before the earlier of the latest Maturity Date or the date that is five years after the Delivery Date, each Rebate Year ends on each anniversary of the Delivery Date and on the latest Maturity Date or date of earlier payment in full of the Governmental Notes.

“Requisition” means, with respect to the Project Loan Fund, the requisition in the form of Exhibit E to this Funding Loan Agreement required to be submitted in connection with disbursements from the Project Account and/or the Borrower Equity Account of the Project Loan Fund, and with respect to the Cost of Issuance Fund, the requisition in the form of Exhibit D to this Funding Loan Agreement required to be submitted in connection with disbursements from the Cost of Issuance Fund.

“Resolution” means the resolutions adopted by the Governmental Lender authorizing the Funding Loan, the Project Loan and the execution and delivery of the Financing Documents to which it is a party.

“Responsible Officer” means any officer of the Fiscal Agent employed within or otherwise having regular responsibility in connection with the corporate trust department of the Fiscal Agent and the trusts created hereunder.
“Revenue Fund” means the Revenue Fund established by the Fiscal Agent pursuant to Section 4.01 hereof.

“Revenues” means (a) all payments made with respect to the Project Loan pursuant to the Project Loan Agreement, the Project Notes or the Security Instrument, including but not limited to all casualty or other insurance benefits and condemnation awards paid in connection therewith and all payments obtained through the exercise of remedies under the Financing Documents, and (b) all money and securities held by the Fiscal Agent in the funds and accounts established pursuant to this Funding Loan Agreement (excluding money or securities designated for deposit into and held in the Cost of Issuance Fund, the Administration Fund and the Rebate Fund), together with all investment earnings thereon.


“Security Instrument” means the Construction and Permanent Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing dated as of [March] 1, 2021, by the Borrower, granting a first priority mortgage and security interest in the Project to the Governmental Lender to secure the repayment of the Project Loan and related obligations, which Security Instrument has been assigned by the Governmental Lender to the Fiscal Agent pursuant to the Assignment as security for the Funding Loan, as the same may be further amended, supplemented or restated.

“S&P” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and its successors and assigns, if such successors and assigns continue to perform the services of a securities rating agency.

“State” means the State of California.

“Subordination Agreement” means any subordination or intercreditor agreement(s) entered into with respect to any subordinate financing related to the Project, as the same may be amended, supplemented or restated.

“Tax Certificate” means, collectively, the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code, executed by the Governmental Lender and the Borrower on the Delivery Date and the Borrower Cost Certificate executed by the Borrower on the Delivery Date.

“Tax Regulatory Agreement” means the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of the date hereof, among the Governmental Lender, the Fiscal Agent and the Borrower.

“Title Company” means Steward Title Guaranty Company.

“Transferee Representations Letter” has the meaning set forth in Section 2.08 hereof. A form of the Transferee Representations Letter is attached hereto as Exhibit C.

“Unassigned Rights” means all of the rights of the Governmental Lender and its officials, officers, commissioners, directors, employees, agents, attorneys, accountants, advisors,
consultants, servants and the members of the governing board of the Governmental Lender, past, present and future and its agents and consultants under the Financing Documents and the Tax Regulatory Agreement (a) to reimbursement and payment of its fees, costs and expenses under the Project Loan Agreement and the Tax Regulatory Agreement, (b) to have access to the Project, (c) to indemnification under the Project Loan Agreement and the Tax Regulatory Agreement, (d) to attorneys’ fees and other fees and expenses incurred by Governmental Lender under the Project Loan Agreement and the Tax Regulatory Agreement, (e) to receive notices, reports and other statements and its rights to consent to certain matters, including but not limited to its right to consent to amendments to this Funding Loan Agreement, the Project Loan Agreement and the Tax Regulatory Agreement, and otherwise as provided in this Funding Loan Agreement and the Project Loan Agreement, (f) to seek performance by the Borrower of its obligations under the Tax Certificate or the Tax Regulatory Agreement, and (g) to seek specific performance of, and enforce, various tax covenants as described in Section 2.05 of the Project Loan Agreement, subject in any event to the provisions of Section 7.06 of the Project Loan Agreement.

“Window Period” means the three-consecutive-month period prior to the Maturity Date.

Section 1.02. Interpretation. The words “hereof,” “herein,” “hereunder,” and other words of similar import refer to this Funding Loan Agreement as a whole and not to any particular Article, Section or other subdivision. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time. References to Articles, Sections, and other subdivisions of this Funding Loan Agreement are to the designated Articles, Sections and other subdivisions of this Funding Loan Agreement as originally executed. The headings of this Funding Loan Agreement are for convenience only and shall not define or limit the provisions hereof.

ARTICLE II

THE FUNDING LOAN

Section 2.01. Terms.

(a) The total principal amount of the Funding Loan is hereby expressly limited to the Authorized Amount. The Funding Loan shall be originated and funded by the Initial Funding Lender and the Additional Construction Phase Funding Lender to the Governmental Lender in accordance with Section 2.01(b) below. The proceeds of the Funding Loan shall be deposited with Fiscal Agent and disbursed in accordance with this Funding Loan Agreement. The Funding Loan shall be evidenced by the Governmental Notes and shall bear interest and be paid in accordance with the payment terms set forth in the Governmental Notes and this Funding Loan Agreement.

(b) The Funding Loan shall be originated by the Initial Funding Lender and the Additional Construction Phase Funding Lender on a draw-down basis. Subject to the provisions of Section 2.11 hereof permitting the Funding Lenders, prior to the Conversion
Date, to make advances of the Funding Loan directly to themselves for the payment of interest on the Funding Loan, and the next succeeding sentence of this paragraph, the proceeds of the Funding Loan shall be advanced by the Initial Funding Lender and the Additional Construction Phase Funding Lender, severally, but not jointly, in installments, directly to the Fiscal Agent for deposit to the Government Note-1 Subaccount or Government Note-2 Subaccount of the Project Account, as applicable, upon receipt of an Advance Request and the satisfaction of the conditions to such advance set forth in the Construction Loan Agreement and the form of requisition attached as Exhibit E hereto. All draws on the Funding Loan shall be deemed to be made first on the portion thereof evidenced by the Governmental Note-1 then, upon the drawing of the maximum principal amount thereof (less amounts held as retention or for the purpose of interest due on the Project Note-1), such draws shall be deemed to be made on the portion of the Funding Loan evidenced by the Governmental Note-2. Upon the advancement of the proceeds of the Funding Loan in accordance with the terms hereof, the principal amount of the Governmental Note under which such advancement is made shall be deemed to be increased automatically, and without further acts on the part of the Governmental Lender or the Fiscal Agent, in an amount equal to the amount so advanced. Fiscal Agent shall not advance funds pursuant to a Requisition unless and until Fiscal Agent has received from the Initial Funding Lender and the Additional Construction Phase Funding Lender, as the case may be, all amounts required to be advanced pursuant to the executed Requisition. The initial installment of the Funding Loan shall be in the amount of $[_______] which amount shall be advanced by the Initial Funding Lender, and deposited in the [Government Note-1 Subaccount of the] Project Loan Fund on the Delivery Date for application as provided in Section 2.10. Notwithstanding anything in this Funding Loan Agreement to the contrary, no additional amounts of the Funding Loan may be drawn down and funded hereunder after the Advance Termination Date. Any extension of the Advance Termination Date shall be subject to the receipt by the Fiscal Agent of (i) the prior written consent of the Initial Funding Lender and the Additional Construction Phase Funding Lender and (ii) an opinion of Bond Counsel (which shall also be addressed to the Funding Lender Representative) to the effect that such extension will not adversely affect the exclusion of interest on Governmental Note-1 from gross income for federal income tax purposes.

Notwithstanding the preceding paragraph, during the Construction Phase the Funding Lenders hereby elect that the Borrower will make all repayments and prepayments of the Project Loan directly to the applicable Funding Lender (which direct repayments and prepayments shall also constitute corresponding repayments and prepayments of the Project Loan) with written notice thereof to the Fiscal Agent. Such election may be changed during the Construction Phase by providing at least 30 days’ written notice to the Borrower, the Fiscal Agent and the Issuer. Accordingly, unless a different election is made by the Funding Lenders, during the Construction Phase, all repayments of the Project Loan (and corresponding payments of the Funding Loan) shall be made directly to the applicable Funding Lender, without first sending such repayments to the Fiscal Agent, in each case with concurrent written notice of all advances and repayments provided to the Fiscal Agent by the applicable Funding Lender.
(c) The Fiscal Agent shall maintain in its books a log which shall reflect the principal amount of the Funding Loan advanced by the Initial Funding Lender and the Additional Construction Phase Funding Lender from time to time. Funding Lender shall maintain in its books a log which shall reflect the principal amount of the Funding Loan advanced by such Funding Lender from time to time. The logs maintained by the Fiscal Agent and the Funding Lenders, as applicable, shall together constitute the definitive record of the advances on the Funding Loan (the “Record of Advances”). The principal amount due on each Governmental Note shall be only such amount as has been advanced by the Initial Funding Lender and the Additional Construction Phase Funding Lender as reflected in the Record of Advances and not otherwise prepaid pursuant to the terms of this Funding Loan Agreement. The records maintained by the Fiscal Agent and the Funding Lenders in such regard will be conclusive evidence of the principal amount of the Funding Loan (absent manifest error). The Fiscal Agent shall notify the Governmental Lender and the Borrower if any advance of the proceeds of the Funding Loan is not made by a Funding Lender when due hereunder.

(d) The Funding Loan shall bear interest payable on each Interest Payment Date at (i) the Construction Phase Interest Rate during the Construction Phase and (ii) the Permanent Phase Interest Rate during the Permanent Phase. Interest shall accrue on the principal amount of the Funding Loan which has been advanced hereunder and is outstanding as reflected on the Record of Advances.

(e) The portion of the Funding Loan evidenced by Governmental Note-1 shall mature on [_______] 1, 20[____], subject to scheduled monthly principal payments, and to optional and mandatory prepayment prior to maturity as provided in Article III hereof. The portion of the Funding Loan evidenced by the Governmental Note-2 shall mature on [_______] 1, 20[____], subject to optional and mandatory prepayment prior to maturity as provided in Article III hereof. The unpaid principal balance of the Funding Loan shall be paid on the dates and in the amounts set forth on the initial Funding Loan Amortization Schedule provided on the Delivery Date and attached as Schedule 1 to the Governmental Note-1 delivered to the Initial Funding Lender. Additionally, in the event the outstanding amount of the Funding Loan on the Conversion Date is greater or less than the starting principal amount set forth in the initial Funding Loan Amortization Schedule, a new Funding Loan Amortization Schedule will be generated on the Conversion Date at such greater or lesser outstanding principal amount based on the parameters set forth in the Construction Loan Agreement. In the event the initial Funding Loan Amortization Schedule is modified in accordance with this Section 2.01(e), a replacement Funding Loan Amortization Schedule will be provided by the Initial Funding Lender which will be attached to the Governmental Note-1 delivered to the Initial Funding Lender on the Conversion Date. All unpaid principal and all accrued and unpaid interest outstanding under the Funding Loan shall be due and payable on the Maturity Date.

(f) Payment of principal of, premium, if any, and interest on the Funding Loan shall be paid by wire transfer in immediately available funds to an account within the United States of America designated by such Funding Lender (unless otherwise directed by the Funding Lender).
Subject to Section 2.11 hereof, on or before the date fixed for payment, money shall be deposited with the Fiscal Agent to pay, and the Fiscal Agent is hereby authorized and directed to apply such money to the payment of, the Funding Loan, together with accrued interest thereon to the date of payment.

In no contingency or event whatsoever shall the aggregate of all amounts deemed interest hereunder and charged or collected pursuant to the terms of this Funding Loan Agreement exceed the Maximum Rate. In the event that such court determines the Funding Lender has charged or received interest hereunder in excess of the highest applicable rate, the Funding Lender shall apply, in its sole discretion, and set off such excess interest received by the Funding Lender against other obligations due or to become due under the Financing Documents and such rate shall automatically be reduced to the Maximum Rate.

Section 2.02. Pledged Security. To secure the payment of the principal of, premium, if any, and interest on the Funding Loan according to its tenor and effect, and the performance and observance by the Governmental Lender of all the covenants expressed or implied herein and in the Governmental Notes, and the payment and performance of all amounts and obligations under the Construction Loan Agreement, the Governmental Lender does hereby grant, bargain, sell, convey, pledge and assign a security interest, unto the Fiscal Agent, and its successors in such capacity and its and their assigns in and to the following (excepting, however, in each case, the Unassigned Rights) (said property being herein referred to as the “Pledged Security”) for the benefit of the Funding Lender:

(a) All right, title and interest of the Governmental Lender in and to all Revenues;

(b) All right, title and interest of the Governmental Lender in and to the Project Loan Agreement, the Project Notes, the Security Instrument and the other Project Loan Documents (other than the Unassigned Rights), including all extensions and renewals of the terms thereof, if any, including, but without limiting the generality of the foregoing, the present and continuing right to receive, receipt for, collect or make claim for any of the money, income, revenues, issues, profits and other amounts payable or receivable thereunder (including all casualty insurance benefits or condemnation awards), whether payable under the above referenced documents or otherwise, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Governmental Lender or any other Person is or may become entitled to do under said documents; and

(c) Except for funds, money or securities in the Cost of Issuance Fund, the Administration Fund and the Rebate Fund, all funds, money and securities and any and all other rights and interests in property whether tangible or intangible from time to time hereafter by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder for the Funding Loan by the Governmental Lender or by anyone on its behalf or with its written consent to the Fiscal Agent, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.
The foregoing notwithstanding, if the Governmental Lender or its successors or assigns shall pay or cause to be paid to the Funding Lender in full the principal, interest and premium, if any, to become due with respect to the Funding Loan at the times and in the manner provided in Article IX hereof, and if the Governmental Lender shall keep, perform and observe, or cause to be kept, performed and observed, all of its covenants, warranties and agreements contained herein, then these presents and the estate and rights hereby granted shall, at the option of the Governmental Lender, cease, terminate and be void, and thereupon the Fiscal Agent shall cancel and discharge the lien of this Funding Loan Agreement and execute and deliver to the Governmental Lender such instruments in writing as shall be requisite to satisfy the lien hereof, and, subject to the provisions of Sections 4.11 and 4.12 hereof and Article IX hereof, reconvey to the Governmental Lender the estate hereby conveyed, and assign and deliver to the Governmental Lender any property at the time subject to the lien of this Funding Loan Agreement which may then be in its possession, except for the Rebate Fund and cash held by the Fiscal Agent for the payment of interest on and principal of the Governmental Note; otherwise this Funding Loan Agreement to be and shall remain in full force and effect.

Section 2.03. Limited Obligations.

(a) The Funding Loan and the Governmental Notes are limited obligations of the Governmental Lender, payable solely from the Revenues and the Pledged Security pledged hereunder. None of the Governmental Lender (except to the limited extent set forth herein), or any other public agency, shall in any event be liable for the payment of the principal of, Prepayment Premium (if any) or interest on the Funding Loan or the Governmental Notes, or for the performance of any pledge, obligation or agreement of any kind whatsoever with respect thereto, except as expressly set forth herein. None of the Governmental Lender, the State, or any political subdivision thereof (except the Governmental Lender, to the limited extent set forth herein) or any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on the Funding Loan or the Governmental Notes or for the performance of any pledge, obligation or agreement of any kind whatsoever with respect thereto except as set forth herein, and none of the Funding Loan or the Governmental Notes or any of the Governmental Lender’s agreements or obligations with respect to the Funding Loan, the Governmental Notes, or hereunder, shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever. The Governmental Lender has no taxing power.

Notwithstanding anything in this Funding Loan Agreement contained, the Governmental Lender shall not be required to advance any moneys derived from any source, other than the Revenues and the Pledged Security, for any of the purposes mentioned in this Funding Loan Agreement, whether for the payment of the principal of or interest on the Governmental Notes or for any other purpose of this Funding Loan Agreement. The Governmental Notes are limited obligations of the Governmental Lender, and are payable from and secured by the Revenues and the Pledged Security only. The Governmental Lender shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with the Project Loan Agreement, the Governmental Notes, this Funding Loan
Agreement or any other Financing Document, except only to the extent amounts are received from the Borrower for the payment thereof under the Project Loan Agreement or the other Financing Documents.

(b) No member, officer, agent or employee of the Governmental Lender or any commissioner, director, officer, agent or employee of the Governmental Lender shall be individually or personally liable for the payment of any principal (or prepayment price) of or interest on the Funding Loan or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Funding Loan Agreement; but nothing herein contained shall relieve any such commissioner, member, director, officer, agent or employee from the performance of any official duty provided by law or by this Funding Loan Agreement.

(c) The Governmental Lender makes no representation or warranty that the Project will be adequate or sufficient for the purposes of the Borrower. Nothing in this Funding Loan Agreement shall be construed as requiring the Governmental Lender to provide any financing for the Project other than from the proceeds of the Funding Loan.

Section 2.04. Funding Loan Agreement Constitutes Contract. In consideration of the origination and funding of the Funding Loan by the Initial Funding Lender and the Additional Construction Phase Funding Lender, the provisions of this Funding Loan Agreement shall be part of the contract of the Governmental Lender with the Initial Funding Lender and the Additional Construction Phase Funding Lender and any of their respective successors or assigns thereof in such capacity from time to time.

Section 2.05. Form and Execution. Each Governmental Note shall be in substantially the form attached as Exhibit A with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Funding Loan Agreement or State law. Each Governmental Note shall be issued in physical form as a single instrument and not a book-entry bond. The Governmental Notes shall be executed on behalf of the Governmental Lender by the manual or facsimile signature of an Authorized Officer of the Governmental Lender. Any facsimile signatures shall have the same force and effect as if said officers had manually signed the Governmental Note. Any reproduction of the official seal of the Governmental Lender on a Governmental Note shall have the same force and effect as if the official seal of the Governmental Lender had been impressed on the Governmental Note. The manual or facsimile signatures of individuals who were the proper officers of the Governmental Lender at the time of execution shall bind the Governmental Lender, notwithstanding that such individuals or any of them shall have ceased to hold such offices prior to the authentication and delivery of a Governmental Note or shall not have held such offices at the date of such Governmental Note.

Section 2.06. Authentication. A Governmental Note shall not be valid or obligatory for any purpose or entitled to any security or benefit under this Funding Loan Agreement unless a certificate of authentication on the Governmental Note, substantially in the form set forth in Exhibit A, shall have been duly executed by an Authorized Officer of the Fiscal Agent; and such executed certificate of authentication upon a Governmental Note shall be conclusive evidence that the Governmental Note has been duly executed, registered, authenticated and delivered under this Funding Loan Agreement.
Section 2.07. Mutilated, Lost, Stolen or Destroyed Governmental Notes. In the event a Governmental Note is mutilated, lost, stolen or destroyed, the Governmental Lender shall execute and the Fiscal Agent shall authenticate a new Governmental Note substantially in the form set forth in Exhibit A in exchange and substitution for and upon cancellation of the mutilated Governmental Note or in lieu of and in substitution for such lost, stolen or destroyed Governmental Note, upon payment by the Funding Lender of any applicable tax or governmental charge and the reasonable expenses and charges of the Governmental Lender and the Fiscal Agent in connection therewith, and in the case where a Governmental Note is lost, stolen or destroyed, filing with the Fiscal Agent of evidence satisfactory to it that the Governmental Note was lost, stolen or destroyed, and of the ownership thereof, and furnishing the Governmental Lender and the Fiscal Agent with indemnity satisfactory to each of them. In the event where a Governmental Note shall have matured, instead of delivering a new Governmental Note the Governmental Lender may pay the same without surrender thereof.

Section 2.08. Registration: Transfer of Funding Loan; Transferee Representations Letter; No Placement Agent.

(a) The Funding Loan shall be fully registered as to principal and interest in the manner and with any additional designation as the Fiscal Agent deems necessary for the purpose of identifying the registered owner thereof. The Funding Loan shall be transferable only on the registration books of the Fiscal Agent. A Governmental Note presented or surrendered for registration of transfer or exchange shall (i) be accompanied by evidence of compliance with the provisions of this Section 2.08, (ii) be duly endorsed or be accompanied by a written instrument or instruments of transfer, in a form satisfactory to the Fiscal Agent, duly executed and with guaranty of signature of the holder thereof or his, her or its attorney duly authorized in writing and (iii) include written instructions as to the details of the transfer of the Governmental Note. The Fiscal Agent shall maintain books or other records showing the name and date of registration, address and employer identification number of the registered owner (and, during the Construction Phase, registered owners) of the Funding Loan and any transfers of the Funding Loan as provided herein. The Funding Loan shall initially be registered in the applicable amounts of the Governmental Notes to the Initial Funding Lender and the Additional Construction Phase Funding Lender.

(b) The Funding Lender shall have the right to sell, assign or otherwise transfer in whole its interest in the Funding Loan or to grant a participation interest in its interest in the Funding Loan in an amount not less than the greater of (i) 15% of the outstanding principal amount of its interest in the Funding Loan or (ii) $250,000; provided that the Funding Loan may be transferred, or any participation interest therein granted, only to a Qualified Transferee that delivers a letter to the Fiscal Agent substantially in the form attached hereto as Exhibit C setting forth certain representations with respect to such Qualified Transferee (the “Transferee Representations Letter”). In connection with any sale, assignment or transfer of its interest in the Funding Loan, the Funding Lender shall give notice of such sale, assignment or transfer to the Fiscal Agent and the Fiscal Agent shall record such sale, assignment or transfer on its books or other records maintained for the registration of transfer of the Funding Loan. The Funding Lender shall not sell or transfer a Governmental Note or any interest therein to a party related to or affiliated with
the Borrower or any general partner, limited partner or member of the Borrower without
the prior written consent of the Governmental Lender.

(c) No placement agent shall be involved in the issuance and sale of the
Governmental Notes.

(d) The Fiscal Agent shall not authenticate or register a Governmental Note
unless the conditions of this Section 2.08 have been satisfied.

Section 2.09. Funding Loan Closing Conditions; Delivery of Governmental Notes.
Closing of the Funding Loan on the Delivery Date shall be conditioned upon, and the
Governmental Lender shall only execute and deliver to the Fiscal Agent, and the Fiscal Agent shall
only authenticate the Governmental Notes and deliver the applicable Governmental Note to the
Initial Funding Lender and the Additional Construction Phase Funding Lender upon, receipt by
the Fiscal Agent of the following:

(a) executed counterparts of this Funding Loan Agreement, the Project Loan
Agreement, the Tax Regulatory Agreement and the Tax Certificate;

(b) an opinion of Bond Counsel or counsel to the Governmental Lender to the
effect that the Governmental Lender is duly organized and existing under the laws of the
State and has duly authorized, executed and delivered this Funding Loan Agreement, the
Governmental Notes and the other Financing Documents to which it is a party, and such
documents are valid and binding special, limited obligations of the Governmental Lender
enforceable in accordance with their terms subject to customary exceptions;

(c) notice, in the form of a signed settlement statement of the Title Company,
that the proceeds of initial advance of the proceeds of the Funding Loan by the Initial
Funding Lender paid to the Fiscal Agent and disbursed to the Title Company in the amount
set forth in Section 2.01(b) hereof has been made directly to the Borrower;

(d) the executed Project Notes and an endorsement of each of the Project Notes
by the Governmental Lender in favor of the Fiscal Agent;

(e) a copy of the executed Security Instrument, the Assignment and the
Construction Loan Agreement;

(f) an opinion of counsel to the Borrower to the effect that the Borrower is duly
organized and validly existing and in good standing under the laws of the state in which it
has been organized and in good standing under the laws of each other state in which the
Borrower transacts business and has full power and authority to enter into the Financing
Documents to which it is a party, that its execution and delivery of and performance of its
covenants in such documents do not contravene law or any provision of any other
documents to which it is a party or by which it or such property is bound or affected, and
that all such agreements have been duly authorized, executed and delivered by the
Borrower, and are legal, valid and binding obligations of the Borrower enforceable against
the Borrower in accordance with their respective terms;
(g) a customary approving opinion of Bond Counsel, including but not limited to an opinion to the effect that the interest on Governmental Note-1, under laws in effect on the date of such opinion, is excluded from gross income for federal income tax purposes and, where applicable, for State income tax purposes;

(h) a certified copy of the Resolution;

(i) the written request and authorization to the Fiscal Agent by the Governmental Lender to authenticate and deliver the applicable Governmental Notes to the Initial Funding Lender and the Additional Construction Phase Funding Lender;

(j) receipt by the Fiscal Agent of the amounts specified in Section 2.10 of this Funding Loan Agreement and Section 3.03 of the Project Loan Agreement;

(k) receipt by the Fiscal Agent of a Transferee Representations Letter from the Initial Funding Lender and the Additional Construction Phase Funding Lender substantially in the form attached hereto as Exhibit C; and

(l) receipt by the Governmental Lender of evidence that its issuance fee in the amount of $[_____] has been paid or provided for.

Section 2.10. Establishment of Project Loan Fund; Application of Funding Loan Proceeds and Other Money.

(a) The Fiscal Agent shall establish, maintain and hold in trust and there is hereby established with the Fiscal Agent a Project Loan Fund, therein a Project Account and a Borrower Equity Account, and in the Project Account a Government Note-1 Subaccount and a Government Note-2 Subaccount. No amount shall be charged against the Project Loan Fund except as expressly provided in this Section 2.10 and Section 4.02 hereof.

(b) The proceeds of the Funding Loan shall be delivered by the Initial Funding Lender to the Fiscal Agent on behalf of the Governmental Lender in the initial installment described in Section 2.01(b) hereof on the Delivery Date and thereafter by the Initial Funding Lender and the Additional Construction Phase Funding Lender on a drawdown basis as provided for in Section 2.01(b) hereof. Upon receipt, the Fiscal Agent shall deposit such proceeds to the credit of the Government Note-1 Subaccount or the Government Note-2 Subaccount of the Project Account of the Project Loan Fund, as applicable. Amounts in the Project Loan Fund shall be disbursed as provided in subparagraph (d) below, subject to the conditions set forth in Section 3.01 of the Project Loan Agreement. Upon the disbursement of all amounts in the Project Loan Fund, the Fiscal Agent shall close the Project Loan Fund.

(c) The Governmental Lender shall cause the Borrower to deliver from sources other than the Loans, (i) to the Fiscal Agent, on or prior to the Delivery Date, the Costs of Issuance Deposit for deposit to the credit of the Cost of Issuance Fund and the Borrower Equity Deposit for deposit to the credit of the Borrower Equity Account, and (ii) to the Fiscal Agent the Initial Debt Service Deposit. The Fiscal Agent shall also deposit in the
Borrower Equity Account any additional amounts delivered by the Borrower from time to time to the Fiscal Agent and directed by the Borrower to be deposited therein, excluding any proceeds of the Loans.

(d) Upon the making of the initial deposits described above in this Section 2.10, the Governmental Lender shall originate the Project Loan pursuant to the Project Loan Agreement and the Fiscal Agent shall make the initial disbursements of amounts in the Project Loan Fund to the Borrower or otherwise as provided in Section 4.02 hereof.

Section 2.11. Direct Loan Payments to Funding Lender; Disbursement of Fees.

(a) Notwithstanding any provision in this Funding Loan Agreement to the contrary, the Governmental Lender and the Fiscal Agent agree that all payments of principal of, Prepayment Premium, if any, and interest on the Funding Loan and all fees due hereunder and under the Project Loan Agreement to the applicable Funding Lender, shall be paid by the Borrower directly to the applicable Funding Lender; and provided, further, each Funding Lender may fund draws on the Funding Loan directly to such Funding Lender, at the times, in the amounts and in payment of interest due on the portion of the Project Note allocable to such Funding Lender hereunder, without requisition or approval from any other person, and such draws shall be deemed to be Funding Loan draws to fund corresponding draws on the Project Loan to the Borrower, and receipt by such Funding Lender thereof shall be deemed to be such payments of interest on such Funding Lender’s allocable portion of the Project Loan by the Borrower to satisfy corresponding payments of interest on the applicable portion of the Funding Loan. Such Funding Lender shall promptly notify the Fiscal Agent and the other Funding Lender in writing of the date and amount of any Funding Loan draws made directly to such Funding Lender thereof for the payment of interest on the Project Notes as aforesaid.

(b) The Fiscal Agent shall keep a record of all principal advances and principal repayments made under the Governmental Notes and shall upon written request provide the Governmental Lender and the Funding Lender with a statement of the outstanding principal balance of the Governmental Notes and the Funding Loan.

(c) So long as payments of principal of, Prepayment Premium, if any, and interest on the Governmental Notes and all fees due hereunder and under the Project Loan Agreement are being made to the respective Funding Lender in accordance with this Section 2.11 and no Event of Default has occurred of which the Fiscal Agent has been given, or been deemed to have, notice thereof pursuant to this Funding Loan Agreement, the Fiscal Agent shall have no obligations to collect loan payments with respect to the Funding Loan, nor shall it be obligated to collect loan payments or fee payments pursuant to the Project Loan Agreement, except at the express written direction of the Funding Lender Representative. Notwithstanding the foregoing, the Funding Lender Representative may elect to have the Fiscal Agent collect and remit loan payments and fee payments hereunder and under the Project Loan Agreement upon written notice of such election to the Fiscal Agent, the Borrower and the Governmental Lender.
ARTICLE III

PREPAYMENT OF THE FUNDING LOAN

Section 3.01. Prepayment of the Funding Loan Prior to Maturity.

(a) **Optional Prepayment.** Following the date of placement in service of all buildings within the Project under Section 42 of the Code, the Funding Loan, together with accrued interest thereon, is subject to optional prepayment in whole upon optional prepayment of the Project Loan in accordance with the notice and other prepayment provisions set forth in the Project Notes.

(b) **Mandatory Prepayment.** The Funding Loan, together with accrued interest thereon, and together with Prepayment Premium (to the extent payable under the Project Notes), is subject to mandatory prepayment on any Business Day, in whole or in part as indicated below, at the earliest practicable date upon the occurrence of any of the following:

(i) in whole or in part, upon the occurrence of a mandatory payment or prepayment of the Project Loan pursuant to the Project Notes and receipt by the Fiscal Agent of a written direction by the Funding Lender Representative that the Funding Loan shall be subject to mandatory payment as a result thereof;

(ii) in part, on the Interest Payment Date next following the completion of the construction of the Project, to the extent amounts remaining in the Government Note-1 Subaccount and the Government Note-2 Subaccount of the Project Account of the Project Loan Fund are transferred to the Loan Prepayment Fund pursuant to Section 4.02(e) hereof;

(iii) in part, in the event the Borrower elects to make a Pre-Conversion Loan Equalization Payment;

(iv) as to Governmental Note-2, in whole on or before the earlier of (A) the Maturity Date of Governmental Note-2 or (B) the Conversion Date;

(v) in whole, on or after the Conversion Deadline, at the written direction of the Funding Lender Representative, if the Conversion Notice is not issued prior to the Conversion Deadline.

On the Conversion Date, the prepayment amount shall be applied to the prepayment of the Governmental Note-2 until such Governmental Note shall be retired in full, and then the prepayment amounts shall be applied to the Governmental Note-1.

Following the retirement of the Governmental Note-2, the Additional Construction Phase Funding Lender shall have no further rights or obligations under this Funding Loan Agreement or under any of the other Financing Documents (except as otherwise set forth therein) and all references to the Additional Construction Phase Funding Lender shall be null and void.
Section 3.02. Notice of Prepayment. Notice of the intended prepayment of the Funding Loan shall be given by the Fiscal Agent by first class mail, postage prepaid, or by overnight delivery service, to the Funding Lender. All such prepayment notices shall be given not less than 10 days (not less than 30 days in the case of optional prepayment) nor more than 60 days prior to the date fixed for prepayment. Notices of prepayment shall state (i) the prepayment date, (ii) the prepayment amount, and (iii) the place or places where amounts due upon such prepayment will be payable.

Notwithstanding the foregoing, in the event the Fiscal Agent is not collecting and remitting loan payments hereunder, the Fiscal Agent shall have no obligation to send prepayment notices pursuant to this Section 3.02.

ARTICLE IV

REVENUES AND FUNDS

Section 4.01. Pledge of Revenues and Assets; Establishment of Funds. The pledge and assignment of and the security interest granted in the Pledged Security pursuant to Section 2.02 hereof shall attach, be perfected and be valid and binding from and after the time of the closing of the Funding Loan and delivery of the Governmental Notes by the Fiscal Agent or by any Person authorized by the Fiscal Agent to deliver the Governmental Notes. The Pledged Security so pledged and then or thereafter received by the Fiscal Agent shall immediately be subject to the lien of such pledge and security interest without any physical delivery thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Governmental Lender irrespective of whether such parties have notice thereof.

In addition to the Project Loan Fund and the accounts therein established pursuant to Section 2.10 hereof, the Fiscal Agent shall establish, maintain and hold in trust the following funds and accounts, each of which is hereby established and each of which shall be disbursed and applied only as herein authorized:

(a) Revenue Fund;
(b) Loan Payment Fund;
(c) Loan Prepayment Fund;
(d) Administration Fund;
(e) Cost of Issuance Fund; and
(f) Rebate Fund.

The funds and accounts established pursuant to Section 2.10 and this Section 4.01 shall be maintained in the corporate trust department of the Fiscal Agent as segregated trust accounts, separate and identifiable from all other funds held by the Fiscal Agent. The Fiscal Agent shall, at the written direction of an Authorized Officer of the Governmental Lender, and may, in its
discretion, establish such additional accounts within any Fund, and subaccounts within any of the accounts, as the Governmental Lender or the Fiscal Agent may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that Fund and its accounts, or for the purpose of complying with the requirements of the Code relating to arbitrage, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of this Funding Loan Agreement with respect to a deposit or use of money in the funds established hereunder, or result in commingling of funds not permitted hereunder.

Section 4.02. Project Loan Fund.

(a) **Deposit.** The Fiscal Agent shall deposit the proceeds of the Funding Loan into the Government Note-1 Subaccount or the Government Note-2 Subaccount of the Project Account of the Project Loan Fund, as applicable, upon receipt of each advance, or notice of advance, thereof as provided in Section 2.10(b) hereof. The Fiscal Agent shall deposit the Borrower Equity Deposit, if any, into the Borrower Equity Account of the Project Loan Fund, as well as any additional amounts delivered from time to time to the Fiscal Agent and directed by the Borrower to be deposited therein (excluding any proceeds of the Governmental Note), as provided in Section 2.10(c) hereof.

(b) **Disbursements.** Amounts on deposit in the Project Loan Fund shall be disbursed from time to time by the Fiscal Agent for the purpose of paying Costs of the Project. In addition, amounts in the Project Loan Fund shall be transferred to the Loan Prepayment Fund, the Rebate Fund and the Borrower at the times and in the manner provided in subsection (e) of this Section 4.02. Notwithstanding any contrary provision of this Funding Loan Agreement, on the Delivery Date, the Fiscal Agent shall disburse the entirety of the initial installments of the Funding Loan received from the Initial Funding Lender and the Additional Construction Phase Funding Lender, respectively, from the Project Loan Fund to the real estate escrow established by the Borrower with the Title Company in connection with the Project, all pursuant to the first Requisition with respect to the Project Loan Fund.

(c) **Transfers and Requisitions.** The Fiscal Agent shall automatically transfer amounts from the Borrower Equity Account of the Project Loan Fund to the Administration Fund to pay to the appropriate party its accrued fees that are included in the Fee Component that are due and payable as set forth herein or upon receipt of an invoice, without any need for a Requisition or other written direction. Unless the Fiscal Agent is instructed otherwise by the Funding Lender Representative, the Fiscal Agent shall automatically transfer amounts in the Borrower Equity Account of the Project Loan Fund to the Loan Payment Fund to pay interest on the Project Loan and Funding Loan without any need for a Requisition or other written direction. The Fiscal Agent shall make disbursements from the respective accounts of the Project Loan Fund for purposes described in subsection (b) of this Section 4.02 only upon the receipt of Requisitions signed by an Authorized Officer of the Borrower and countersigned by an Authorized Officer of the applicable Funding Lender or Funding Lenders funding such disbursement and acknowledged by the Governmental Lender. The Governmental Lender agrees that if the Governmental Lender has not acknowledged in writing any disbursement from the Project Loan Fund within five Business Days of receipt of a request for acknowledgment of such disbursement, the
Governmental Lender shall be deemed to have acknowledged such disbursement. The Fiscal Agent shall have no right or duty to determine whether any requested disbursement from the Project Loan Fund complies with the terms, conditions and provisions of the Construction Loan Agreement. The countersignature of the Authorized Officer of the applicable Funding Lender or Funding Lenders and Governmental Lender on a Requisition shall be deemed a certification and, insofar as the Fiscal Agent and the Governmental Lender are concerned, constitute conclusive evidence, that all of the terms, conditions and requirements of the Construction Loan Agreement applicable to such disbursement have been fully satisfied or waived. The Fiscal Agent shall, immediately upon each receipt of a completed Requisition signed by an Authorized Officer of the Borrower and countersigned by an Authorized Officer of the applicable Funding Lender or Funding Lenders, and acknowledgment by the Governmental Lender, initiate procedures with the provider of a Qualified Investment to make withdrawals as necessary to fund the Requisition.

Notwithstanding anything to the contrary contained herein, no signature of an Authorized Officer of the Borrower shall be required during any period in which a default has occurred and is then continuing under the Loans or any Financing Document (notice of which default has been given in writing by the Funding Lender Representative to the Fiscal Agent and the Governmental Lender, and the Fiscal Agent shall be entitled to conclusively rely on any such written notice as to the occurrence and continuation of such a default).

(d) If a Requisition signed by an Authorized Officer of the Borrower and countersigned by an Authorized Officer of the applicable Funding Lender or Funding Lenders or (as permitted hereunder) solely by an Authorized Officer of the Funding Lender or Funding Lenders, and acknowledgment of the Governmental Lender is received by the Fiscal Agent, the requested disbursement shall be paid by the Fiscal Agent as soon as practicable, but in no event later than three Business Days following receipt thereof by the Fiscal Agent. Upon final disbursement of all amounts on deposit in the Project Loan Fund, including all interest accrued therein, the Fiscal Agent shall close the Project Loan Fund.

(e) Immediately prior to any mandatory prepayment of the Funding Loan pursuant to Section 3.01(b)(i) hereof, any amount then remaining in the Project Loan Fund shall, at the written direction of the Funding Lender Representative, be transferred to the Loan Prepayment Fund to pay amounts due on the Funding Loan, if any. In addition, any amounts remaining in the Government Note-1 Subaccount and the Government Note-2 Subaccount of the Project Account of the Project Loan Fund following completion of the construction of the Project in accordance with the Construction Loan Agreement, evidenced by an instrument signed by the Funding Lender Representative, shall be transferred to the Loan Prepayment Fund and used to prepay the Funding Loan in accordance with Section 3.01(b)(ii) hereof, unless the Fiscal Agent receives an opinion of Bond Counsel (which shall also be addressed to the Funding Lender Representative) to the effect that a use of such money for other than prepayment of the Funding Loan will not adversely affect the tax exempt status of Governmental Note-1; provided, that any amounts in the Government Note-1 Subaccount and the Government Note-2 Subaccount of the Project Account of the Project Loan Fund in excess of the amount needed to fund the related prepayment of the Funding Loan shall be transferred to the Rebate Fund. In the
event there are funds remaining in the Borrower Equity Account following completion of the construction of the Project in accordance with the Construction Loan Agreement and the Conversion Date has occurred, and provided no default by the Borrower exists under this Funding Loan Agreement or any Project Loan Document, such funds shall be paid by the Fiscal Agent to the Borrower at the written direction of the Funding Lender Representative.

(f) Amounts on deposit in the Project Loan Fund shall be invested as provided in Section 4.08 hereof. All Investment Income on amounts on deposit in the Project Loan Fund shall be retained in and credited to and become a part of the amounts on deposit in the Project Loan Fund, and shall constitute part of any transfers required by subsection (b) or (e) of this Section 4.02.

Section 4.03. Application of Revenues.

(a) All Revenues received by the Fiscal Agent shall be deposited by the Fiscal Agent, promptly upon receipt thereof, to the Revenue Fund, except (i) the proceeds of the Funding Loan received by the Fiscal Agent pursuant to Section 2.01(b), which shall be applied in accordance with the provisions of Section 2.10 hereof; (ii) as otherwise specifically provided in subsection (c) of this Section 4.03 with respect to certain deposits into the Loan Prepayment Fund; (iii) with respect to Investment Income to the extent required under the terms hereof to be retained in the funds and accounts to which they are attributable; and (iv) with respect to amounts required to be transferred between funds and accounts as provided in this Article IV.

(b) Subject to Section 2.11 hereof, on each Interest Payment Date or any other date on which payment of principal of or interest on the Funding Loan becomes due and payable, the Fiscal Agent, out of money in the Revenue Fund, shall credit the following amounts to the following funds, but in the order and within the limitations hereinafter indicated with respect thereto, as follows:

FIRST: to the Loan Payment Fund, an amount equal to the principal of and interest due on the Funding Loan on such date (including scheduled principal pursuant to the Funding Loan Amortization Schedule); and

SECOND: to the Loan Prepayment Fund, an amount equal to the principal and interest due on the Funding Loan on such date with respect to a mandatory prepayment of all or a portion of the Funding Loan pursuant to Section 3.01(b) hereof (other than any extraordinary mandatory prepayment as described in Section 4.03(c)(i) or (iii) below).

(c) Promptly upon receipt, the Fiscal Agent shall deposit directly to the Loan Prepayment Fund (i) Net Proceeds representing casualty insurance proceeds or condemnation awards paid as a prepayment of the Project Loan, such amount to be applied to provide for the extraordinary mandatory prepayment of all or a portion of the Funding Loan pursuant to Section 3.01(b)(i) hereof; (ii) funds paid to the Fiscal Agent to be applied to the optional prepayment of all or a portion of the Funding Loan pursuant to
Section 3.01(a); and (iii) amounts transferred to the Loan Prepayment Fund from the Project Loan Fund pursuant to Section 4.02(e) hereof.

(d) Subject to Section 2.11 hereof, should the amount in the Loan Payment Fund be insufficient to pay the amount due on the Funding Loan on any given Interest Payment Date, the Fiscal Agent shall credit to the Loan Payment Fund the amount of such deficiency by charging the following funds and accounts in the following order of priority: (1) the Revenue Fund; and (2) the Loan Prepayment Fund, except no such charge to the Loan Prepayment Fund shall be made from money to be used to effect a prepayment for which notice of prepayment has been provided for hereunder.

Section 4.04. Application of Loan Payment Fund. Subject to Section 2.11 hereof, the Fiscal Agent shall charge the Loan Payment Fund, on each Interest Payment Date, an amount equal to the unpaid interest and principal due on the Funding Loan on such Interest Payment Date as provided in Section 4.03(a) and (b), and shall cause the same to be applied to the payment of such interest and principal when due. Any money remaining in the Loan Payment Fund on any Interest Payment Date after application as provided in the preceding sentence may, to the extent there shall exist any deficiency in the Loan Prepayment Fund to prepay the Funding Loan if called for prepayment on such Interest Payment Date, be transferred to the Loan Prepayment Fund to be applied for such purpose.

Any Investment Income on amounts on deposit in the Loan Payment Fund shall be deposited by the Fiscal Agent upon receipt thereof in the Revenue Fund.

No amount shall be charged against the Loan Payment Fund except as expressly provided in this Article IV and in Section 6.05 hereof.

Section 4.05. Application of Loan Prepayment Fund. Any money credited to the Loan Prepayment Fund shall be applied as set forth in Sections 4.03(b) and 4.03(c) hereof; provided, however, that to the extent any money credited to the Loan Prepayment Fund is in excess of the amount necessary to effect the prepayments described in Sections 4.03(b) and 4.03(c) hereof it shall be applied to make up any deficiency in the Loan Payment Fund on any Interest Payment Date, to the extent money then available in accordance with Section 4.03(d) hereof in the Revenue Fund is insufficient to make up such deficiency; provided that no money to be used to effect a prepayment for which a notice of prepayment has been provided shall be so transferred to the Loan Payment Fund.

On or before each Interest Payment Date, any Investment Income on amounts on deposit in the Loan Prepayment Fund shall be credited by the Fiscal Agent to the Revenue Fund.

No amount shall be charged against the Loan Prepayment Fund except as expressly provided in this Article IV and in Section 6.05 hereof.

Section 4.06. Administration Fund. Subject to Section 2.11 hereof, the Fiscal Agent shall deposit into the Administration Fund, promptly upon receipt thereof, all amounts received from the Borrower or Funding Lender designated for deposit into such fund. Amounts in the Administration Fund shall be withdrawn or maintained, as appropriate, by the Fiscal Agent and used FIRST, to pay to the Fiscal Agent when due the Ordinary Fiscal Agent’s Fees and Expenses;
SECOND, to pay to the Governmental Lender when due the Ongoing Governmental Lender Fee; THIRD, to pay when due the reasonable fees and expenses of a Rebate Analyst in connection with the computations relating to arbitrage rebate required under this Funding Loan Agreement and the Project Loan Agreement, upon receipt of an invoice from the Rebate Analyst; FOURTH, to pay to the Fiscal Agent any Extraordinary Fiscal Agent’s Fees and Expenses due and payable from time to time, as set forth in an invoice submitted to the Borrower and the Funding Lender; FIFTH, to pay to the Governmental Lender any extraordinary expenses it may incur in connection with the Loans or this Funding Loan Agreement from time to time, as set forth in an invoice submitted to the Fiscal Agent and the Funding Lender; SIXTH, to pay to the Funding Lender Representative any unpaid amounts due under the Construction Loan Agreement, as certified in writing by the Funding Lender Representative to the Fiscal Agent; SEVENTH, to make up any deficiency in the Loan Prepayment Fund on any prepayment date of the Funding Loan, to the extent money then available in accordance with Section 4.03(d) hereof in the Loan Prepayment Fund is insufficient to prepay the Funding Loan scheduled for prepayment on such prepayment date; and EIGHTH, to transfer any remaining balance after application aforesaid to the Revenue Fund.

In the event that the amounts on deposit in the Administration Fund are not equal to the amounts payable from the Administration Fund as provided in the preceding paragraph on any date on which such amounts are due and payable, the Fiscal Agent shall give notice to the Borrower and the Funding Lender of such deficiency and of the amount of such deficiency and request payment within two Business Days to the Fiscal Agent of the amount of such deficiency. Upon payment by the Borrower or the Funding Lender of such deficiency, the amounts for which such deficiency was requested shall be paid by the Fiscal Agent.

On or before each Interest Payment Date, any Investment Income on amounts on deposit in the Administration Fund not needed to pay the foregoing amounts shall be credited by the Fiscal Agent to the Revenue Fund.

No amount shall be charged against the Administration Fund except as expressly provided in this Article IV and Section 6.05 hereof.

Section 4.07. [Reserved].

Section 4.08. [Reserved]. The money held by the Fiscal Agent shall constitute trust funds for the purposes hereof. Any money attributable to each of the funds and accounts hereunder shall be, except as otherwise expressly provided herein, invested by the Fiscal Agent, at the written direction of the Borrower (or, in the case of the Rebate Fund, as provided in Section 5.07(b)), in Qualified Investments which mature or shall be subject to prepayment or withdrawal at par without penalty on or prior to the earlier of (i) six months from the date of investment and (ii) the date such money is needed; provided, that if the Fiscal Agent shall have entered into any investment agreement requiring investment of money in any fund or account hereunder in accordance with such investment agreement and if such investment agreement constitutes a Qualified Investment, such money shall be invested in accordance with such requirements. In the absence of written direction from the Borrower, the Fiscal Agent shall invest amounts on deposit in the funds and accounts established under this Funding Loan Agreement in Government Obligations or in investments of the type described in subparagraph (g) of the definition of Qualified Investments which shall have the same maturity and other restrictions as
set forth above. Such investments may be made through the investment or securities department of the Fiscal Agent. The Fiscal Agent may purchase from or sell to itself or an affiliate, as principal or agent, securities herein authorized. The Fiscal Agent shall be entitled to assume, absent receipt by the Fiscal Agent of written notice to the contrary, that any investment which at the time of purchase is a Qualified Investment remains a Qualified Investment thereafter.

Qualified Investments representing an investment of money attributable to any fund or account shall be deemed at all times to be a part of said fund or account, and, except as otherwise may be provided expressly in other Sections hereof, the interest thereon and any profit arising on the sale thereof shall be credited to the Revenue Fund, and any loss resulting on the sale thereof shall be charged against the Revenue Fund. Such investments shall be sold at the best price obtainable (at least par) whenever it shall be necessary so to do in order to provide money to make any transfer, withdrawal, payment or disbursement from said fund or account. In the case of any required transfer of money to another such fund or account, such investments may be transferred to that fund or account in lieu of the required money if permitted hereby as an investment of money in that fund or account. The Fiscal Agent shall not be liable or responsible for any loss resulting from any investment made in accordance herewith.

The Governmental Lender acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Governmental Lender the right to receive brokerage confirmations of the security transactions as they occur, to the extent permitted by law, the Governmental Lender specifically waives compliance with 12 C.F.R. 12 and hereby notifies the Fiscal Agent hereunder, that no brokerage confirmations need be sent relating to the security transactions as they occur.

In computing for any purpose hereunder the amount in any fund or account on any date, obligations so purchased shall be valued at Fair Market Value.

Except as otherwise provided in the following paragraph of this Section, the Borrower (by its execution of the Project Loan Agreement) covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Funding Loan Agreement, or otherwise containing gross proceeds of the Funding Loan or the Governmental Note-1 (within the meaning of Section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Funding Loan Agreement or the Code) at Fair Market Value. The Borrower (by its execution of the Project Loan Agreement) covenants that investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in any reserve fund shall be valued at their present value (within the meaning of Section 148 of the Code).

Section 4.09. [Reserved].

Section 4.10. Accounting Records. The Fiscal Agent shall maintain accurate books and records for all funds and accounts established hereunder.

Section 4.11. Amounts Remaining in Funds. After full payment of the Funding Loan (or provision for payment thereof having been made in accordance with Section 9.01 hereof) and full payment of the fees, charges and expenses of the Governmental Lender, the Fiscal Agent, the
Rebate Analyst, the Funding Lender and the Funding Lender Representative and other amounts required to be paid hereunder or under any Project Loan Document, including, but not limited to, the Construction Loan Agreement (as certified in writing to the Fiscal Agent by the Governmental Lender with respect to amounts due to the Governmental Lender and by the Funding Lender Representative on its behalf with respect to amounts owed under the Construction Loan Agreement and by the Rebate Analyst with respect to amounts due to the Rebate Analyst), any amounts remaining in any fund or account hereunder other than the Rebate Fund shall be paid to the Borrower.

Section 4.12. Rebate Fund; Compliance With Tax Certificate. The Rebate Fund shall be established by the Fiscal Agent and held and applied as provided in this Section 4.12. On any date on which any amounts are required by applicable federal tax law to be rebated to the federal government, amounts shall be deposited into the Rebate Fund by the Borrower for such purpose. All money at any time deposited in the Rebate Fund shall be held by the Fiscal Agent in trust, to the extent required to satisfy the rebate requirement (as set forth in the Tax Certificate) and as calculated by the Rebate Analyst, for payment to the government of the United States of America, and neither the Governmental Lender, the Borrower nor the Funding Lender shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section 4.12 and by the Tax Certificate. The Fiscal Agent shall conclusively be deemed to have complied with such provisions if it follows the written instructions of the Governmental Lender, Bond Counsel or the Rebate Analyst, including supplying all necessary information in the manner set forth in the Tax Certificate, and shall not be required to take any actions under the Tax Certificate in the absence of written instructions from the Governmental Lender, Bond Counsel or the Rebate Analyst.

Within 55 days of the end of each fifth Rebate Year, the Borrower shall cause the Rebate Analyst to calculate the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code)), for this purpose treating the last day of the applicable Rebate Year as a (computation) date, within the meaning of Section 1.148-1(b) of the Treasury Regulations (the “Rebatable Arbitrage”). Pursuant to Section 2.04 of the Project Loan Agreement, the Borrower shall cause the Rebate Analyst to provide such calculations to the Fiscal Agent and the Governmental Lender. In the event that the Borrower fails to provide such information to the Fiscal Agent and the Governmental Lender within 55 days of the end of each fifth Rebate Year, the Fiscal Agent, at the expense of the Borrower, shall select the Rebate Analyst, with the prior written approval of the Governmental Lender, and shall cause the Rebate Analyst to calculate the amount of rebatable arbitrage as required herein.

Within 55 days of the end of each fifth Rebate Year, upon the written direction of the Governmental Lender, Bond Counsel or the Rebate Analyst, an amount shall be deposited to the Rebate Fund by the Fiscal Agent from amounts provided by the Borrower, if and to the extent required so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with the preceding paragraph.
The Fiscal Agent shall pay, as directed by the Governmental Lender, Bond Counsel or the Rebate Analyst, to the United States Department of the Treasury, out of amounts in the Rebate Fund:

(a) Not later than 60 days after the end of (i) the fifth Rebate Year, and (ii) each applicable fifth Rebate Year thereafter, an amount equal to at least 90% of the Rebate Arbitrage calculated as of the end of such Rebate Year; and

(b) Not later than 60 days after the payment in whole of the Funding Loan, an amount equal to 100% of the Rebate Arbitrage calculated as of the end of such applicable Rebate Year, and any income attributable to the Rebate Arbitrage, computed in accordance with Section 148(f) of the Code.

Each payment required to be made under this Section shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 (or such other address provided in such direction), on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be prepared by the Rebate Analyst and provided to the Fiscal Agent.

Notwithstanding any provision of this Funding Loan Agreement to the contrary, the obligation to remit payment of the Rebate Arbitrage to the United States of America and to comply with all other requirements of Sections 2.04 and 4.03 of the Project Loan Agreement and this Section 4.12, and the requirements of the Tax Certificate shall survive the defeasance or payment in full of the Funding Loan.

Any funds remaining in the Rebate Fund after payment in full of the Funding Loan and payment and satisfaction of any Rebate Requirement, or provision made therefor satisfactory to the Fiscal Agent, shall be withdrawn and remitted to the Borrower.

The Fiscal Agent shall obtain and keep such records of the computations made pursuant to this Section 4.12 as are required under Section 148(f) of the Code to the extent furnished to the Fiscal Agent. The Borrower shall or shall cause the Rebate Analyst to provide to the Governmental Lender and the Fiscal Agent copies of all rebate computations made pursuant to this Section 4.12. The Fiscal Agent shall keep and make available to the Borrower such records concerning the investments of the gross proceeds of the Funding Loan and the investments of earnings from those investments made by the Fiscal Agent as may be requested by the Borrower in order to enable the Borrower to cause the Rebate Analyst to make the aforesaid computations as are required under Section 148(f) of the Code.

Notwithstanding the foregoing, the computations and payments of Rebate Arbitrage need not be made to the extent that neither the Governmental Lender nor the Borrower will thereby fail to comply with any requirements of Section 148(f) of the Code based on an opinion of Bond Counsel, to the effect that such failure will not adversely affect the exclusion from gross income for federal income tax purposes of interest on Governmental Note-1, a copy of which shall be provided to the Fiscal Agent and the Funding Lender Representative, at the expense of the Borrower.

Section 4.13. Cost of Issuance Fund. The Fiscal Agent shall use money on deposit to the credit of the Cost of Issuance Fund to pay the costs of issuance on the Delivery Date or as soon
as practicable thereafter in accordance with a Requisition in the form of Exhibit D to be given to 
the Fiscal Agent by the Borrower on the Delivery Date, along with appropriate invoices for such 
expenses and acknowledgment by the Governmental Lender. The Governmental Lender agrees 
that if the Governmental Lender has not acknowledged in writing any disbursement from the Costs 
of Issuance Fund within five Business Days of receipt of a request for acknowledgment of such 
disbursement, the Governmental Lender shall be deemed to have acknowledged such 
disbursement. Amounts in the Cost of Issuance Fund funded with proceeds of the Funding Loan, 
if any, shall be expended prior to the application of the Costs of Issuance Deposit. Investment 
Income on amounts on deposit in the Cost of Issuance Fund shall be retained in such fund. 
Amounts remaining on deposit in the Cost of Issuance Fund six months after the Delivery Date 
shall be transferred to the Borrower. Upon such final disbursement, the Fiscal Agent shall close 
the Cost of Issuance Fund.

Section 4.14. Reports From the Fiscal Agent. The Fiscal Agent shall, on or before the 
fifteenth day of each month, file with the Funding Lender Representative, the Governmental 
Lender (at its written request) and the Borrower a statement setting forth in respect of the preceding 
calendar month:

(a) the amount withdrawn or transferred by it, and the amount deposited within 
or on account of each fund and account held by it under the provisions of this Funding 
Loan Agreement, including the amount of investment income on each fund and account;

(b) the amount on deposit with it at the end of such month to the credit of each 
fund and account;

(c) a brief description of all obligations held by it as an investment of money in 
each such fund and account; and

(d) any other information which the Funding Lender Representative or the 
Governmental Lender may reasonably request and to which the Fiscal Agent has access in 
the ordinary course of its operations.

Upon the written request of the Funding Lender, the Fiscal Agent, at the cost of the 
Borrower, shall provide a copy of such statement to Funding Lender. All records and files 
pertaining to the Pledged Security shall be open at all reasonable times to the inspection of the 
Governmental Lender and the Funding Lender Representative and their agents and representatives 
upon reasonable prior notice during normal business hours.

ARTICLE V

GENERAL COVENANTS AND REPRESENTATIONS

Section 5.01. Payment of Principal and Interest. The Governmental Lender covenants 
that it will promptly pay or cause to be paid, but only from the sources identified herein, sufficient 
amounts to provide for the payment of the principal of, premium, if any, and interest on the 
Funding Loan at the place, on the dates and in the manner provided herein and in the Governmental 
Notes, according to the true intent and meaning thereof.
Section 5.02. Performance of Covenants. The Governmental Lender covenants that it will faithfully perform at all times any and all of its covenants, undertakings, stipulations and provisions contained in this Funding Loan Agreement, in the Governmental Notes and in all proceedings pertaining thereto.

Section 5.03. Instruments of Further Assurance. The Governmental Lender covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such supplements hereto, and such further acts, instruments and transfers as may be reasonably required for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Fiscal Agent all and singular its interest in the property herein described and the revenues, receipts and other amounts pledged hereby to the payment of the principal of, premium, if any, and interest on the Funding Loan. Any and all interest in property hereafter acquired which is of any kind or nature herein provided to be and become subject to the lien hereof shall and without any further conveyance, assignment or act on the part of the Governmental Lender or the Fiscal Agent, become and be subject to the lien of this Funding Loan Agreement as fully and completely as though specifically described herein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the Governmental Lender under this Section 5.03. The Governmental Lender covenants and agrees that, except as herein otherwise expressly provided, it has not and will not sell, convey, mortgage, encumber or otherwise dispose of any part of its interest in the Pledged Security or the revenues or receipts therefrom.

The Governmental Lender will promptly notify the Fiscal Agent and the Funding Lender Representative in writing of the occurrence of any of the following:

(a) the submission of any claim or the initiation of any legal process, litigation or administrative or judicial investigation against the Governmental Lender with respect to the Loans;

(b) any change in the location of the Governmental Lender’s principal office or any change in the location of the Governmental Lender’s books and records relating to the transactions contemplated hereby;

(c) the occurrence of any default or Event of Default of which the Governmental Lender has actual knowledge;

(d) the commencement of any proceedings or any proceedings instituted by or against the Governmental Lender in any federal, state or local court or before any governmental body or agency, or before any arbitration board, relating to the Notes; or

(e) the commencement of any proceedings by or against the Governmental Lender under any applicable bankruptcy, reorganization, liquidation, rehabilitation, insolvency or other similar law now or hereafter in effect or of any proceeding in which a receiver, liquidator, conservator, Fiscal Agent or similar official shall have been, or may be, appointed or requested for the Governmental Lender or any of its assets relating to the Loans.

Section 5.04. Inspection of Project Books. The Governmental Lender covenants and agrees that all books and documents in its possession relating to the Project shall, upon reasonable
prior notice, during normal business hours, be open to inspection and copying by such accountants or other agents as the Fiscal Agent or the Funding Lender Representative may from time to time reasonably designate.

**Section 5.05. No Modification of Security; Additional Indebtedness.** The Governmental Lender covenants to and for the benefit of the Funding Lender that it will not, without the prior written consent of the Funding Lender Representative, take any of the following actions:

(a) alter, modify or cancel, or agree to consent to alter, modify or cancel any agreement to which the Governmental Lender is a party, or which has been assigned to the Governmental Lender, and which relates to or affects the security for the Loans or the payment of any amount owed under the Financing Documents; or

(b) create or suffer to be created any lien upon the Pledged Security or any part thereof other than the lien created hereby and by the Security Instrument.

**Section 5.06. Damage, Destruction or Condemnation.** Net Proceeds resulting from casualty to or condemnation of the Project shall be applied as provided in the Construction Loan Agreement and, to the extent consistent therewith, Section 3.01(b)(i) hereof.

**Section 5.07. Tax Covenants.**

(a) **Governmental Lender’s Covenants.** The Governmental Lender covenants to and for the benefit of the Fiscal Agent and the Funding Lender that notwithstanding any other provisions of this Funding Loan Agreement or of any other instrument, it will comply with the following provisions:

(i) **Qualified Residential Rental Project Exempt Facility Bonds.** The Governmental Lender shall, solely by requiring the Borrower to execute and deliver the Financing Documents, assure that the proceeds of the Governmental Note-1 are used in a manner such that the will satisfy the requirements of section 142(d) of the Code relating to qualified residential rental projects.

(ii) **Federal Guarantee Prohibition.** The Governmental Lender shall take any and all actions necessary to assure that Governmental Note-1 is not “federally guaranteed” within the meaning of Section 149(b) of the Code.

(iii) **Rebate Requirement.** The Governmental Lender shall take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to Governmental Note-1.

(iv) **No Arbitrage.** The Governmental Lender shall not knowingly take, or permit or suffer to be taken, any action with respect to the proceeds of the Governmental Note-1 which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of funding
of the Governmental Note-1 would have caused the Governmental Note-1 to be an “arbitrage bond” within the meaning of section 148 of the Code.

(v) **Maintenance of Tax-Exemption.** The Governmental Lender shall, at the expense of the Borrower, take all actions necessary to assure the exclusion of interest on the Governmental Note-1 from the gross income of the owners of the Governmental Note-1 to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of Governmental Note-1.

(vi) **Private Activity Volume Cap.** The California Debt Limit Allocation Committee has provided an allocation of the State’s 2020 private activity bond volume cap under Section 146 of the Code to the Governmental Lender for the Governmental Note-1, and the Governmental Lender has timely made any required carry forward election with respect to such volume cap allocation. The Governmental Lender hereby elects to apply the alternative option under clause (2) of the first paragraph of Section 3.01 of IRS Notice 2011-63 with respect to the issue date of Governmental Note-1; and, in connection therewith, has directed Tax Counsel to include the information on Form 8038 filed for the Governmental Note that is required by Section 3.03 of said Notice.

(vii) **Limitation on Issuance Costs.** The Governmental Lender shall, solely by requiring the Borrower to execute and deliver the Financing Documents, covenants that, from the proceeds of the Governmental Note-1 and investment earnings thereon, an amount not in excess of 2% of the proceeds of Governmental Note-1, will be used for costs of issuance of Governmental Note-1, all within the meaning of section 147(g)(1) of the Code. For this purpose, if the fees of the Funding Lender are retained as a discount on the purchase of Governmental Note-1, such retention shall be deemed to be an expenditure of proceeds of the Governmental Note-1 for said fees.

(viii) **Limitation of Expenditure of Proceeds.** The Governmental Lender shall, solely by requiring the Borrower to execute and deliver the Financing Documents, ensure that not less than 95% of the net proceeds of the Governmental Note-1 (within the meaning of section 150(a)(3) of the Code) are paid for Qualified Project Costs (as defined in the Tax Regulatory Agreement).

(ix) **Limitation on Land.** The Governmental Lender shall, solely by requiring the Borrower to execute and deliver the Financing Documents, ensure that less than 25% of the proceeds of the Governmental Note-1 shall be used, directly or indirectly, for the acquisition of land.

(x) **Existing Facilities Limit.** The Governmental Lender covenants that no proceeds of the Governmental Note-1 shall be used for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property is pursuant to such acquisition; provided, however, that this limitation shall not apply with respect to any building (and the equipment
therefor) if rehabilitation expenditures (as defined in section 145(d) of the Code) with respect to such building equal or exceed 15% of the portion of the cost of acquiring such building (and equipment) financed with proceeds of Governmental Note-1; and provided, further, that this limitation shall not apply with respect to any structure other than a building if rehabilitation expenditures with respect to such structure equal or exceed 100% of the portion of the cost of acquiring such structure financed with the proceeds of Governmental Note-1.

(xii) **Income Targeting.** The Governmental Lender hereby elects to have the Project meet the requirements of section 142(d)(1)(B) of the Code in that 40% or more of the residential units in the Project shall be occupied by persons or families whose Adjusted Income (as defined in the Tax Regulatory Agreement) is 60% or less of Median Income for the Area (as defined in the Tax Regulatory Agreement), adjusted for household size.

(xiii) **Tax Regulatory Agreement.** The Governmental Lender shall require the Borrower to execute the Tax Regulatory Agreement as a condition of funding the Borrower Loan.

In furtherance of the covenants in this Section 5.07, the Governmental Lender and the Borrower shall execute, deliver and comply with the provisions of the Tax Certificate, which is by this reference incorporated into this Funding Loan Agreement and made a part of this Funding Loan Agreement as if set forth in this Funding Loan Agreement in full, and by its acceptance of this Funding Loan Agreement the Fiscal Agent acknowledges receipt of the Tax Certificate and acknowledges its incorporation into this Funding Loan Agreement by this reference and agrees to comply with the terms specifically applicable to it.

For purposes of this Section 5.07, the Governmental Lender’s compliance shall be based solely on matters within the Governmental Lender’s knowledge and control and no acts, omissions or directions of the Borrower, the Funding Lender or any other Persons shall be attributed to the Governmental Lender.

In complying with the foregoing covenants, the Governmental Lender may rely from time to time on an opinion of Bond Counsel.
(b) **Fiscal Agent’s Covenants.** The Fiscal Agent agrees that it will invest funds held under this Funding Loan Agreement in accordance with the covenants and terms of this Funding Loan Agreement and the Tax Certificate (this covenant shall extend through the term of the Funding Loan, to all funds and accounts created under this Funding Loan Agreement and all money on deposit to the credit of any such fund or account). The Fiscal Agent covenants to and for the benefit of the Funding Lender that, notwithstanding any other provisions of this Funding Loan Agreement or of any other Financing Document, it will not knowingly make or cause to be made any investment or other use of the money in the funds or accounts created hereunder which would cause the Governmental Note-1 to be classified as an “arbitrage bond” within the meaning of Sections 103(b) and 148 of the Code or would cause the interest on the Governmental Note-1 to be includable in gross income for federal income tax purposes; provided that the Fiscal Agent shall be deemed to have complied with such requirements and shall have no liability to the extent it reasonably follows the written directions of the Borrower, the Governmental Lender, the Funding Lender Representative, Bond Counsel or the Rebate Analyst. This covenant shall extend, throughout the term of the Funding Loan, to all funds created under this Funding Loan Agreement and all money on deposit to the credit of any such fund. Pursuant to this covenant, with respect to the investments of the funds and accounts under this Funding Loan Agreement, the Fiscal Agent obligates itself to comply throughout the term of the Funding Loan with the requirements of Sections 103(b) and 148 of the Code; provided that the Fiscal Agent shall be deemed to have complied with such requirements and shall have no liability to the extent it reasonably follows the written directions of the Borrower, the Governmental Lender, Bond Counsel or the Rebate Analyst. The Fiscal Agent further covenants that should the Governmental Lender or the Borrower file with the Fiscal Agent (it being understood that neither the Governmental Lender nor the Borrower has an obligation to so file), or should the Fiscal Agent receive, an opinion of Bond Counsel to the effect that any proposed investment or other use of proceeds of the Funding Loan would cause the Governmental Note-1 to become an “arbitrage bond,” then the Fiscal Agent will comply with any written instructions of the Governmental Lender, the Borrower, the Funding Lender Representative or Bond Counsel regarding such investment (which shall, in any event, be a Qualified Investment) or use so as to prevent the Governmental Note-1 from becoming an “arbitrage bond,” and the Fiscal Agent will bear no liability to the Governmental Lender, the Borrower, the Funding Lender or the Funding Lender Representative for investments made in accordance with such instructions.

**Section 5.08. Representations and Warranties of the Governmental Lender.** The Governmental Lender hereby represents and warrants as follows:

(a) The Governmental Lender is a public body, corporate and politic, duly organized, validly existing and in good standing under the laws of the State.

(b) The Governmental Lender has all necessary power and authority to issue the Governmental Notes and to execute and deliver this Funding Loan Agreement, the Project Loan Agreement and the other Financing Documents to which it is a party, and to perform its duties and discharge its obligations hereunder and thereunder.
(c)  The revenues and assets pledged for the repayment of the Funding Loan are and will be free and clear of any pledge, lien or encumbrance prior to, or equal with, the pledge created by this Funding Loan Agreement, and all action on the part of the Governmental Lender to that end has been duly and validly taken.

(d)  The Financing Documents to which the Governmental Lender is a party have been validly authorized, executed and delivered by the Governmental Lender, and assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding obligations of the Governmental Lender, enforceable against the Governmental Lender in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors’ rights generally and the application of equitable principles.

THE GOVERNMENTAL LENDER MAKES NO REPRESENTATION, COVENANT OR AGREEMENT AS TO THE FINANCIAL POSITION OR BUSINESS CONDITION OF THE BORROWER OR THE PROJECT, AND DOES NOT REPRESENT OR WARRANT AS TO ANY STATEMENTS, MATERIALS, REPRESENTATIONS OR CERTIFICATIONS FURNISHED BY THE BORROWER IN CONNECTION WITH THE FUNDING LOAN OR THE PROJECT LOAN OR AS TO THE CORRECTNESS, COMPLETENESS OR ACCURACY THEREOF.

Section 5.09. Immunities and Limitations of Responsibility of Governmental Lender.

(a)  The Governmental Lender shall be entitled to the advice of counsel, and the Governmental Lender shall be wholly protected as to action taken or omitted in reliance on such advice. The Governmental Lender may rely conclusively on any written notice or other document furnished to it hereunder or under any other Financing Document and reasonably believed by it to be genuine. The Governmental Lender shall in no event be liable for the application or misapplication of funds or for other acts or defaults by any person, except its own officers and employees. When any payment or consent or other action by it is called for hereby, it may defer such action pending receipt of such evidence (if any) as it may require in support thereof (excluding the payment of any principal, interest or premium due on the Governmental Notes to the extent such amounts are received from the Borrower). The Governmental Lender shall not be required to take any remedial action (other than the giving of notice) hereunder or under any of the other Financing Document unless indemnity in a form acceptable to the Governmental Lender is furnished for any expense or liability to be incurred in connection with such remedial action. The Governmental Lender shall be entitled to reimbursement from the Borrower for its expenses reasonably incurred or advances reasonably made, with interest at the maximum rate of interest permitted under applicable law, in the exercise of its rights or the performance of its obligations hereunder or under any other Financing Document. No permissive right or power to act which the Governmental Lender may have shall be construed as a requirement to act; and no delay in the exercise of a right or power shall affect its subsequent exercise of the right or power.

(b)  A default by the Borrower in any of its covenants, representations and agreements in the Project Loan Agreement, Tax Regulatory Agreement or Tax Certificate
on which the Governmental Lender is relying in the various sections of this Article V shall not be considered a default hereunder by the Governmental Lender.

(c) No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of any present or future officer, director, employee or agent of the Governmental Lender in his or her individual capacity, and none of the officers, commissioners, directors, attorneys, employees or agents of the Governmental Lender executing the Governmental Notes or this Funding Loan Agreement shall be liable personally on the Governmental Notes or under this Funding Loan Agreement or be subject to any personal liability or accountability by reason of the issuance of the Governmental Notes or the execution of this Funding Loan Agreement.

(d) The Borrower has indemnified the Governmental Lender against certain acts and events as set forth in Section 6.01 of the Project Loan Agreement and Section 7 of the Tax Regulatory Agreement. Such indemnities shall survive payment of the Funding Loan and discharge of this Funding Loan Agreement.

ARTICLE VI

DEFAULT PROVISIONS AND DEFAULT: REMEDIES OF FISCAL AGENT AND FUNDING LENDER

Section 6.01. Provisions Regarding Default and Acceleration. Upon a default by the Governmental Lender of its obligations hereunder or a default by the Borrower of its obligations under the Project Loan Documents, the Fiscal Agent shall, subject to the provisions of Article VII, take such actions, and only such actions, to enforce the provisions of this Funding Loan Agreement, the Project Loan Documents and the Financing Documents as are specified in writing by the Funding Lender Representative. Notwithstanding the foregoing, or anything else to the contrary herein, no default by the Borrower under the Project Loan Agreement or a Project Note shall constitute an event of default with respect to the Funding Loan (including, without limitation, a failure to make any payment due with respect to the Funding Loan as a consequence of the Borrower’s failure to make any payment due under the Project Loan Agreement). The Governmental Lender’s, Fiscal Agent’s and Funding Lender’s remedies with respect to a default under the Project Loan Documents shall be as set forth under the Project Loan Documents. In the event of a default by the Borrower under the Project Loan Documents, the Funding Lender, in its discretion, may accelerate the amounts due under the Project Loan Agreement and take other remedial actions available thereunder in accordance with the terms of the Project Loan Agreement without accelerating the amounts due with respect to the Funding Loan. Notwithstanding the foregoing, the Funding Lender Representative may, upon the acceleration of the Borrower’s obligations under the Project Loan Documents, direct the Fiscal Agent to simultaneously accelerate the maturity of the Funding Loan and apply any funds available hereunder to the payment of the Funding Loan (after paying the fees and expenses of the Fiscal Agent and the Governmental Lender). Any portion of the Funding Loan remaining outstanding upon such an acceleration of the Funding Loan shall be deemed paid upon transfer, to or at the direction of the Funding Lender, of the Project Loan Documents and all security therefor free and clear of the lien of this Funding Loan Agreement.
The Governmental Lender shall cooperate with the Fiscal Agent and the Funding Lender in exercising rights and remedies under the Project Loan Documents, but only upon being satisfactorily indemnified by the Borrower for any fees or expenses relating thereto as provided in the Project Loan Agreement and Tax Regulatory Agreement.

Section 6.02. Effectiveness of Sections 6.02 Through 6.13 at the Direction of Governmental Lender; Events of Default. At the written request of the Funding Lender, the Governmental Lender may authorize, by written notice to the Fiscal Agent, the effectiveness of this Section 6.02 and Sections 6.03 through 6.13. The Governmental Lender’s authorization of such provisions may be granted on such terms as the Governmental Lender may determine in its sole and absolute discretion, including, without limitation, provision by the Funding Lender of indemnification reasonably satisfactory to the Governmental Lender. Upon delivery of the above referenced authorization the provisions of this Section 6.02 and Sections 6.03 through 6.13 shall be effective. Each of the following shall be an event of default with respect to the Funding Loan (an “Event of Default”) under this Funding Loan Agreement:

(a) failure to pay the principal of, premium, if any, or interest on the Funding Loan when due, whether on an Interest Payment Date, at the stated maturity thereof, by proceedings for prepayment thereof, by acceleration or otherwise; or

(b) failure to observe the covenants set forth in Section 5.05 hereof; or

(c) failure to observe or perform any of the covenants, agreements or conditions on the part of the Governmental Lender (other than those set forth in Sections 5.01 and 5.05 hereof) set forth in this Funding Loan Agreement or in the Governmental Notes and the continuance thereof for a period of 30 days (or such longer period, if any, as is specified herein for particular defaults) after written notice thereof to the Governmental Lender from the Fiscal Agent or the Funding Lender Representative specifying such default and requiring the same to be remedied; provided that if such default cannot be cured within such 30-day period through the exercise of diligence and the Governmental Lender commences the required cure within such 30-day period and continues the cure with diligence and the Governmental Lender reasonably anticipates that the default could be cured within 60 days, the Governmental Lender shall have 60 days following receipt of such notice to effect the cure; or

(d) receipt by the Fiscal Agent of written notice from the Funding Lender Representative of the occurrence of an “Event of Default” under the Project Loan Agreement or the Construction Loan Agreement.

The Fiscal Agent will promptly notify the Governmental Lender, the Investor Partner and the Funding Lender Representative after a Responsible Officer obtains actual knowledge of the occurrence of an Event of Default or obtains actual knowledge of the occurrence of an event which would become an Event of Default with the passage of time or the giving of notice or both. The Investor Partner shall have the right, but not the obligation, to cure any default of Borrower hereunder and such cure shall be deemed to have been made by Borrower.
Section 6.03. Acceleration; Other Remedies Upon Event of Default. Upon the occurrence of an Event of Default, the Fiscal Agent shall, upon the written request of the Funding Lender Representative, by notice in writing delivered to the Governmental Lender, declare the principal of the Funding Loan and the interest accrued thereon immediately due and payable, and interest shall continue to accrue thereon until such amounts are paid.

At any time after the Funding Loan shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Fiscal Agent may, but only if directed in writing by the Funding Lender Representative, by written notice to the Governmental Lender and the Fiscal Agent, rescind and annul such declaration and its consequences if the Governmental Lender or the Borrower shall pay to or deposit with the Fiscal Agent a sum sufficient to pay all principal on the Funding Loan then due (other than solely by reason of such declaration) and all unpaid installments of interest (if any) on the Funding Loan then due, with interest at the rate borne by the Funding Loan on such overdue principal and (to the extent legally enforceable) on such overdue installments of interest, and the reasonable fees and expenses of the Fiscal Agent (including its counsel) shall have been made good or cured or adequate provision shall have been made therefor, and all outstanding amounts then due and unpaid under the Financing Documents (collectively, the “Cure Amount”) shall have been paid in full, and all other defaults hereunder shall have been made good or cured or waived in writing by the Funding Lender Representative; but no such rescission and annulment shall extend to or shall affect any subsequent default, nor shall it impair or exhaust any right or power consequent thereon.

Upon the occurrence and during the continuance of an Event of Default, the Fiscal Agent in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the Funding Lender, may also proceed to protect and enforce any rights of the Fiscal Agent and, to the full extent that the Funding Lender itself might do, the rights of the Funding Lender under the laws of the State or under this Funding Loan Agreement by such of the following remedies as the Fiscal Agent shall deem most effectual to protect and enforce such rights; provided that, the Fiscal Agent may undertake any such remedy only upon the receipt of the prior written consent of the Funding Lender Representative (which consent may be given in the sole discretion of the Funding Lender Representative):

(a) by mandamus or other suit, action or proceeding at law or in equity, to enforce the payment of the principal of, premium, if any, or interest on the Funding Loan and to require the Governmental Lender to carry out any covenants or agreements with or for the benefit of the Funding Lender and to perform its duties under the Act, this Funding Loan Agreement, the Project Loan Agreement or the Tax Regulatory Agreement (as applicable) to the extent permitted under the applicable provisions thereof;

(b) by pursuing any available remedies under the Project Loan Agreement, the Tax Regulatory Agreement or any other Financing Document;

(c) by realizing or causing to be realized through sale or otherwise upon the security pledged hereunder; and

(d) by action or suit in equity enjoin any acts or things that may be unlawful or in violation of the rights of the Funding Lender and execute any other papers and
documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of the Fiscal Agent in order to have the claim of the Funding Lender against the Governmental Lender allowed in any bankruptcy or other proceeding.

No remedy by the terms of this Funding Loan Agreement conferred upon or reserved to the Fiscal Agent or to the Funding Lender is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Fiscal Agent or the Funding Lender hereunder or under the Project Loan Agreement, the Tax Regulatory Agreement, the Construction Loan Agreement or any other Financing Document, as applicable, or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default hereunder, whether by the Fiscal Agent or the Funding Lender, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereto.

Section 6.04. Funding Lender Representative Control of Proceedings. If an Event of Default has occurred and is continuing, notwithstanding anything to the contrary herein, the Funding Lender Representative shall have the sole and exclusive right at any time to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Funding Loan Agreement, or for the appointment of a receiver or any other proceedings hereunder, in accordance with the provisions of law and of this Funding Loan Agreement. In addition, the Funding Lender Representative shall have the sole and exclusive right at any time to directly enforce all rights and remedies hereunder and under the other Financing Documents with or without the involvement of the Fiscal Agent or the Governmental Lender (and in connection therewith the Fiscal Agent shall transfer or assign to the Funding Lender Representative all of its interest in the Pledged Security at the request of the Funding Lender Representative). In no event shall the exercise of any of the foregoing rights result in an acceleration of the Funding Loan without the express direction of the Funding Lender Representative.

Section 6.05. Waiver by Governmental Lender. Upon the occurrence of an Event of Default, to the extent that such right may then lawfully be waived, neither the Governmental Lender nor anyone claiming through or under it shall set up, claim or seek to take advantage of any appraisal, valuation, stay, extension or prepayment laws now or hereinafter in force, in order to prevent or hinder the enforcement of this Funding Loan Agreement; and the Governmental Lender, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all right of appraisement and prepayment to which it may be entitled under the laws of the State and the United States of America.

Section 6.06. Application of Money After Default. All money collected by the Fiscal Agent at any time pursuant to this Article shall, except to the extent, if any, otherwise directed by a court of competent jurisdiction, be credited by the Fiscal Agent to the Revenue Fund. Such money so credited to the Revenue Fund and all other money from time to time credited to the Revenue Fund shall at all times be held, transferred, withdrawn and applied as prescribed by the provisions of Article IV hereof and this Section 6.06.
In the event that at any time the money credited to the Revenue Fund, the Loan Payment Fund and the Loan Prepayment Fund available for the payment of interest or principal then due with respect to the Governmental Notes shall be insufficient for such payment, such money shall be applied as follows and in the following order of priority:

(a) For payment of all amounts due to the Fiscal Agent incurred in performance of its duties under this Funding Loan Agreement, including, without limitation, the payment of all reasonable fees and expenses of the Fiscal Agent incurred in exercising any remedies under this Funding Loan Agreement.

(b) To the extent directed in writing by the Funding Lender Representative, to the reimbursement of any unreimbursed advances made by or on behalf of each Funding Lender pursuant to the Construction Loan Agreement or the Security Instrument.

(c) Unless the full principal amount of the Funding Loan shall have become or have been declared due and payable:

FIRST: to the Funding Lender, all installments of interest then due on the Funding Loan in the order of the maturity of such installments and, during the Construction Phase, to each Funding Lender according to their respective amounts of interest owed; and

SECOND: to the Funding Lender, unpaid principal of and premium, if any, on the Funding Loan which shall have become due, whether at maturity or by call for prepayment, in the order in which they became due and payable and, during the Construction Phase, to each Funding Lender according to their respective amounts of principal owed.

(d) If the full principal amount of the Governmental Notes shall have become or have been declared due and payable, to the Funding Lender for the payment of the principal of, premium, if any, and interest then due and unpaid on the Funding Loan without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest.

Notwithstanding the foregoing, partial interests in any portion of the Funding Loan shall be paid in such order of priority as may be prescribed in writing by the Funding Lender Representative in accordance with the co-lending agreement between the Funding Lenders.

Section 6.07. Remedies Not Exclusive. No right or remedy conferred upon or reserved to the Fiscal Agent, the Funding Lender or the Funding Lender Representative by the terms of this Funding Loan Agreement is intended to be exclusive of any other right or remedy, but each and every such remedy shall be cumulative and shall be in addition to every other right or remedy given to the Fiscal Agent, the Funding Lender or the Funding Lender Representative under this Funding Loan Agreement or existing at law or in equity or by statute (including the Act).

Section 6.08. Fiscal Agent May Enforce Rights Without Governmental Note. All rights of action and claims, including the right to file proof of claims, under this Funding Loan Agreement may be prosecuted and enforced by the Fiscal Agent at the written direction of the
Funding Lender Representative without the possession of the Governmental Notes or the production thereof in any trial or other proceedings relating thereto. Subject to the rights of the Funding Lender Representative to direct proceedings hereunder, any such suit or proceeding instituted by the Fiscal Agent shall be brought in its name as Fiscal Agent without the necessity of joining as plaintiffs or defendants any Funding Lender, and any recovery or judgment shall be for the benefit as provided herein of the Funding Lender.

**Section 6.09. Termination of Proceedings.** In case the Fiscal Agent (at the direction of the Funding Lender Representative) or the Funding Lender Representative shall have proceeded to enforce any right under this Funding Loan Agreement by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Governmental Lender, the Fiscal Agent, the Funding Lender Representative, the Borrower and the Funding Lender shall be restored to their former positions and rights hereunder with respect to the Pledged Security herein conveyed, and all rights, remedies and powers of the Fiscal Agent and the Funding Lender Representative shall continue as if no such proceedings had been taken.

**Section 6.10. Waivers of Events of Default.** The Fiscal Agent shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of and interest on the Funding Loan upon the written direction of the Funding Lender Representative. In case of any such waiver or rescission, or in case any proceeding taken by the Fiscal Agent on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Governmental Lender, the Fiscal Agent, the Borrower, the Funding Lender Representative and the Funding Lender shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereto.

**Section 6.11. Interest on Unpaid Amounts and Default Rate for Nonpayment.** In the event that principal of or interest payable on the Funding Loan is not paid when due, there shall be payable on the amount not timely paid, on each Interest Payment Date, interest at the Default Rate, to the extent permitted by law. Interest on the Funding Loan shall accrue at the Default Rate until the unpaid amount, together with interest thereon, shall have been paid in full.

**Section 6.12. Assignment of Project Loan; Remedies Under the Project Loan.**

(a) The Funding Lender Representative shall have the right, with respect to the Project Loan, in its sole and absolute discretion, without directing the Fiscal Agent to effect an acceleration of the Funding Loan, to instruct the Fiscal Agent in writing to assign the Project Notes, the Security Instrument and the other Project Loan Documents to the Funding Lender Representative, in which event the Fiscal Agent shall (a) endorse and deliver the Project Notes to the Funding Lender Representative and assign (in recordable form) the Security Instrument, (b) execute and deliver to the Funding Lender Representative all documents prepared by the Funding Lender Representative necessary to assign (in recordable form) all other Project Loan Documents to the Funding Lender Representative and (c) execute all such documents prepared by the Funding Lender Representative as are necessary to legally and validly effectuate the assignments provided for in the preceding clauses (a) and (b). The Fiscal Agent’s assignments to the Funding
Lender Representative pursuant to this Section 6.12 shall be without recourse or warranty except that the Fiscal Agent shall represent and warrant in connection therewith (A) that the Fiscal Agent has not previously endorsed or assigned any such documents or instruments and (B) that the Fiscal Agent has the corporate authority to endorse and assign such documents and instruments and such endorsements and assignments have been duly authorized.

(b) The Funding Lender Representative shall have the right, in its own name or on behalf of the Governmental Lender or the Fiscal Agent, to declare any default and exercise any remedies under the Project Loan Agreement, the Project Notes or the Security Instrument, whether or not the Governmental Notes have been accelerated or declared due and payable by reason of an Event of Default or the occurrence of a mandatory prepayment, provided that the Governmental Lender may enforce specific performance with respect to the Unassigned Rights.

Section 6.13. Substitution. Upon receipt of written notice from the Funding Lender Representative and the approval of the Governmental Lender and to the extent permitted under the Tax Regulatory Agreement, the Fiscal Agent shall exchange the Project Notes and the Security Instrument for a new Project Note or Project Notes and Security Instrument, evidencing and securing a new loan (the “New Project Loan”), which may be executed by a person other than the Borrower (the “New Borrower”), provided that if the Fiscal Agent, the Funding Lender or a nominee of the Fiscal Agent or the Funding Lender has acquired the Project through foreclosure, by accepting a deed in lieu of foreclosure or by comparable conversion of the Project, no approval from the Governmental Lender of such exchange shall be required. Prior to accepting a New Project Loan, the Fiscal Agent shall have received (i) written evidence that the New Borrower shall have executed and recorded a document substantially in the form of the Tax Regulatory Agreement (or executed and recorded an assumption of all of the Borrower’s obligations under the Tax Regulatory Agreement) and that the Project Loan Documents have been modified as necessary to be applicable to the New Project Loan, and (ii) an opinion of Bond Counsel, to the effect that such exchange and modification, in and of itself, shall not affect the exclusion, from gross income, for federal income tax purposes of the interest payable on Governmental Note-1.

ARTICLE VII
CONCERNING THE FISCAL AGENT

Section 7.01. Standard of Care. The Fiscal Agent, prior to an Event of Default as defined in Section 6.01 hereof and after the curing or waiver of all such events which may have occurred, shall perform such duties and only such duties as are specifically set forth in this Funding Loan Agreement. The Fiscal Agent, during the existence of any such Event of Default (which shall not have been cured or waived), shall exercise such rights and powers vested in it by this Funding Loan Agreement and use the same degree of care and skill in its exercise as a prudent Person would exercise or use under similar circumstances in the conduct of such Person’s own affairs.

No provision of this Funding Loan Agreement shall be construed to relieve the Fiscal Agent from liability for its breach of trust, own negligence or willful misconduct, except that:

48
(a) prior to an Event of Default hereunder, and after the curing or waiver of all such Events of Default which may have occurred:

   (i) the duties and obligations of the Fiscal Agent shall be determined solely by the express provisions of this Funding Loan Agreement, and the Fiscal Agent shall not be liable except with regard to the performance of such duties and obligations as are specifically set forth in this Funding Loan Agreement; and

   (ii) in the absence of bad faith on the part of the Fiscal Agent, the Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Fiscal Agent by the Person or Persons authorized to furnish the same;

(b) at all times, regardless of whether or not any such Event of Default shall exist:

   (i) the Fiscal Agent shall not be liable for any error of judgment made in good faith by an officer or employee of the Fiscal Agent except for willful misconduct or negligence by the officer or employee of the Fiscal Agent as the case may be; and

   (ii) the Fiscal Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Funding Lender Representative relating to the time, method and place of conducting any proceeding for any remedy available to the Fiscal Agent, or exercising any trust or power conferred upon the Fiscal Agent under this Funding Loan Agreement.

Section 7.02. Reliance Upon Documents. Except as otherwise provided in Section 7.01 hereof:

(a) the Fiscal Agent may rely upon the authenticity or truth of the statements and the correctness of the opinions expressed in, and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, notarial seal, stamp, acknowledgment, verification, request, consent, order, bond, or other paper or document of the proper party or parties, including any Electronic Notice as permitted hereunder or under the Project Loan Agreement;

(b) any notice, request, direction, election, order or demand of the Governmental Lender mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the Governmental Lender by an Authorized Officer of the Governmental Lender (unless other evidence in respect thereof be herein specifically prescribed), and any resolution of the Governmental Lender may be evidenced to the Fiscal Agent by a copy of such resolution duly certified by an Authorized Officer of the Governmental Lender;

(c) any notice, request, certificate, statement, requisition, direction, election, order or demand of the Borrower mentioned herein shall be sufficiently evidenced by an
instrument purporting to be signed in the name of the Borrower by any Authorized Officer of the Borrower (unless other evidence in respect thereof be herein specifically prescribed), and any resolution or certification of the Borrower may be evidenced to the Fiscal Agent by a copy of such resolution duly certified by a secretary or other authorized representative of the Borrower;

(d) [Intentionally Omitted];

(e) any notice, request, direction, election, order or demand of the Funding Lender Representative mentioned herein shall be sufficiently evidenced by an instrument purporting to be signed in the name of the Funding Lender Representative by any Authorized Officer of the Funding Lender Representative (unless other evidence in respect thereof be herein specifically prescribed);

(f) [Intentionally Omitted];

(g) [Intentionally Omitted];

(h) in the administration of the trusts of this Funding Loan Agreement, the Fiscal Agent may execute any of the trusts or powers hereby granted directly or through its agents, receivers or attorneys, and the Fiscal Agent may consult with counsel (who may be counsel for the Governmental Lender or the Funding Lender Representative) and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or permitted by it hereunder in good faith and in accordance with the opinion of such counsel;

(i) whenever in the administration of the trusts of this Funding Loan Agreement, the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or permitting any action hereunder, such matters (unless other evidence in respect thereof be herein specifically prescribed), may in the absence of negligence or willful misconduct on the part of the Fiscal Agent, be deemed to be conclusively proved and established by a certificate of an officer or authorized agent of the Governmental Lender or the Borrower and such certificate shall in the absence of bad faith on the part of the Fiscal Agent be full warrant to the Fiscal Agent for any action taken or permitted by it under the provisions of this Funding Loan Agreement, but in its discretion the Fiscal Agent may in lieu thereof accept other evidence of such matter or may require such further or additional evidence as it may deem reasonable;

(j) the recitals herein and in the Governmental Notes (except the Fiscal Agent’s certificate of authentication thereon) shall not be considered as made by or imposing any obligation or liability upon the Fiscal Agent. The Fiscal Agent makes no representations as to the value or condition of the Pledged Security or any part thereof, or as to the title of the Governmental Lender or the Borrower to the Pledged Security, or as to the security of this Funding Loan Agreement, or of the Governmental Notes issued hereunder, and the Fiscal Agent shall incur no liability or responsibility in respect of any of such matters;

(k) the Fiscal Agent shall not be personally liable for debts contracted or liability for damages incurred in the management or operation of the Pledged Security
except for its own willful misconduct or negligence; and every provision of this Funding Loan Agreement relating to the conduct or affecting the liability of or affording protection to the Fiscal Agent shall be subject to the provisions of this Section 7.02(k);

(l) the Fiscal Agent shall not be required to ascertain or inquire as to the performance or observance of any of the covenants or agreements (except to the extent they obligate the Fiscal Agent) herein or in any contracts or securities assigned or conveyed to or pledged with the Fiscal Agent hereunder, except Events of Default that are evident under Section 6.02(a) hereof. The Fiscal Agent shall not be required to take notice or be deemed to have notice or actual knowledge of any default or Event of Default specified in Section 6.02 hereof (except defaults under Section 6.02(a) hereof to the extent they are collecting loan payments hereunder) unless the Fiscal Agent shall receive from the Governmental Lender or the Funding Lender Representative written notice stating that a default or Event of Default has occurred and specifying the same, and in the absence of such notice the Fiscal Agent may conclusively assume that there is no such default. Every provision contained in this Funding Loan Agreement or related instruments or in any such contract or security wherein the duty of the Fiscal Agent depends on the occurrence and continuance of such default shall be subject to the provisions of this Section 7.02(l);

(m) the Fiscal Agent shall be under no duty to confirm or verify any financial or other statements or reports or certificates furnished pursuant to any provisions hereof, except to the extent such statement or reports are furnished by or under the direction of the Fiscal Agent, and shall be under no other duty in respect of the same except to retain the same in its files and permit the inspection of the same at reasonable times by the Funding Lender; and

(n) the Fiscal Agent shall be under no obligation to exercise those rights or powers vested in it by this Funding Loan Agreement, other than such rights and powers which it shall be obliged to exercise in the ordinary course of acting as Fiscal Agent under the terms and provisions of this Funding Loan Agreement and as required by law, at the request or direction of the Funding Lender Representative pursuant to Section 6.04 hereof, unless the Funding Lender Representative shall have offered to the Fiscal Agent reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in the compliance with such request or direction.

None of the provisions contained in this Funding Loan Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

The Fiscal Agent is authorized and directed to execute in its capacity as Fiscal Agent, the Project Loan Agreement and the Tax Regulatory Agreement and shall have no responsibility or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the delivery of the Governmental Notes.

The Fiscal Agent or any of its affiliates may act as advisor or sponsor with respect to any Qualified Investments.
The Fiscal Agent agrees to accept and act upon Electronic Notice of written instructions and/or directions pursuant to this Funding Loan Agreement.

Any resolution, certification, notice, request, direction, election, order or demand delivered to the Fiscal Agent pursuant to this Section 7.02 shall remain in effect until the Fiscal Agent receives written notice to the contrary from the party that delivered such instrument accompanied by revised information for such party.

The Fiscal Agent shall have no responsibility for the value of any collateral or with respect to the perfection or priority of any security interest in any collateral except as otherwise provided in Section 7.17 hereof.

Section 7.03. Use of Proceeds. The Fiscal Agent shall not be accountable for the use or application of the Governmental Notes authenticated or delivered hereunder or of the proceeds of the Funding Loan except as provided herein.

Section 7.04. [Reserved].

Section 7.05. Trust Imposed. All money received by the Fiscal Agent shall, until used or applied as herein provided, be held in trust for the purposes for which it was received.

Section 7.06. Compensation of Fiscal Agent. The Fiscal Agent shall be entitled to its Ordinary Fiscal Agent’s Fees and Expenses in connection with the services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties of the Fiscal Agent hereunder or under any Financing Document to the extent money is available therefor, in accordance with Section 4.06 hereof, exclusive of Extraordinary Services. The Fiscal Agent shall be entitled to Extraordinary Fiscal Agent’s Fees and Expenses in connection with any Extraordinary Services performed consistent with the duties hereunder or under any of the Financing Documents; provided the Fiscal Agent shall not incur any Extraordinary Fiscal Agent’s Fees and Expenses without the consent of the Funding Lender Representative. If any property, other than cash, shall at any time be held by the Fiscal Agent subject to this Funding Loan Agreement, or any supplement hereto, as security for the Funding Loan, the Fiscal Agent, if and to the extent authorized by a receivership, bankruptcy, or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Funding Loan Agreement as such security for the Funding Loan, shall be entitled to make advances for the purpose of preserving such property or of discharging tax liens or other liens or encumbrances thereon. Payment to the Fiscal Agent for its services and reimbursement to the Fiscal Agent for its expenses, disbursements, liabilities and advances, shall be limited to the sources described in the Project Loan Agreement and in Sections 4.06, 4.11 and 6.06 hereof. The Governmental Lender shall have no liability for Fiscal Agent’s fees, costs or expenses. Subject to the provisions of Section 7.09 hereof, the Fiscal Agent agrees that it shall continue to perform its duties hereunder and under the Financing Documents even in the event that money designated for payment of its fees shall be insufficient for such purposes or in the event that the Borrower fails to pay the Ordinary Fiscal Agent’s Fees and Expenses or, if applicable, the Extraordinary Fiscal Agent’s Fees and Expenses as required by the Project Loan Agreement.
The Borrower shall indemnify and hold harmless the Fiscal Agent and its officers, directors, officials, employees, agents, receivers, attorneys, accountants, advisors, consultants and servants, past, present or future, from and against (a) any and all claims by or on behalf of any person arising from any cause whatsoever in connection with this Funding Loan Agreement or transactions contemplated hereby, the Project, or the delivery of the Governmental Notes or the Loans; (b) any and all claims arising from any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Project, or the delivery of the Governmental Notes or the Loans; and (c) all costs, counsel fees, expenses or liabilities incurred in connection with any such claim or proceeding brought thereon; except that the Borrower shall not be required to indemnify any person for damages caused by the gross negligence, willful misconduct or unlawful acts of such person or which arise from events occurring after the Borrower ceases to own the Project. In the event that any action or proceeding is brought or claim made against the Fiscal Agent, or any of its officers, directors, officials, employees, agents, receivers, attorneys, accountants, advisors, consultants or servants, with respect to which indemnity may be sought hereunder, the Borrower, upon written notice thereof from the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel and the payment of all expenses. The indemnified party shall have the right to approve a settlement to which it is a party and to employ separate counsel in any such action or proceedings and to participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel. The provisions of this Section 7.06 shall survive the termination of this Funding Loan Agreement.

Section 7.07. Qualifications of Fiscal Agent. There shall at all times be a Fiscal Agent hereunder which shall be an association or a corporation organized and doing business under the laws of the United States of America or any state thereof, authorized under such laws to exercise corporate trust powers. Any successor Fiscal Agent shall have a combined capital and surplus of at least $50,000,000 (or shall be a wholly-owned subsidiary of an association or corporation that has such combined capital and surplus), and be subject to supervision or examination by federal or state authority, or shall have been appointed by a court of competent jurisdiction pursuant to Section 7.11 hereof. If such association or corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority referred to above, then for the purposes of this Section 7.07, the combined capital and surplus of such association or corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Fiscal Agent shall cease to be eligible in accordance with the provisions of this Section 7.07 and another association or corporation is eligible, the Fiscal Agent shall resign immediately in the manner and with the effect specified in Section 7.09 hereof.

Section 7.08. Merger of Fiscal Agent. Any association or corporation into which the Fiscal Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any association or corporation resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party shall, ipso facto, be and become successor Fiscal Agent hereunder and vested with all the title to the whole property or Pledged Security and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of any of
the parties hereto, anything herein to the contrary notwithstanding, and shall also be and become successor Fiscal Agent in respect of the legal interest of the Fiscal Agent in the Loans.

Section 7.09. Resignation by the Fiscal Agent. The Fiscal Agent may at any time resign from the trusts hereby created by giving written notice to the Governmental Lender, the Borrower and the Funding Lender Representative. Such notice to the Governmental Lender, the Borrower and the Funding Lender Representative may be served personally or sent by certified mail or overnight delivery service. The resignation of the Fiscal Agent shall not be effective until a successor Fiscal Agent has been appointed as provided herein and such successor Fiscal Agent shall have agreed in writing to be bound by the duties and obligations of the Fiscal Agent hereunder.

Section 7.10. Removal of the Fiscal Agent. The Fiscal Agent may be removed at any time, either with or without cause, with the consent of the Funding Lender Representative (which consent of the Funding Lender Representative shall not be unreasonably withheld), by a written instrument signed by the Governmental Lender and delivered to the Fiscal Agent and the Borrower. The Fiscal Agent may also be removed by a written instrument signed by the Funding Lender Representative and delivered to the Fiscal Agent, the Governmental Lender and the Borrower. In each case written notice of such removal shall be given to the Borrower and to the Funding Lender. Any such removal shall take effect on the day specified in such written instrument(s), but the Fiscal Agent shall not be discharged from the trusts hereby created until a successor Fiscal Agent has been appointed and has accepted such appointment and has agreed in writing to be bound by the duties and obligations of the Fiscal Agent hereunder.

Section 7.11. Appointment of Successor Fiscal Agent.

(a) In case at any time the Fiscal Agent shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or shall be adjudged a bankrupt or insolvent, or if a receiver of the Fiscal Agent or of its property shall be appointed, or if a public supervisory office shall take charge or control of the Fiscal Agent or of its property or affairs, a vacancy shall forthwith and ipso facto be created in the office of such Fiscal Agent hereunder, and the Governmental Lender, with the written consent of the Funding Lender Representative, shall promptly appoint a successor Fiscal Agent. Any such appointment shall be made by a written instrument executed by an Authorized Officer of the Governmental Lender. If the Governmental Lender fails to appoint a successor Fiscal Agent within 10 days following the resignation or removal of the Fiscal Agent pursuant to Section 7.09 or Section 7.10 hereunder, as applicable, the Funding Lender Representative may appoint a successor Fiscal Agent.

(b) If, in a proper case, no appointment of a successor Fiscal Agent shall be made pursuant to subsection (a) of this Section 7.11 within 60 days following delivery of all required notices of resignation given pursuant to Section 7.09 hereof or of removal of the Fiscal Agent pursuant to Section 7.10 hereof, the retiring Fiscal Agent may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. The court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Fiscal Agent.
Section 7.12. Concerning Any Successor Fiscal Agent. Every successor Fiscal Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Governmental Lender a written instrument accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the Pledged Security and the rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Governmental Lender, the Borrower or the Funding Lender Representative, or of its successor, and upon payment of all amounts due such predecessor, including but not limited to fees and expenses of counsel, execute and deliver such instruments as may be appropriate to transfer to such successor Fiscal Agent all the Pledged Security and the rights, powers and trusts of such predecessor hereunder; and every predecessor Fiscal Agent shall deliver all securities and money held by it as Fiscal Agent hereunder to its successor. Should any instrument in writing from the Governmental Lender be required by a successor Fiscal Agent for more fully and certainly vesting in such successor the Pledged Security and all rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Governmental Lender. The resignation of any Fiscal Agent and the instrument or instruments removing any Fiscal Agent and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed and/or recorded by the successor Fiscal Agent in each recording office where this Funding Loan Agreement shall have been filed and/or recorded. Each successor Fiscal Agent shall mail notice by first class mail, postage prepaid, at least once within 30 days of such appointment, to the Funding Lender.

Section 7.13. Successor Fiscal Agent. In the event of a change in the office of Fiscal Agent, the predecessor Fiscal Agent which shall have resigned or shall have been removed shall cease to be Fiscal Agent with respect to the Governmental Notes, and the successor Fiscal Agent shall become such Fiscal Agent.

Section 7.14. Appointment of Co-Fiscal Agent or Separate Fiscal Agent. It is the intent of the Governmental Lender and the Fiscal Agent that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banking corporations or associations to transact business as Fiscal Agent in such jurisdiction. It is recognized that in case of litigation under or connected with this Funding Loan Agreement, the Project Loan Agreement or any of the other Financing Documents, and, in particular, in case of the enforcement of any remedies on default, or in case the Fiscal Agent deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein or therein granted to the Fiscal Agent or hold title to the properties in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Fiscal Agent, with the consent of the Governmental Lender and the Funding Lender Representative, appoint an additional individual or institution as a co-fiscal agent or separate fiscal agent.

In the event that the Fiscal Agent appoints an additional individual or institution as a co-fiscal agent or separate fiscal agent, in the event of the incapacity or lack of authority of the Fiscal Agent, by reason of any present or future law of any jurisdiction, to exercise any of the rights, powers, trusts and remedies granted to the Fiscal Agent herein or to hold title to the Pledged Security or to take any other action that may be necessary or desirable in connection therewith, each and every remedy, power, right, obligation, claim, demand, cause of action, immunity, estate,
title, interest and lien expressed or intended by this Funding Loan Agreement to be imposed upon, exercised by or vested in or conveyed to the Fiscal Agent with respect thereto shall be imposed upon, exercisable by and vest in such separate fiscal agent or co-fiscal agent, but only to the extent necessary to enable such co-fiscal agent or separate fiscal agent to exercise such powers, rights, trusts and remedies, and every covenant and obligation necessary to the exercise thereof by such co-fiscal agent or separate fiscal agent shall run to and be enforceable by either of them, subject to the remaining provisions of this Section 7.14. Such co-fiscal agent or separate fiscal agent shall deliver an instrument in writing acknowledging and accepting its appointment hereunder to the Governmental Lender and the Fiscal Agent.

Should any instrument in writing from the Governmental Lender be required by the co-fiscal agent or separate fiscal agent so appointed by the Fiscal Agent for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Governmental Lender, the Fiscal Agent and the Borrower. If the Governmental Lender shall fail to deliver the same within 30 days of such request, the Fiscal Agent is hereby appointed attorney-in-fact for the Governmental Lender to execute, acknowledge and deliver such instruments in the Governmental Lender’s name and stead. In case any co-fiscal agent or separate fiscal agent, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such co-fiscal agent or separate fiscal agent, so far as permitted by law, shall vest in and be exercised by the Fiscal Agent until the appointment of a new Fiscal Agent or successor to such co-fiscal agent or separate fiscal agent.

Every co-fiscal agent or separate fiscal agent shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

(a) the Governmental Notes shall be authenticated and delivered, and all rights, powers, trusts, duties and obligations by this Funding Loan Agreement conferred upon the Fiscal Agent in respect of the custody, control or management of money, papers, securities and other personal property shall be exercised solely by the Fiscal Agent;

(b) all rights, powers, trusts, duties and obligations conferred or imposed upon the Fiscal Agent shall be conferred or imposed upon or exercised or performed by the Fiscal Agent, or by the Fiscal Agent and such co-fiscal agent, or separate fiscal agent jointly, as shall be provided in the instrument appointing such co-fiscal agent or separate fiscal agent, except to the extent that under the law of any jurisdiction in which any particular act or acts are to be performed the Fiscal Agent shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-fiscal agent or separate fiscal agent;

(c) any request in writing by the Fiscal Agent to any co-fiscal agent or separate fiscal agent to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking or the refraining from taking of such action by such co-fiscal agent or separate fiscal agent;
(d) any co-fiscal agent or separate fiscal agent to the extent permitted by law shall delegate to the Fiscal Agent the exercise of any right, power, trust, duty or obligation, discretionary or otherwise;

(e) the Fiscal Agent at any time by an instrument in writing with the concurrence of the Governmental Lender evidenced by a certified resolution may accept the resignation of or remove any co-fiscal agent or separate fiscal agent appointed under this Section 7.14 and in case an Event of Default shall have occurred and be continuing, the Fiscal Agent shall have power to accept the resignation of or remove any such co-fiscal agent or separate fiscal agent without the concurrence of the Governmental Lender, and upon the request of the Fiscal Agent, the Governmental Lender shall join with the Fiscal Agent in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-fiscal agent or separate fiscal agent so resigned or removed may be appointed in the manner provided in this Section 7.14;

(f) no Fiscal Agent or co-fiscal agent hereunder shall be personally liable by reason of any act or omission of any other Fiscal Agent hereunder;

(g) any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing executed by the Funding Lender Representative and delivered to the Fiscal Agent shall be deemed to have been delivered to each such co-fiscal agent or separate fiscal agent; and

(h) any money, papers, securities or other items of personal property received by any such co-fiscal agent or separate fiscal agent hereunder shall forthwith, so far as may be permitted by law, be turned over to the Fiscal Agent.

The total compensation of the Fiscal Agent and any co fiscal agent or separate fiscal agent shall be as, and may not exceed the amount, provided in Section 7.06 hereof.

Section 7.15. Notice of Certain Events. The Fiscal Agent shall give written notice to the Governmental Lender, the Investor Partner and the Funding Lender Representative of any failure by the Borrower to comply with the terms of the Tax Regulatory Agreement or any Determination of Taxability of which a Responsible Officer has actual knowledge.

Section 7.16. [Reserved].

Section 7.17. Filing of Financing Statements. The Fiscal Agent shall, at the expense of the Borrower, file or record or cause to be filed or recorded all UCC continuation statements for the purpose of continuing without lapse the effectiveness of those financing statements which have been filed on or approximately on the Delivery Date in connection with the security for the Funding Loan pursuant to the authority of the UCC. Upon the filing of any such continuation statement the Fiscal Agent shall immediately notify the Governmental Lender, the Borrower and the Funding Lender Representative that the same has been done. If direction is given by the Funding Lender Representative, the Fiscal Agent shall file all continuation statements in accordance with such directions.
Section 7.18. USA Patriot Act Requirements of the Fiscal Agent. To help the government of the United States of America fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For a non-individual Person such as a business entity, a charity, a trust, or other legal entity, the Fiscal Agent may request documentation to verify such Person’s formation and existence as a legal entity. The Fiscal Agent may also request financial statements, licenses, identification and authorization documents from individuals claiming authority to represent such Person or other relevant documentation.

ARTICLE VIII

AMENDMENTS OF CERTAIN DOCUMENTS

Section 8.01. Amendments to This Funding Loan Agreement. Any of the terms of this Funding Loan Agreement and the Governmental Notes may be amended or waived only by an instrument signed by the Fiscal Agent and the Governmental Lender, and in each case only with the prior written consent of the Funding Lender or Funding Lenders, if more than one.

Section 8.02. Amendments to Financing Documents Require Consent of Funding Lender Representative. Neither the Governmental Lender nor the Fiscal Agent shall consent to any amendment, change or modification of any Financing Document without the prior written consent of the Funding Lender or the Funding Lenders, if more than one. The Fiscal Agent shall enter into such amendments to the Financing Documents as shall be directed by the Funding Lender or Funding Lenders, if more than one.

Section 8.03. Opinion of Bond Counsel Required. No amendment to this Funding Loan Agreement, the Governmental Notes, the Project Loan Agreement, the Project Notes, the Security Instrument or the Tax Regulatory Agreement shall become effective unless and until (i) the Funding Lender Representative shall have consented to the same in writing in its sole discretion and (ii) the Funding Lender Representative, the Governmental Lender and the Fiscal Agent shall have received, at the expense of the Borrower, (A) an opinion of Bond Counsel to the effect that such amendment, change or modification will not, in and of itself, cause interest on the Governmental Note-1 to be includable in gross income of the holders thereof for federal income tax purposes, and (B) an opinion of counsel acceptable to the Funding Lender Representative to the effect that any such proposed such amendment, change or modification is authorized and complies with the provisions of this Funding Loan Agreement and is a legal, valid and binding obligation of the parties thereto, subject to normal exceptions relating to bankruptcy, insolvency and equitable principles limitations.

ARTICLE IX

SATISFACTION AND DISCHARGE OF FUNDING LOAN AGREEMENT

Section 9.01. Discharge of Lien. If the Governmental Lender shall pay or cause to be paid to the Funding Lender the principal, interest and premium, if any, to become due with respect to the Funding Loan at the times and in the manner stipulated herein and in the Governmental Notes, in any one or more of the following ways:
(a) by the payment of all unpaid principal of (including Prepayment Premium, if any) and interest on the Funding Loan; or

(b) after the Conversion Date (or, if the Conversion Date does not occur, the latest date on which Conversion was permitted to occur under the Construction Loan Agreement) and prior to the Window Period, by the deposit to the account of the Fiscal Agent, in trust, of money or securities in the necessary amount to pay the principal, Prepayment Premium and interest to the Maturity Date; or

(c) by the delivery of the Governmental Notes by the Funding Lender to the Fiscal Agent for cancellation;

and shall have paid all amounts due and owing under the other Financing Documents, and shall have paid all fees and expenses of and any other amounts due to the Governmental Lender, Fiscal Agent and the Rebate Analyst, and if the Governmental Lender shall keep, perform and observe all and singular the covenants and promises in the Governmental Notes and in this Funding Loan Agreement expressed as to be kept, performed and observed by it or on its part, then these presents and the estates and rights hereby granted shall cease, determine and be void, and thereupon the Fiscal Agent shall cancel and discharge the lien of this Funding Loan Agreement and execute and deliver to the Governmental Lender such instruments in writing as shall be requisite to satisfy the lien hereof, and reconvey to the Governmental Lender the estate hereby conveyed, and assign and deliver to the Governmental Lender any interest in property at the time subject to the lien of this Funding Loan Agreement which may then be in its possession, except amounts held by the Fiscal Agent for the payment of principal of, interest and premium, if any, on the Governmental Notes, the payment of any amounts owed to the United States of America pursuant to Section 4.12 hereof, provided however that the rights of the Governmental Lender to indemnity, non-liability and payment of all reasonable fees and expenses shall survive the cancellation and termination of this Funding Loan Agreement pursuant to this Section, for any liability or fees that arose or were incurred prior to cancellation and termination of this Funding Loan Agreement.

After the Conversion Date (or, if the Conversion Date does not occur, the latest date on which Conversion was permitted to occur under the Construction Loan Agreement) and prior to the Window Period and subject to the satisfaction of the conditions set forth in Section 4.04(c) of the Project Loan Agreement, the Funding Loan shall, prior to the Maturity Date, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section 9.01 based on a deposit of moneys or securities with the Fiscal Agent pursuant to Section 9.01(b) if, under circumstances which do not cause interest on the Governmental Note-1 to become includable in the holders’ gross income for purposes of federal income taxation, the following conditions shall have been fulfilled: (a) there shall be on deposit with the Fiscal Agent either money or noncallable and nonprepayable direct obligations of the United States of America (or other defeasance securities constituting Qualified Investments approved in writing by the Funding Lender Representative) in an amount, together with anticipated earnings thereon (but not including any reinvestment of such earnings), which will be sufficient to pay, when due, the principal and interest due and to become due on the Funding Loan up to and on the Maturity Date or earlier date to which the Funding Loan has been called for prepayment in whole; (b) the Fiscal Agent shall have received a verification report of a firm of certified public accountants or financial analyst reasonably acceptable to the Fiscal Agent and the Funding Lender Representative as to the
adequacy of the amounts or securities so deposited to fully pay the Funding Loan; (c) the Fiscal Agent and the Funding Lender Representative shall have received a written opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that if the Borrower, any general partner, member or guarantor of the Borrower, or the Governmental Lender were to become a debtor in a proceeding under the Bankruptcy Code (x) payment of such money to the Funding Lender would not constitute a voidable preference under Section 547 of the Bankruptcy Code and (y) the automatic stay provisions of Section 362(a) of the Bankruptcy Code would not prevent application of such money to the payment of the Funding Loan; (d) the Fiscal Agent and the Funding Lender Representative shall have received an opinion of Bond Counsel to the effect that the defeasance of the Funding Loan is in accordance with the provisions of the Funding Loan Agreement and that such defeasance will not adversely affect the exclusion of interest on the Governmental Note-1 from gross income for federal income tax purposes; and (e) the Fiscal Agent shall have received written confirmation that all fees, expenses or reimbursement of any advances due to the Funding Lender and Governmental Lender under the Financing Documents have been fully paid.

Section 9.02. Discharge of Liability on Funding Loan. Upon the deposit with the Fiscal Agent, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 9.01 above) to pay or prepay the Funding Loan (whether upon or prior to their maturity or the prepayment date of the Funding Loan) provided that, if the Funding Loan is to be prepaid prior to the maturity thereof, notice of such prepayment shall have been given as in Article III provided or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, all liability of the Governmental Lender in respect of the Funding Loan shall cease, terminate and be completely discharged, except only that thereafter the Funding Lender shall be entitled to payment by the Governmental Lender, and the Governmental Lender shall remain liable for such payment, but only out of the money or securities deposited with the Fiscal Agent as aforesaid for their payment, subject, however, to the provisions of Section 9.03 hereof.

Section 9.03. Payment of Funding Loan After Discharge of Funding Loan Agreement. Notwithstanding any provisions of this Funding Loan Agreement, and subject to applicable unclaimed property laws of the State, any money deposited with the Fiscal Agent or any paying agent in trust for the payment of the principal of, interest or premium on the Governmental Notes remaining unclaimed for two years after the maturity or earlier payment date: (a) shall be reported and disposed of by the Fiscal Agent in accordance with applicable unclaimed property laws; or (b) to the extent permitted by applicable law, shall be paid to the Borrower, whereupon all liability of the Governmental Lender and the Fiscal Agent with respect to such money shall cease, and the Funding Lender shall thereafter look solely to the Borrower for payment of any amounts then due. All money held by the Fiscal Agent and subject to this Section 9.03 shall be held uninvested and without liability for interest thereon.
ARTICLE X

[INTENTIONALLY OMITTED.]

ARTICLE XI

MISCELLANEOUS

Section 11.01. [Reserved].

Section 11.02. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or to be implied from this Funding Loan Agreement or the Governmental Notes is intended or shall be construed to give to any Person other than the Parties hereto, the Funding Lender, the Funding Lender Representative and the Borrower, any legal or equitable right, remedy or claim under or in respect to this Funding Loan Agreement or any covenants, conditions and provisions hereof.

Section 11.03. Construction of Conflicts; Severability. Notwithstanding anything provided herein, or in any of the documents referred to herein, in the event that any contracts or other documents executed by the Borrower or any other arrangements agreed to by the Borrower in order to finance or refinance the Project with the proceeds of the Funding Loan or any portion thereof the interest on which is excluded from gross income for federal income tax purposes under Section 103(a) of the Code, are inconsistent with the Project Loan Documents, then the Project Loan Documents shall be controlling in all respects. If any provision of this Funding Loan Agreement shall be held or deemed to be, or shall in fact be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution, statute, rule of law or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or sections in this Funding Loan Agreement contained, shall not affect the remaining portions of this Funding Loan Agreement, or any part thereof.

Section 11.04. Notices.

(a) Whenever in this Funding Loan Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Any notice, request, complaint, demand, communication or other paper required or permitted to be delivered to the Governmental Lender, the Fiscal Agent, the Funding Lender Representative, the Borrower shall be sufficiently given and shall be deemed given (unless another form of notice shall be specifically set forth herein) on the Business Day
following the date on which such notice or other communication shall have been delivered to a national overnight delivery service (receipt of which to be evidenced by a signed receipt from such overnight delivery service) addressed to the appropriate party at the addresses set forth below or as may be required or permitted by this Funding Loan Agreement by Electronic Notice. The Governmental Lender, the Fiscal Agent, the Funding Lender Representative, the Borrower may, by notice given as provided in this paragraph, designate any further or different address to which subsequent notices or other communication shall be sent.

The Governmental Lender: Housing Authority of the City of Los Angeles
2600 Wilshire Boulevard, 3rd Floor
Los Angeles, CA 90057
Attention: Chief Administrative Officer

with a copy to: Housing Authority of the City of Los Angeles
2600 Wilshire Boulevard, 3rd Floor
Los Angeles, CA 90057
Attention: Bond Manager

The Fiscal Agent: U.S. Bank National Association
Global Corporate Trust
633 West 5th Street
Los Angeles, CA 90071
Ref: HACLA MF (Jordan Downs S2)
Attention: Julia Hommel
Email: Julia.hommel@usbank.com
Telephone: (213) 615-6024

The Borrower: Jordan Downs Phase S2, LP
c/o The Michaels Company
2 Cooper Street
Camden, NJ 08102
Attn: John J. O’Donnell

Levine, Staller, Sklar, Chan & Brown, P.A.
3030 Atlantic Avenue
Atlantic City, NJ 08401
Attn: Arthur M. Brown
with a copy to: Berkadia Jordan Downs Phase S2 Investor LP
Two Liberty Place
50 South 16th Street, Suite 2825
Philadelphia, PA 19102
Attn: Managing Director

Investor Partner: Nixon Peabody LLP
Exchange Place
53 State Street
Boston, MA 02109
Attn: Roger W. Holmes

Funding Lender Representative (during the Construction Phase):
JPMorgan Chase Bank, N.A.
Community Development Banking
300 South Grand Avenue, Suite 300
Los Angeles, CA 90071
Attention: Douglas Leezer
Email: douglas.r.leezer@chase.com
Telephone: (858) 812-2448

With a copy to: JPMorgan Chase Bank, N.A
Legal Department
Mail Code: NY1-R066
4 New York Plaza, 21st Floor
Mail Code: NY1-E089
New York, New York 10004-2413
Attention: Michael R. Zients, Executive Director and Assistant General Counsel

Additional Construction Phase Funding Lender (during the Construction Phase):
CIT Bank, N.A.
75 N. Fair Oaks Ave.
Pasadena, CA 91103
Attention: Claudia Lima
The Fiscal Agent agrees to accept and act upon Electronic Notice of written instructions and/or directions pursuant to this Funding Loan Agreement.

(b) The Fiscal Agent shall provide to the Funding Lender Representative: (i) prompt notice of the occurrence of any Event of Default pursuant to Section 6.02 hereof; and (ii) any written information or other written communication received by the Fiscal Agent hereunder within 10 Business Days of receiving a written request from the Funding Lender Representative for any such information or other communication.

Section 11.05. Funding Lender Representative.

(a) The Initial Funding Lender is the initial Funding Lender Representative with respect to the Governmental Notes. The Funding Lender Representative shall be entitled to all the rights and privileges of the Funding Lender hereunder and under the other Financing Documents.

(b) The Funding Lender Representative may provide written notice to the Fiscal Agent designating particular individuals or Persons authorized to execute any consent, waiver, approval, direction or other instrument on behalf of the Funding Lender Representative, and such notice may be amended or rescinded by the Funding Lender Representative at any time by subsequent written notice. The Funding Lender Representative may be removed and a successor appointed by a written notice in the form of Exhibit B hereto given by the Funding Lender to the Fiscal Agent, the Governmental Lender and the Borrower. The removal and reappointment shall be effective immediately upon receipt of such notice by the Fiscal Agent. The Funding Lender may appoint any Person to act as Funding Lender Representative. If, for any reason, a Funding Lender Representative resigns by written notice provided to the Fiscal Agent, the Funding Lender, the Governmental Lender and the Borrower, all references to Funding Lender Representative herein and in the other Financing Documents shall be deemed to refer to the Funding Lender until a successor Funding Lender Representative is appointed by the Funding Lender.

(c) Whenever pursuant to this Funding Loan Agreement or any other Financing Document, the Funding Lender Representative exercises any right given to it to approve or disapprove, any arrangement or term hereof, the decision of the Funding Lender Representative to approve or disapprove or to decide whether arrangements or terms are acceptable or not acceptable shall be in the sole discretion of the Funding Lender Representative, except as otherwise specifically indicated.

(d) Each Funding Lender, by their purchase or other acquisition of the Funding Loan, shall be deemed to have acknowledged and agreed to the provisions of this Funding Loan Agreement and the other Financing Documents with respect to the Funding Lender.
Representative and the rights and privileges thereof, including but not limited to the right to control all remedies in respect of the Governmental Notes and the Loans.

Section 11.06. Payments Due on Non-Business Days. In any case where a date of payment with respect to the Funding Loan shall be a day other than a Business Day, then such payment need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on such date, and no interest shall accrue for the period after such date provided that payment is made on such next succeeding Business Day.

Section 11.07. Counterparts. This Funding Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.08. Laws Governing Funding Loan Agreement; Venue. The effect and meanings of this Funding Loan Agreement and the rights of all parties hereunder shall be governed by, and construed according to, the internal laws of the State without regard to conflicts of laws principles, and venue for any action in which the Governmental Lender is a named party shall be Los Angeles County, California unless the Governmental Lender waives this requirement in writing.

Section 11.09. No Recourse. No recourse under or upon any obligation, covenant or agreement contained in this Funding Loan Agreement or in the Governmental Notes shall be had against any member, officer, commissioner, director, attorney, agent or employee (past, present or future) of the Governmental Lender, either directly or through the Governmental Lender or its governing body or otherwise, for the payment for or to the Governmental Lender or any receiver thereof, or for or to the Funding Lender, or otherwise, of any sum that may be due and unpaid by the Governmental Lender or its governing body upon the Governmental Notes. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of any such member, officer, commissioner, director, attorney, agent or employee, as such, to respond by reason of any act of omission on his/her part or otherwise, for the payment for or to the Funding Lender or otherwise of any sum that may remain due and unpaid with respect to the Funding Loan hereby secured is, by the acceptance hereof, expressly waived and released as a condition of and in consideration for the execution of this Funding Loan Agreement and the delivery of the Governmental Notes.

The Funding Lender’s and the Fiscal Agent’s remedies against Governmental Lender upon the occurrence of an Event of Default under the Funding Loan shall be limited to those remedies set forth herein and in the other Financing Documents (which rights and remedies shall include, if an Event of Default also exists under (and as such term is defined in) the Project Loan Agreement, to commence foreclosure under the Security Instrument and the other Financing Documents and to otherwise exercise of the power of sale and the other rights and remedies granted thereunder). In the event of the occurrence of an Event of Default hereunder or a default by Governmental Lender under a Governmental Note, neither the Funding Lender nor the Fiscal Agent shall have the right to obtain a deficiency judgment from the Governmental Lender after foreclosure. Nothing contained in the foregoing shall limit any rights or remedies the Governmental Lender or the Funding Lender may have against the Borrower, or inclusion of the Governmental Lender as a party to any legal action, subject to the foregoing sentence.
Section 11.10. Successors and Assigns. All the covenants and representations contained in this Funding Loan Agreement by or on behalf of the parties hereto shall bind and inure to the benefit of their successors and assigns, whether so expressed or not.

Section 11.11. Recycling Transactions. Notwithstanding any provision of this Funding Loan Agreement or the Governmental Note-1 to the contrary, the Governmental Lender shall be permitted to direct payments of Project Note-1 prepayments to be transferred to a custodian or trustee selected by the Governmental Lender, in lieu of application to prepay a like portion of Governmental Note-1, so long as the Governmental Lender simultaneously causes other funds to be applied to prepay such portion of the Governmental Note-1. The preceding provisions shall apply only for purposes of preserving or “recycling” private activity bond volume cap in accordance with Section 146(i)(6) of the Code.

Section 11.01. Compliance with Americans with Disabilities Act. The Fiscal Agent shall be in full compliance with all federal and state laws, including those of the Americans with Disabilities Act, 42 U.S.C. 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act (ADAAA) Pub. L. 110325 and all subsequent amendments (the “ADA”). Under the ADA, the Fiscal Agent shall provide for reasonable accommodations to allow qualified individuals access to and participation in their programs, services and activities in accordance with the ADA. In addition, the Fiscal Agent shall not discriminate against individuals with disabilities nor against persons due to their relationship or association with a person with a disability. Any subcontract entered into by the Fiscal Agent, relating to this Funding Loan Agreement, to the extent allowed hereunder, shall be subject to the provisions of this Section.
IN WITNESS WHEREOF, the Governmental Lender, the Initial Funding Lender, the Additional Construction Phase Funding Lender and the Fiscal Agent have caused this Funding Loan Agreement to be executed and delivered by duly authorized officers thereof as of the day and year first written above.

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, as Governmental Lender

By ____________________________
Douglas Guthrie
President and Chief Executive Officer

APPROVED AS TO FORM:

_____________________________________
Becky Churchill Clark
Authority Sr. Staff Attorney

[GOVERNMENTAL LENDER’S SIGNATURE PAGE TO FUNDING LOAN AGREEMENT JORDAN DOWNS PHASE S2]

4836-3459-6565.5
JPMORGAN CHASE BANK, N.A.,
as Initial Funding Lender

By ___________________________
Name __________________________
Title __________________________
U.S. BANK NATIONAL ASSOCIATION, as Fiscal Agent

By ______________________________
Name ______________________________
Title ______________________________
CIT BANK, N.A., as Additional Construction Phase Funding Lender

By __________________________
Claudia Lima
Director
EXHIBIT A

FORM OF GOVERNMENTAL NOTE

THIS GOVERNMENTAL NOTE IS SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AS SET FORTH IN THE FUNDING LOAN AGREEMENT

Housing Authority of the City of Los Angeles
Multifamily Housing Revenue Note
(Jordan Downs Phase S2)
[Series 2021A] [Taxable Series 2021B]

US $[AMOUNT] [March __], 2021

FOR VALUE RECEIVED, the undersigned, the Housing Authority of the City of Los Angeles (the “Obligor”), a public body, corporate and politic, duly created, established and authorized to transact business under the laws of the State of California (the “State”), promises to pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement referenced below) to the order of ______________________ (the “Funding Lender”), and its assigns, the maximum principal sum of [AMOUNT OF FUNDING LOAN] (US $[_______]), plus premium, if any, and interest thereon and to pay the other amounts owing from time to time hereunder, all as set forth below.

This Multifamily Housing Revenue Note (Jordan Downs Phase S2) [Series 2021A] [Taxable Series 2021B] (this “Governmental Note”) is being delivered pursuant to that certain Funding Loan Agreement dated as of [March] 1, 2021 (together with any and all amendments, modifications, supplements and restatements, the “Funding Loan Agreement”), among JPMorgan Chase Bank, N.A., as the Initial Funding Lender, CIT Bank, N.A., as the Additional Construction Phase Funding Lender, the Obligor and U.S. Bank National Association (the “Fiscal Agent”), pursuant to which the Obligor has incurred a loan in the maximum aggregate principal amount of $[42,911,988] (the “Funding Loan”), and this Governmental Note is entitled to the benefits of the Funding Loan Agreement and is subject to the terms, conditions and provisions thereof. The Obligor is using the proceeds of the Funding Loan to make a loan to Jordan Downs Phase S2, LP, a California limited partnership (the “Borrower”), pursuant to the Project Loan Agreement dated as of [March] 1, 2021 (the “Project Loan Agreement”), among the Obligor, the Borrower and the Fiscal Agent. The outstanding principal balance of this Governmental Note at any time shall be an amount equal to the proceeds of the Funding Loan advanced by the Funding Lender under the Funding Loan Agreement and not otherwise prepaid.

1. Defined Terms. As used in this Governmental Note, (i) the term “Funding Lender” means the holder of this Governmental Note, and (ii) the term “Indebtedness” means the principal of, premium, if any, and interest on or any other amounts due at any time under this Governmental Note or the Funding Loan Agreement. “Event of Default” and other capitalized terms used but not defined in this Governmental Note shall have the meanings given to such term in the Funding Loan Agreement.

2. Payments of Principal and Interest. The Obligor shall pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement) on the [first] calendar
day of each month commencing [_______], 2021, interest on this Governmental Note at (i) the
Construction Phase Interest Rate during the Construction Phase [Insert in Governmental Note-1:
and (ii) the Permanent Phase Interest Rate during the Permanent Phase,] and shall also pay interest
on this Governmental Note at the foregoing rates on the date of any optional or mandatory
prepayment or acceleration of all or part of the Funding Loan pursuant to the Funding Loan
Agreement, in an amount equal to the accrued and unpaid interest to the date of prepayment on the
portion of this Governmental Note subject to prepayment (each such date for payment an “Interest
Payment Date”). Interest shall accrue on the principal amount of the Funding Loan which has
been advanced under the Funding Loan Agreement and is outstanding as reflected on the Record
of Advances.

The Obligor shall pay (but solely from the sources and in the manner provided for in the
Funding Loan Agreement) the outstanding principal of this Governmental Note in full on [Insert
in Governmental Note-1: [_______] 1, 20[____] [Insert in Governmental Note-2: [_______] 1, 20[____]
(the “Maturity Date”) [Insert in Governmental Note-1: and in monthly installments on each date
set forth on the Funding Loan Amortization Schedule attached as Schedule 1 hereto in an amount
equal to the corresponding amounts set forth thereon (as such Schedule 1 may be replaced by a
new Funding Loan Amortization Schedule provided by the Initial Funding Lender on the
Conversion Date as provided in Section 2.01(e) of the Funding Loan Agreement) or at such earlier
times and in such amounts as may be required, in the event of an optional or mandatory prepayment
or acceleration of the Funding Loan pursuant to the Funding Loan Agreement. The outstanding
principal hereof is subject to acceleration at the time or times and under the terms and conditions,
and with notice, if any, as provided under the Funding Loan Agreement.

[insert in Governmental Note-1 Notwithstanding any provision of this Governmental Note
or the Funding Loan Agreement to the contrary, the Governmental Lender shall be permitted to
direct Project Note-1 prepayments to be transferred to a custodian or trustee selected by the
Governmental Lender, in lieu of application to prepay a like portion of this Governmental Note,
so long as the Governmental Lender simultaneously causes other funds to be applied to prepay
such portion of this Governmental Note. The preceding provisions shall apply only for purposes
of preserving or “recycling” private activity bond volume cap in accordance with Section 146(i)(6)
of the Code.]

3. **Manner of Payment.** All payments under this Governmental Note shall be made
in lawful currency of the United States and in immediately available funds as provided for herein
and in the Funding Loan Agreement.

4. **Application of Payments.** If at any time the Funding Lender receives any amount
applicable to the Indebtedness which is less than all amounts due and payable at such time, the
Funding Lender may apply that payment to amounts then due and payable in any manner and in
any order determined by the applicable Funding Lender, in such Funding Lender’s discretion.
Neither the Funding Lender’s acceptance of a payment in an amount that is less than all amounts
then due and payable nor the Funding Lender’s application of such payment shall constitute or be
deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

5. **Security.** The Indebtedness is secured by, among other things, the Pledged
Security pledged pursuant to the Funding Loan Agreement.
6. **Acceleration.** If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, and all other amounts payable under this Governmental Note shall at once become due and payable, at the option of the Funding Lender [Insert in Governmental Note-2: Representative], as governed by the Funding Loan Agreement, without any prior notice to the Obligor (unless required by applicable law). The Funding Lender [Insert in Governmental Note-2: Representative] may exercise this option to accelerate regardless of any prior forbearance.

7. **Prepayment; Prepayment Premium.** This Governmental Note is subject to prepayment as specified in the Funding Loan Agreement. Prepayment Premium shall be payable as specified in the Funding Loan Agreement.

8. **Forbearance.** Any forbearance by the Funding Lender [Insert in Governmental Note-2: Representative] in exercising any right or remedy under this Governmental Note or any other document evidencing or securing the Funding Loan or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by the Funding Lender [Insert in Governmental Note-2: Representative] of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of the Funding Lender [Insert in Governmental Note-2: Representative]’s right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by the Funding Lender [Insert in Governmental Note-2: Representative] of any security for the obligations under this Governmental Note shall not constitute an election by the Funding Lender [Insert in Governmental Note-2: Representative] of remedies so as to preclude the exercise of any other right or remedy available to the Funding Lender. [Insert in Governmental Note-2: Representative]

9. **Waivers.** Presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace and diligence in collecting the Indebtedness are waived by the Obligor and all endorsers and guarantors of this Governmental Note and all other third-party obligors.

10. **Loan Charges.** Neither this Governmental Note nor any of the other Financing Documents will be construed to create a contract for the use, forbearance, or detention of money requiring payment of interest at a rate greater than a rate of interest which exceeds the lesser of: 12% per annum; or the maximum amount of interest allowed by applicable law (the “Maximum Rate”). If any applicable law limiting the amount of interest or other charges permitted to be collected from Obligor in connection with the Funding Loan is interpreted so that any interest or other charge provided for in any Financing Document, whether considered separately or together with other charges provided for in any other Financing Document, violates that law, and Obligor is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to Funding Lender in excess of the permitted amounts will be applied by Funding Lender to reduce the unpaid principal balance of this Governmental Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Obligor has been violated, all indebtedness that constitutes interest, as well as all other charges made in connection with the indebtedness that constitute interest, will be deemed to be allocated and spread ratably over the

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stated term of this Governmental Note. Unless otherwise required by applicable law, such allocation and spreading will be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of this Governmental Note.

11. **Governing Law; Venue.** This Governmental Note shall be governed by the internal law of the State of California (the “Property Jurisdiction”); and venue shall be in Los Angeles County, California unless the Governmental Lender waives this requirement in writing.

12. **Captions.** The captions of the paragraphs of this Governmental Note are for convenience only and shall be disregarded in construing this Governmental Note.

13. **Address for Payment.** All payments due under this Governmental Note shall be payable at the principal office of the Funding Lender as designated by the Funding Lender from time to time in writing to the Fiscal Agent.

14. **Default Rate.** So long as (a) any monthly installment under this Governmental Note remains past due, or (b) any other Event of Default has occurred and is continuing, interest under this Governmental Note shall accrue on the unpaid principal balance from the earlier of the due date of the first unpaid monthly installment or the occurrence of such other Event of Default, as applicable, at the “Default Rate,” as defined in the Funding Loan Agreement, not exceeding the Maximum Rate. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate.

15. **Limited Obligation.** This Governmental Note is a limited obligation of the Obligor, payable solely from the Pledged Security and other funds and moneys pledged and assigned under the Funding Loan Agreement. None of the Governmental Lender, the State, or any political subdivision thereof (except the Governmental Lender, to the limited extent set forth herein) or any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on the Funding Loan or this Governmental Note or for the performance of any pledge, obligation or agreement of any kind whatsoever with respect thereto except as set forth herein, and none of the Funding Loan or this Governmental Note or any of the Governmental Lender’s agreements or obligations with respect to the Funding Loan or this Governmental Note, shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever. The Governmental Lender has no taxing power.

**THIS GOVERNMENTAL NOTE HAS BEEN ISSUED PURSUANT TO THE ACT.**

**BY ITS ACQUISITION HEREOF, THE HOLDER OF THIS GOVERNMENTAL NOTE AGREES (A) THAT IT HAS EXECUTED REQUIRED TRANSFEREE REPRESENTATIONS IN SUBSTANTIALLY THE FORM REQUIRED BY THE FUNDING LOAN AGREEMENT AND THAT IT WILL NOT SELL OR OTHERWISE TRANSFER THIS GOVERNMENTAL NOTE EXCEPT AS PROVIDED IN THE FUNDING LOAN AGREEMENT, AND (B) THAT**
IT WILL GIVE TO EACH PERSON TO WHOM THIS GOVERNMENTAL NOTE IS TRANSFERRED A NOTICE SUBSTANTIALTY TO THE EFFECT OF THIS LEGEND.

[Signature page follows]
IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Governmental Note or caused this Governmental Note to be duly executed and delivered by its authorized representative as of the date first set forth above.

OBLIGOR:

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

By _________________________________
   Douglas Guthrie
   President and Chief Executive Officer
CERTIFICATE OF AUTHENTICATION

This Governmental Note is issued under the provisions of, and is one of the Governmental Notes described in, the within-mentioned Funding Loan Agreement.

Date of Authentication: ______________

U.S. BANK NATIONAL ASSOCIATION, as
Fiscal Agent

By ________________________________
Name ________________________________
Authorized Officer
SCHEDULE 1

FUNDING LOAN AMORTIZATION SCHEDULE
EXHIBIT B
FORM OF NOTICE OF APPOINTMENT
OF FUNDING LENDER REPRESENTATIVE

U.S. Bank National Association
633 West 5th Street
Los Angeles, CA  90071

Jordan Downs Phase S2, LP
c/o The Michaels Organization
2 Cooper Street
Camden, NJ 08102

Housing Authority of the City of Los Angeles
2600 Wilshire Boulevard, 3rd Floor
Los Angeles, CA  90057
Attention: Bond Manager

Re: Jordan Downs Phase S2

Ladies and Gentlemen:

The undersigned is the holder (the “Funding Lender”) of the Multifamily Housing Revenue Note (Jordan Downs Phase S2) [Series 2021A] [Taxable Series 2021B] dated [March __], 2021 (the “Governmental Note”) delivered pursuant to the Funding Loan Agreement dated as of [March] 1, 2021 (the “Funding Loan Agreement”), among JPMorgan Chase Bank, N.A., in its capacity as Initial Funding Lender (the “Initial Funding Lender”), CIT Bank, N.A., as the Additional Construction Phase Funding Lender, the Housing Authority of the City of Los Angeles (the “Governmental Lender”) and U.S. Bank National Association (the “Fiscal Agent”). Pursuant to Section 11.05 of the Funding Loan Agreement, you are hereby notified that, effective immediately upon receipt of this notice by the Fiscal Agent, the Funding Lender Representative appointed under Section 11.05 of the Funding Loan Agreement shall be ___________________________. [The person or entity previously appointed as Funding Lender Representative shall upon the effectiveness of this notice no longer have any further rights or obligations as Funding Lender Representative.]

The following individual or individuals shall have the authority to execute any consent, waiver, approval, direction or other instrument on behalf of the Funding Lender Representative and the signature(s) set forth next to his/her (their) name(s) is (are) his/her (their) true and correct signature(s).
Additional individuals may be given such authority by written notice to you from the Funding Lender Representative or from the Funding Lender.

This notice is dated as of the _______ day of ______________, ____.  

[FUNDING LENDER SIGNATURE BLOCK]

By __________________________
Name __________________________
Title __________________________
Housing Authority of the City of Los Angeles
2600 Wilshire Boulevard, 3rd Floor
Los Angeles, CA  90057
Attention:  Bond Manager

U.S. Bank National Association
633 West 5th Street
Los Angeles, CA 90071

Re:   Jordan Downs Phase S2

Ladies and Gentlemen:

The undersigned (the “Funding Lender”) hereby acknowledges receipt of the Multifamily Housing Revenue Note (Jordan Downs Phase S2) [Series 2021A] [Taxable Series 2021B] dated [March ___], 2021 (the “Governmental Note”) delivered pursuant to the Funding Loan Agreement dated as of [March] 1, 2021 (the “Funding Loan Agreement”), among JPMorgan Chase Bank, N.A., in its capacity as Initial Funding Lender (the “Initial Funding Lender”), CIT Bank, N.A., as the Additional Construction Phase Funding Lender, the Housing Authority of the City of Los Angeles (the “Governmental Lender”) and U.S. Bank National Association (the “Fiscal Agent”). Capitalized terms used herein and not otherwise defined have the meanings given to such terms in the Funding Loan Agreement.

In connection with the [origination/purchase] of its interest in the Funding Loan by the Funding Lender, the Funding Lender hereby makes the following representations upon which you may rely:

1. The Funding Lender has sufficient knowledge and experience in financial and business matters with respect to the evaluation of residential real estate developments such as the Project to be able to evaluate the risk and merits of the investment represented by the Funding Loan. The Funding Lender is able to bear the economic risks of such investment.

2. The Funding Lender acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable lender would attach significance in making investment decisions, and the Funding Lender has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Governmental Lender, the Project, the Borrower, the use of proceeds of the Funding Loan and the Funding Loan, the Governmental Note and the security therefor so that, as a reasonable investor, the Funding Lender has been able to make its decision to extend the
Funding Loan and purchase the Governmental Note. In entering into this transaction the Funding Lender acknowledges that it has not relied upon any representations or opinions of the Governmental Lender relating to the legal consequences to the Funding Lender or other aspects of its making the Funding Loan and acquiring the Governmental Note, nor has it looked to, nor expected the Governmental Lender to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business operations, the Project (including the financing or management thereof), or any other matter pertaining to the merits or risks of the transactions contemplated by the Funding Loan Agreement and the Project Loan Agreement, or the adequacy of the funds pledged to the Funding Lender to secure repayment of the Governmental Note.

3. The Funding Lender is a Qualified Transferee (as defined in the Funding Loan Agreement).

4. The Funding Lender acknowledges that it is purchasing the Governmental Note for investment for its own account and not with a present view toward resale or the distribution thereof, in that it does not now intend to resell or otherwise dispose of all or any part of its interests in the Governmental Note; provided, however, that the Funding Lender may sell or transfer the Governmental Note in whole or any participation interests in the Governmental Note, to: (i) a Qualified Transferee; or (ii) sell or transfer its interest in the Funding Loan to a special purpose entity, a trust or a custodial or similar pooling arrangement from which its interest in the Funding Loan or securitized interests therein are not expected to be sold except to (x) owners or beneficial owners thereof that are Qualified Transferees or (y) in circumstances where secondary market credit enhancement is provided for such securitized interests resulting in a rating thereof of at least “A” or better, subject in each case to delivery to the Governmental Lender and the Fiscal Agent of representations from the transferee in substantially the same substance as this letter with no revisions except as may be approved in writing by the Governmental Lender. The Funding Lender shall not sell or transfer the Governmental Note or any interest therein to a party related to or affiliated with the Borrower or any general partner, limited partner or member of the Borrower without the prior written consent of the Governmental Lender.

5. The Funding Lender understands that the Governmental Note is a limited obligation of the Governmental Lender, payable solely from funds and moneys pledged and assigned under the Funding Loan Agreement, and that the liabilities and obligations of the Governmental Lender with respect to the Governmental Note are expressly limited as set forth in the Funding Loan Agreement and related documents.

6. The Funding Lender hereby waives the requirement of any “due diligence investigation or inquiry” by the Governmental Lender, by each official of the Governmental Lender, each employee of the Governmental Lender, each member of the governing board of the Governmental Lender, and by counsel to the Governmental Lender, the Fiscal Agent, counsel to the Fiscal Agent and Bond Counsel in connection with the authorization, execution and delivery of the Governmental Note and the Funding Lender’s purchase of the Governmental Note, other than, in the case of counsel, such professional due diligence normally and customarily required for such counsel to deliver any opinion delivered by it in connection with the issuance of the Governmental Note. The Funding Lender recognizes and agrees that the Governmental Lender, each official of the Governmental Lender, each employee of the Governmental Lender, each
member of the governing board of the Governmental Lender, counsel to the Governmental Lender, the Fiscal Agent, counsel to the Fiscal Agent and Bond Counsel have made no representations or statements (expressed or implied) with respect to the accuracy or completeness of any of the materials reviewed by the Funding Lender in connection with the Funding Lender’s purchase of the Governmental Note. In making an investment decision, the Funding Lender is relying upon its own examination of the Governmental Lender, the Borrower, the Project and the terms of the Governmental Note.

7. The Funding Lender understands that (a) the Governmental Note has not been registered with any federal or state securities agency or commission, and (b) no credit rating has been sought or obtained with respect to the Governmental Note, and the Funding Lender acknowledges that the Governmental Note is a speculative investment and that there is a high degree of risk in such investment.

8. The Funding Lender acknowledges that the Governmental Note is a limited obligation of the Governmental Lender, payable solely from amounts provided by or at the direction of the Borrower, and is not an obligation payable from the general revenues or other funds of the Governmental Lender, the State of California or any political subdivision of the State of California. The Funding Lender acknowledges that the Governmental Lender is issuing the Governmental Note on a conduit, nonrecourse basis, and has no continuing obligations with respect thereto except as expressly set forth in the Funding Loan Agreement.

9. The Funding Lender agrees to indemnify and hold harmless the Governmental Lender, its officials, officers, commissioners, directors, employees, agents, attorneys, accountants, advisors, consultants, servants and the members of the governing board of the Governmental Lender, past, present and future, with respect to any claim asserted against any of them that is based upon the Funding Lender’s sale, transfer or other disposition of its interest in the Funding Loan in violation of the provisions hereof or of the Funding Loan Agreement or any inaccuracy in any statement made by the Funding Lender in these representations.

10. The Funding Lender has the authority to make the Funding Loan and acquire the Governmental Note and to execute this letter and other documents and instruments required by the executed by the Funding Lender in connection with its acquisition of the Governmental Note. The individual who is executing this letter on behalf of the undersigned is a duly appointed, qualified and authorized signatory for the Funding Lender and authorized to cause the Funding Lender to make the certifications, representations and warranties contained herein by the execution of this letter on behalf of the Funding Lender.

11. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Funding Loan Agreement.
All agreements, representations and warranties made herein shall survive the execution and delivery of this letter agreement and, notwithstanding any investigation heretofore or hereafter, shall continue in full force and effect.

[SIGNATURE BLOCK]

By _______________________________
Name _______________________________
Title _______________________________
EXHIBIT D

COSTS OF ISSUANCE REQUISITION
(Cost of Issuance Fund)

U.S. Bank National Association, as Fiscal Agent

Re: Jordan Downs Phase S2

Fiscal Agent:

You are requested to disburse funds from the Cost of Issuance Fund pursuant to Section 4.13 of the Funding Loan Agreement in the amount(s), to the person(s) and for the purpose(s) set forth in this requisition (the “Requisition”). The terms used in this requisition shall have the meaning given to those terms in the Funding Loan Agreement (the “Funding Loan Agreement”), dated as of [March] 1, 2021, by and among JPMorgan Chase Bank, N.A., in its capacity as Initial Funding Lender (the “Initial Funding Lender”), CIT Bank, N.A., as the Additional Construction Phase Funding Lender, the Housing Authority of the City of Los Angeles and U.S. Bank National Association, as Fiscal Agent, securing the Multifamily Housing Revenue Note (Jordan Downs Phase S2) Series 2021A and Multifamily Housing Revenue Note (Jordan Downs Phase S2) Taxable Series 2021B, each dated [March __], 2021 (the “Governmental Notes”).

REQUISITION NO.: 
PAYMENT DUE TO: 
AMOUNT TO BE DISBURSED: $ ____________

The undersigned, on behalf of Jordan Downs Phase S2, LP, a limited partnership duly organized and existing under the laws of the State of California (the “Borrower”), certifies that:

(a) the expenditures for which money is requisitioned by this Requisition represent proper charges against the Cost of Issuance Fund, have not been included in any previous requisition and are set forth in the Schedule attached to this Requisition, with invoices attached for any sums for which reimbursement is requested; and

(b) the money requisitioned is not greater than those necessary to meet obligations due and payable or to reimburse the applicable party for funds actually advanced for Costs of Issuance.
Attached to this Requisition is a Schedule, together with copies of invoices or bills of sale covering all items for which payment is being requested.

Date of Requisition:

JORDAN DOWNS PHASE S2, LP, a California limited partnership

By: Jordan S2-Michaels, LLC, a California limited liability company, its administrative general partner

By ____________________________
Name: Kenneth P. Crawford
Title: Vice President

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

By ____________________________
Name: Tina Smith-Booth
Title: President

Acknowledged by the Governmental Lender:

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

By ____________________________
Name ____________________________
Title ____________________________
Date ____________________________
EXHIBIT E

PROJECT LOAN FUND REQUISITION
(Project Loan Fund)

U.S. Bank National Association, as Fiscal Agent

Re: Jordan Downs Phase S2

You are requested to disburse funds from the Project Loan Fund pursuant to Section 4.02 of the Funding Loan Agreement in the amount(s), to the person(s) and for the purpose(s) set forth in this requisition (the “Requisition”). The terms used in this requisition shall have the meaning given to those terms in the Funding Loan Agreement (the “Funding Loan Agreement”), dated as of [March 1, 2021], by and among JPMorgan Chase Bank, N.A., in its capacity as Initial Funding Lender (the “Initial Funding Lender”), CIT Bank, N.A., as the Additional Construction Phase Funding Lender (the “Additional Construction Phase Funding Lender”), the Housing Authority of the City of Los Angeles (the “Governmental Lender”) and U.S. Bank National Association, as Fiscal Agent (the “Fiscal Agent”), securing the Multifamily Housing Revenue Note (Jordan Downs Phase S2) Series 2021A and Multifamily Housing Revenue Note (Jordan Downs Phase S2) Taxable Series 2021B, each dated [March __], 2021 (the “Governmental Notes”).

REQUISITION NO.: __________
PAYMENT DUE TO: __________
AMOUNT(S) TO BE DISBURSED: __________

The undersigned Borrower hereby represents and warrants that the following information and certifications provided in connection with this Requisition are true and correct as of the date hereof and submits this Requisition to the Fiscal Agent on behalf of Borrower:

1. Purposes for which disbursement is requested are specified in the attached Schedule.

2. Party or parties to whom the disbursements shall be made are specified in the attached Schedule (may be the undersigned in the case of reimbursement for advances and payments made or cost incurred for work done by the undersigned); provided, that no reimbursement shall be made for advances and payments made prior to 12/31/2019.

3. The undersigned certifies that:

   the conditions precedent to disbursement set forth in the Construction Loan Agreement and the Construction Disbursement Agreement have been satisfied;

   the disbursement requested pursuant to this Requisition will be used solely to pay a cost or costs allowable under the Funding Loan Agreement and the Construction Loan Agreement;

   __________

4836-3459-6565.5
none of the items for which disbursement is requested pursuant to this Requisition has formed the basis for any disbursement previously made from the Project Loan Fund and all such items have been properly recorded in Borrower’s books and are set forth on the Schedule attached hereto, along with paid invoices attached for any sum for which reimbursement is requested and invoices or bills of sales for all other items;

all labor and materials for which disbursements have been requested have been incorporated into the Project in accordance with reasonable and standard building practices, the Construction Loan Agreement and all applicable laws, ordinances, rules and regulations of any governmental authority having jurisdiction over the Project;

the materials, supplies and equipment furnished or installed for the Improvements are not subject to any lien or security interest or that the funds to be disbursed pursuant to this Requisition are to be used to satisfy any such lien or security interest;

all of the funds being requisitioned are being used in compliance with all tax covenants set forth in the Funding Loan Agreement, the Project Loan Agreement, the Tax Regulatory Agreement and the Tax Certificate, including that none of the proceeds of the Funding Loan (including investment earnings thereon) will be used to provide an airplane, a skybox or any other private luxury box, any facility primarily used for gambling, health club facility or any store the principal business of which is the sale of alcoholic beverages for consumption off premises;

with respect to amounts from the Government Note-1 Subaccount of the Project Account of the Project Loan Fund, not less than 95% of the sum of:

(A) the amounts requisitioned by this Requisition; plus

(B) all amounts previously requisitioned and disbursed from the Government Note-1 Subaccount of the Project Account of the Project Loan Fund;

have been or will be applied by Borrower to pay the Costs of the Project;

Borrower is not in default under the Project Loan Agreement, the Construction Loan Agreement or any other Project Loan Document to which it is a party and nothing has occurred to the knowledge of Borrower that would prevent the performance of its obligations under such documents;

no amounts being requisitioned hereby will be used to pay, or reimburse, any Costs of Issuance incurred in connection with the delivery of the Governmental Notes or pay debt service with respect to the Loans; and

Funds deposited with Borrower for further disbursement to third parties shall be paid to such third parties by check dated the date of such deposit and Borrower reasonably expects such funds will be disbursed from its account within five Business Days of such deposit.

[Following items may not be required for Initial Disbursement]
4. Estimated costs of completing the uncompleted construction/rehabilitation as of the date of this Requisition: $______________.

5. Percent of construction/rehabilitation completed as of the date this request: ___________%

IN WITNESS WHEREOF, the undersigned has executed this Requisition as of the day and date first above written.

Date: _______________________

JORDAN DOWNS PHASE S2, LP, a California limited partnership

By: Jordan S2-Michaels, LLC, a California limited liability company, its administrative general partner

By _______________________
Name: Kenneth P. Crawford
Title: Vice President

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

By _______________________
Name: Tina Smith-Booth
Title: President

APPROVED:

JPMORGAN CHASE BANK, N.A.

By: _______________________
Name: Doug Leezer
Title: Authorized Officer
CIT BANK, N.A.

By: __________________________
Name: ________________________
Title: _________________________

Acknowledged by the Governmental Lender:

For Governmental Lender acknowledgment requirements, see Section 4.02 of the Funding Loan Agreement

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

By ____________________________
Name __________________________
Title __________________________
Date ____________________________
EXHIBIT F

CONSTRUCTION PHASE INTEREST RATE

The Construction Phase Interest Rate shall be the interest rate or rates described in Section 2 of the Project Notes, as applicable.
ATTACHMENT 6

REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS
REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

by and among

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

U.S. BANK NATIONAL ASSOCIATION

and

JORDAN DOWNS PHASE S2, LP

relating to

$[29,030,000]
Housing Authority of the City of Los Angeles
Multifamily Housing Revenue Note
(Jordan Downs Phase S2)
Series 2021A

Dated as of [March] 1, 2021
TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Definitions and Interpretation</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Acquisition, Construction and Equipping of the Project</td>
<td>7</td>
</tr>
<tr>
<td>3</td>
<td>Residential Rental Property</td>
<td>9</td>
</tr>
<tr>
<td>4</td>
<td>Low Income Units and Very Low Income Units</td>
<td>11</td>
</tr>
<tr>
<td>5</td>
<td>Tax Status of the Note</td>
<td>14</td>
</tr>
<tr>
<td>6</td>
<td>Modification of Special Tax Covenants</td>
<td>16</td>
</tr>
<tr>
<td>7</td>
<td>Indemnification</td>
<td>17</td>
</tr>
<tr>
<td>8</td>
<td>Consideration</td>
<td>19</td>
</tr>
<tr>
<td>9</td>
<td>Reliance</td>
<td>19</td>
</tr>
<tr>
<td>10</td>
<td>Sale or Transfer of the Project; Syndication</td>
<td>20</td>
</tr>
<tr>
<td>11</td>
<td>Term</td>
<td>21</td>
</tr>
<tr>
<td>12</td>
<td>Covenants To Run With the Land</td>
<td>22</td>
</tr>
<tr>
<td>13</td>
<td>Burden and Benefit</td>
<td>23</td>
</tr>
<tr>
<td>14</td>
<td>Uniformity; Common Plan</td>
<td>23</td>
</tr>
<tr>
<td>15</td>
<td>Enforcement</td>
<td>23</td>
</tr>
<tr>
<td>16</td>
<td>Recording and Filing</td>
<td>24</td>
</tr>
<tr>
<td>17</td>
<td>Payment of Fees</td>
<td>24</td>
</tr>
<tr>
<td>18</td>
<td>Governing Law</td>
<td>25</td>
</tr>
<tr>
<td>19</td>
<td>Amendments</td>
<td>25</td>
</tr>
<tr>
<td>20</td>
<td>Notice</td>
<td>25</td>
</tr>
<tr>
<td>21</td>
<td>Severability</td>
<td>26</td>
</tr>
<tr>
<td>22</td>
<td>Multiple Counterparts</td>
<td>26</td>
</tr>
<tr>
<td>23</td>
<td>Compliance by Borrower</td>
<td>26</td>
</tr>
<tr>
<td>24</td>
<td>General Obligation of Borrower; Limitations on Recourse to Borrower</td>
<td>27</td>
</tr>
<tr>
<td>25</td>
<td>Third-party Beneficiaries</td>
<td>27</td>
</tr>
<tr>
<td>26</td>
<td>Damage, Destruction or Condemnation of the Project</td>
<td>27</td>
</tr>
<tr>
<td>27</td>
<td>CDLAC Requirements</td>
<td>27</td>
</tr>
<tr>
<td>28</td>
<td>Annual Reporting Covenant</td>
<td>29</td>
</tr>
<tr>
<td>29</td>
<td>The Fiscal Agent</td>
<td>29</td>
</tr>
<tr>
<td>30</td>
<td>Americans with Disabilities Act</td>
<td>30</td>
</tr>
</tbody>
</table>

APPENDIX A  LEGAL DESCRIPTION
APPENDIX B  CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE
APPENDIX C  INCOME COMPUTATION AND CERTIFICATION
APPENDIX D  CDLAC RESOLUTION
APPENDIX E  CDLAC COMPLIANCE CERTIFICATE
APPENDIX F  CDLAC CONSTRUCTION COMPLETION CERTIFICATE
APPENDIX G  ACCESSIBILITY COVENANTS
REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (this “Regulatory Agreement”), dated as of [March] 1, 2021, by and among the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic, duly organized and existing under the laws of the State of California (together with any successor to its rights, duties and obligations, the “Authority”), U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under and by virtue of the laws of the United States of America, as fiscal agent for the Note defined herein (the “Fiscal Agent”) and JORDAN DOWNS PHASE S2, LP, a California limited partnership (the “Borrower”).

W I T N E S S E T H:

WHEREAS, the Authority is a duly created housing authority, established and authorized to transact business and exercise powers under and pursuant to the provisions of the Housing Authorities Law, consisting of Part 2 of Division 24 of the California Health and Safety Code (the “Act”); and

WHEREAS, pursuant to the Act, the Authority is authorized to issue bonds or notes to finance the acquisition, construction and equipping of multifamily rental housing for families and individuals of low income and very low income within the City of Los Angeles, California (the “City”); and

WHEREAS, the Authority is a political subdivision (within the meaning of that term in the Regulations of the Department of Treasury and the rulings of the Internal Revenue Service prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”)); and

WHEREAS, on [________], 2021, the legislative body of the Authority adopted a resolution (the “Resolution”) authorizing the issuance of a revenue note in connection with financing the acquisition, construction, and equipping of an 81-unit (including a manager’s unit) multifamily rental housing project located in the City; and

WHEREAS, the Authority owns fee simple title to the real property described in Exhibit A hereto and the Borrower owns a leasehold estate pursuant to the Ground Lease (hereinafter defined); and

WHEREAS, in furtherance of the purposes of the Act and the Resolution and as a part of the Authority’s plan of financing residential rental housing, the Authority has issued its Housing Authority of the City of Los Angeles Multifamily Housing Revenue Note (Jordan Downs Phase S2) Series 2021A in the aggregate principal amount of $[29,030,000] (the “Note”) to JPMorgan Chase Bank, N.A. (the “Funding Lender”), whose proceeds will be used by the Governmental Lender to make a loan to the Borrower (the “Borrower Loan”) to enable the Borrower to finance a portion of the acquisition, construction and equipping of the Project (as defined herein) for the public purpose of providing decent, safe and sanitary housing for families and individuals of low income and very low income; and
WHEREAS, the Authority and Borrower have entered into a Project Loan Agreement (as defined herein), providing the terms and conditions under which the Authority will make the Borrower Loan and loan of the proceeds of the below-defined Taxable Note to the Borrower to finance the acquisition, construction and equipping of the Project; and

WHEREAS, all things necessary to make the Note, when issued as provided in the Funding Loan Agreement (defined herein), the valid, binding, and limited obligation of the Authority according to the import thereof, and to constitute the Funding Loan Agreement (as defined below) a valid assignment of the amounts pledged to the payment of the principal of, and premium, if any, and interest on the Note, have been done and performed, and the creation, execution, and delivery of the Funding Loan Agreement, and the execution and issuance of the Note, subject to the terms thereof, in all respects have been duly authorized; and

WHEREAS, the Authority has obtained an allocation for the Project of a portion of the State of California’s private activity bond volume cap, within the meaning of Section 146 of the Code, in accordance with the procedures established by the California Debt Limit Allocation Committee; and

WHEREAS, the Code and the regulations and rulings promulgated with respect thereto and the Act prescribe that the use and operation of the Project be restricted in certain respects, and in order to ensure that the Project will be owned and operated in accordance with the Code and the Act, the Authority and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, construction, equipping and operation of the Project;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Authority, the Fiscal Agent and the Borrower hereby agree as follows:

Section 1. Definitions and Interpretation. The following terms shall have the respective meanings assigned to them in this Section 1, unless the context in which they are used clearly requires otherwise:

“Adjusted Income” means the adjusted income of all persons who intend to reside in one residential unit, calculated in the manner determined by the Secretary of the Treasury pursuant to Section 142(d)(2)(B) of the Code.

“Affiliate” means (i) a Person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, (ii) a Person who together with the Borrower are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that “more than 50 percent” shall be substituted for “at least 80 percent” each place it appears therein), (iii) a partnership and each of its partners (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code or (iv) an S Corporation and each of its shareholders (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code.

“Area” means the Los Angeles County, California, Primary Metropolitan Statistical Area.
“Authority Fee” means the administrative fee of the Authority payable on the Closing Date in the amount of $[_______] (0.25% of maximum principal amount of Note and the Taxable Note) and the ongoing administrative fee payable in advance on the Closing Date and every [March] 1 thereafter, commencing [March] 1, 2022, in the amount of $[_____] (0.125% of maximum principal amount of the Note) until the Conversion Date and, on the first [March] 1 following the Conversion Date and thereafter, the ongoing administrative fee payable in an amount equal to 0.125% of the principal amount of the Note outstanding immediately following the Conversion Date with a minimum annual fee of $4,000.

“Borrower Cost Certificate” means the Borrower Cost Certificate executed by the Borrower dated as of the Closing Date.

“Borrower Loan” has the meaning given to it in the recitals hereto.

“CDLAC” means the California Debt Limit Allocation Committee.

“CDLAC Conditions” has the meaning given such term in Section 27(a).

“CDLAC Resolution” means Resolution No. 20-117 adopted by CDLAC on September 16, 2020, awarding an allocation of $29,030,000 to the Project and the Note.

“Certificate of Continuing Program Compliance” means the certificate with respect to the Project to be filed by the Borrower with the Authority and the Fiscal Agent, which shall be substantially in the form attached hereto as Appendix B.

“Closing Date” means the date of delivery of the Note.

“Code” has the meaning given to it in the recitals hereto.

“Completion Date” means the date when the acquisition, construction and equipping of the Project has been completed in accordance with the plans and specifications approved by the Funding Lender.

“Construction Completion Certificate” means the certificate of completion of construction of the Project required to be delivered to the Authority, CDLAC and the Fiscal Agent by the Borrower substantially in the form of Appendix F hereof or such other form required or otherwise provided by CDLAC from time to time.

“Conversion Date” has the meaning given to it in the Funding Loan Agreement.

“Event of Default” has the meaning given to it in Section 15 hereof.

“Funding Lender” means JPMorgan Chase Bank, N.A.

“Funding Loan Agreement” means the Funding Loan Agreement, dated as of [March] 1, 2021, among the Authority, the Funding Lender, CIT Bank, N.A. as funding lender for the Taxable Note and U.S. Bank National Association, as Fiscal Agent, pursuant to which the Note and Taxable Note have been issued, as amended or supplemented from time to time.
“Ground Lease” means the Ground Lease between the Authority and the Borrower dated as of [March ___], 2021.

“Hazardous Materials” means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials; radioactive materials; polychlorinated biphenyls (“PCBs”) and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; any substance the presence of which on the Project is prohibited by any federal, state or local authority; any substance that requires special handling and any other material or substance now or in the future that (i) is defined as a “hazardous substance,” “hazardous material,” “hazardous waste,” “toxic substance,” “toxic pollutant,” “contaminant,” or “pollutant” by or within the meaning of any Hazardous Materials Law, or (ii) is regulated in any way by or within the meaning of any Hazardous Materials Law.


“Income Certification” means the Income Computation and Certification Form in substantially the form attached hereto as Appendix C.

“Inducement Date” means [_______], 2019, with respect to the Authority’s declaration of intent to issue multifamily housing revenue obligations in an aggregate principal amount not to exceed $[_______], in connection with the Project.

“Low Income Tenants” means individuals or families with an Adjusted Income that does not exceed 60% of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937 and adjusted for household size. In no event, however, will the occupants of a residential unit be considered to be Low Income Tenants if all the occupants are students, as defined in Section 152(f)(2) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 152(f)(2) defines a student as an individual enrolled as a full-time student during each of five calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.
“Low Income Units” means the dwelling units in the Project designated for occupancy by Low Income Tenants pursuant to Section 4(a) of this Regulatory Agreement.

“Median Income for the Area” means the median gross income for the Area as most recently determined by the Secretary of Treasury pursuant to Section 142(d)(2)(B) of the Code.

“Note” has the meaning given to it in the recitals hereto.

“Project” means the Project Facilities and the Project Site.

“Project Costs” mean to the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Borrower with respect to the acquisition, construction and equipping of the Project, whether paid or incurred prior to or after the sixtieth day preceding the Inducement Date, including, without limitation, costs for site preparation, the planning of housing and related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the construction of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the costs of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or entity for expenditures made for the Project) and all other costs approved by Bond Counsel.

“Project Facilities” mean the buildings, structures and other improvements on the Project Site that are being financed with proceeds of the Note, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements. Project Facilities do not include retail sales facilities, leased office space, commercial facilities or recreational, fitness, parking or business facilities available to members of the general public.

“Project Loan Agreement” means the Project Loan Agreement dated as of [March] 1, 2021, by and among the Authority, the Fiscal Agent and the Borrower, as amended, supplemented or restated from time to time.

“Project Site” means the parcel or parcels of real property described in Appendix A, which is attached hereto and by this reference incorporated herein, in which the Borrower holds a leasehold interest under the Ground Lease, and all rights and appurtenances thereunto appertaining.

“Qualified Project Costs” means costs paid with respect to the Project that meet each of the following requirements: (i) the costs are properly chargeable to a capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general Federal income tax principles and in accordance with Regulations § 1.103-8(a)(1), provided, however, that only such portion of interest accrued during construction of the Project shall be eligible to be a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing after the date of completion of the Project shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed or rehabilitated by an Affiliate (within the meaning of the Code) (whether as a general contractor or
a subcontractor), Qualified Project Costs shall include only (A) the actual out-of-pocket costs incurred by such Affiliate in constructing or rehabilitating the Project (or any portion thereof), (B) any reasonable fees for supervisory services actually rendered by the Affiliate, and (C) any overhead expenses incurred by the Affiliate that are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the construction or rehabilitation of the Project or payments received by such Affiliate due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of 60 days prior to the Inducement Date to reimburse costs paid with respect to the Project (within the meaning of § 1.150-2 of the Regulations) or the date of issue of the Note, and (iv) if the Project Costs were previously paid and are to be reimbursed with proceeds of the Note such costs were (A) costs of issuance of the Note, (B) preliminary capital expenditures (within the meaning of Regulations § 1.150-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of construction or rehabilitation of the Project that do not exceed 20% of the aggregate issue price of the Note (as defined in Regulations § 1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than 18 months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three years after the expenditure is paid).

“Qualified Project Period” means the period beginning on the first day on which at least 10% of the dwelling units in the Project are first occupied and ending on the later of (a) the date that is 55 years after the date on which 50% of the dwelling units in the Project are occupied, (b) the first day on which no tax exempt bonds or notes with respect to the Project are Outstanding; (c) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates; or (d) such later date contained in the CDLAC Conditions.

“Regulations” means the Income Tax Regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time.

“Taxable Note” means the Authority’s Multifamily Housing Revenue Note (Jordan Downs Phase S2) Taxable Series 2021B.

“Tax Credit Investor” has the meaning given to it under Section 10 hereof.

“Tax-Exempt” means with respect to interest on any obligations of a state or local government, including the Note, that such interest is excluded from gross income for federal income tax purposes; provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

“Very Low Income Tenants” means individuals or families with an Adjusted Income that does not exceed 50% of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937 and adjusted for household size. In no event, however, will the occupants of a residential unit be considered to be Very Low Income Tenants if all the occupants are students, as defined in
Section 152(f)(2) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return.

“Very Low Income Units” means the dwelling units in the Project designated for occupancy by Very Low Income Tenants pursuant to Section 4(k) of this Regulatory Agreement.

Capitalized terms that are not defined herein shall have the meanings assigned to them in the Funding Loan Agreement.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1 notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

In the event of any conflict between this Regulatory Agreement and the CDLAC Conditions, the most restrictive requirement shall govern.

Section 2. Acquisition, Construction and Equipping of the Project. The Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Borrower has incurred a substantial binding obligation to acquire a leasehold interest in and construct and equip the Project, pursuant to which the Borrower is obligated to expend at least 5% of the aggregate net sale proceeds of the Note.

(b) The Borrower’s reasonable expectations respecting the total cost of the acquisition, construction and equipping of the Project and the disbursement of Note proceeds are accurately set forth in the Borrower Cost Certificate.

(c) The Borrower will proceed with due diligence to complete the acquisition, construction and equipping of the Project and expects to expend the full amount of the proceeds of the Borrower Loan for Project Costs prior to the date that is 36 months after the Closing Date.

(d) The statements made in the various certificates delivered by the Borrower to the Authority or Funding Lender are true and correct as of the Closing Date.

(e) The Borrower (and any person related to it within the meaning of Section 147(a)(2) of the Code) will not take or omit to take, as is applicable, any action if
such action or omission would in any way cause the proceeds from the sale of the Note to be applied in a manner contrary to the requirements of the Funding Loan Agreement, the Project Loan Agreement or this Regulatory Agreement.

(f) The Borrower shall comply with all applicable requirements of Section 65863.10 of the California Government Code, including, if applicable, the requirements for providing notices in Sections (b), (c), (d) and (e) thereof.

(g) [reserved].

(h) The Borrower shall, on the Completion Date, evidence the Completion Date by providing a Construction Completion Certificate to CDLAC, the Fiscal Agent and the Authority, signed by the Borrower, stating the total cost of the Project and identifying the total acquisition cost (which shall specify the costs attributable to land and the costs attributable to buildings) and the total Qualified Project Costs and further stating that (A) construction of the Project has been completed substantially in accordance with the plans, specifications and work orders therefor, and all labor, services, materials and supplies used in construction or rehabilitation have been paid for, and (B) all other facilities necessary in connection with the Project have been acquired, constructed and installed substantially in accordance with the plans, specifications, work write up and work orders therefor and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights of the Borrower against third parties for the payment of any amount not then due and payable which exist at the date of such certificate or which may subsequently exist.

(i) The foregoing certificate evidencing the Completion Date shall be delivered to the Fiscal Agent no later than the date 36 months from the Closing Date unless the Borrower delivers to the Fiscal Agent a certificate of the Authority consenting to an extension of such date, accompanied by an opinion of Bond Counsel to the effect that such extension will not result in interest on the Note being included in gross income for federal income tax purposes. The Borrower agrees to spend additional moneys for payment of any costs of the Project sufficient to reduce the portion of Note proceeds (A) spent on land by the Borrower relative to the Project Site to an amount that is less than 25% of the amount of Note proceeds spent by the Borrower relative to the Project Site for all purposes and (B) spent on costs of the Project paid or incurred by or on account of the Borrower or any related person (as such term is used in Section 147(a)(2) of the Code) on or after the date 60 days prior to the Inducement Date and chargeable to the capital account of the Project (or so chargeable either with a proper election by the Borrower to deduct such amounts, within the meaning of Treasury Regulation Section 1.103-8(a)(1)) so that the amount of Note proceeds expended on such Qualified Project Costs is at least 97% of the amount of Note proceeds spent for all purposes related to the Project, except that, upon receipt by the Borrower, the Fiscal Agent and the Authority of an approving opinion of Bond Counsel indicating no adverse effect to the tax-exempt status of the Note, the percentage of such amounts so used may be 95%.

(j) [Reserved].
(k) All workers performing construction work for the Project employed by the Borrower or by any contractor or subcontractor shall be compensated in an amount no less than the greater of (i) the general prevailing rate of per diem wages (“Prevailing Wages”) as determined pursuant to Labor Code Sections 1770-1781 and implementing regulations of the Department of Industrial Relations and (ii) the general prevailing rate of per diem wages as determined by the U.S. Labor Department pursuant to the Davis–Bacon Act under 40 U.S.C.S. 3141–3148 and implementing regulations (“Davis-Bacon Wages”), if applicable.

(l) The Borrower shall comply with all applicable requirements of the Ground Lease and shall provide prompt written notice to the Authority and the Fiscal Agent of any default thereunder.

Section 3. Residential Rental Property. The Borrower hereby acknowledges and agrees that the Project will be owned, managed and operated as a “qualified residential rental project” (within the meaning of Section 142(d) of the Code) until the expiration of the Qualified Project Period. To that end, and for the term of this Regulatory Agreement, the Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Project is being acquired, constructed and equipped for the purpose of providing multifamily residential rental property, and the Borrower shall own, manage and operate the Project as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with applicable provisions of Section 142(d) of the Code and Section 1.103-8(b) of the Regulations, and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the dwelling units in the Project will be similarly constructed units, and, to the extent required by the Code and the Regulations, each dwelling unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink; provided that any tenant may, but shall not be obligated to, provide a refrigerator for the unit to be occupied.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis, or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home, retirement house or trailer court or park.

(d) No part of the Project will at any time be owned or used as a condominium or by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or uses. Other than obtaining a final subdivision map on the Project and a Final Subdivision Public Report from the California Department of Real Estate, the Borrower has not and shall not take any steps in connection with a conversion of the Project to a condominium or cooperative ownership except with
the prior written approving opinion of Bond Counsel that by reason of any such action the interest on the Note (if it is outstanding) will not become includable in gross income for federal income tax purposes.

(e) All of the dwelling units (except for the manager’s unit described in (g) below) will be available for rental on a continuous basis to members of the general public, and the Borrower has not and will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent that dwelling units are required to be leased or rented to Low Income Tenants, Very Low Income Tenants, or holders of Section 8 certificates or vouchers or any preference the Borrower gives to a class of persons permitted to be given preference pursuant to the Code, State law and other applicable federal law or pursuant to the Ground Lease or RAD Use Agreement (as defined in the Ground Lease).

(f) The Project Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Project Facilities will comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in any building in the Project shall be occupied by the Borrower unless the building contains five or more dwelling units, in which case one unit may be occupied by the Borrower or by persons related to or affiliated with the Borrower such as a resident manager or maintenance personnel. Subject to the foregoing limitation, up to a total of one unit in the Project may be occupied by a resident manager or maintenance personnel.

(h) Should involuntary noncompliance with the provisions of Section 1.103-8(b) of the Regulations be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date that prevents the Authority from enforcing the requirements of the Regulations, or condemnation or similar event, the Borrower covenants that, within a “reasonable period” determined in accordance with the Regulations, it will either prepay the Borrower Loan and cause the Note to be redeemed or apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the Regulations.

(i) The Borrower shall not discriminate on the basis of race, religion, creed, color, ethnic group identification, sex, sexual preference, source of income (e.g. TANF, SSI), mental or physical disability, age, national origin or marital status in the rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

(j) Following the expiration or termination of the Qualified Project Period, Low Income Units and Very Low Income Units shall remain available to the Low Income Tenants and Very Low Income Tenants, respectively, then occupying such units at the date of expiration or termination of the Qualified Project Period at a rent not greater than the
rent determined pursuant to Sections 4(a) and 4(j) below, as applicable, until the earliest of any of the following occurs:

(i) The household’s income exceeds 140% of the income at which such household would qualify as a Low Income Tenant or a Very Low Income Tenant.

(ii) The household voluntarily moves or is evicted for “good cause.” For these purposes, “good cause” means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the lease agreement that detrimentally affect the health and safety of other persons or the structure, the fiscal integrity of the Project, or the purposes or special programs of the Project.

(iii) Fifty-five years after the Closing Date.

(iv) The Borrower pays the relocation assistance and benefits to such Low Income Tenants or Very Low Income Tenants, as provided in Section 7264(b) of the Government Code of the State of California.

(k) The Authority may but shall not be required to monitor the Borrower’s compliance with the provisions of subparagraph (j) above.

(l) The Borrower shall file with the Internal Revenue Service on or before each March 31 as long as the Note remains outstanding, a completed IRS Form 8703, or successor form, and deliver to the Authority a written copy thereof.

Section 4. Low Income Units and Very Low Income Units. Pursuant to the requirements of Section 142(d) of the Code and applicable provisions of the Act, the Borrower hereby represents, as of the date hereof, and warrants, covenants and agrees as follows:

(a) During the Qualified Project Period, not less than 40% of the units in the Project shall be designated as Low Income Units and shall be continuously occupied by or held available for occupancy by Low Income Tenants at monthly rents that do not exceed one-twelfth of the amount obtained by multiplying 30% times 60% of the Median Income for the Area, as adjusted for household size. Household size is determined under Section 34312.3(c)(1)(B) and (c)(2)(B) of the California Health and Safety Code consistent with Section 42(g)(2)(C) of the Code, with the more restrictive limits being applicable. Such Low Income Units shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those units that are available to other tenants and shall be distributed throughout the Project.

(b) A unit occupied by a Low Income Tenant who, at the commencement of the occupancy, is a Low Income Tenant shall be treated as occupied by a Low Income Tenant until a recertification of such tenant’s income in accordance with Section 4(c) below demonstrates that such tenant no longer qualifies as a Low Income Tenant and thereafter such unit shall be treated as any residential unit of comparable or smaller size in the Project occupied by a new resident other than a Low Income Tenant. Moreover, a unit previously occupied by a Low Income Tenant and then vacated shall be considered occupied by a Low
Income Tenant until reoccupied, other than for a temporary period, at which time the character of the unit shall be redetermined. In no event shall such temporary period exceed 31 days.

(c) Immediately prior to a Low Income Tenant’s occupancy of a Low Income Unit, the Borrower will obtain and maintain on file an Income Certification from each Low Income Tenant occupying a Low Income Unit, dated immediately prior to the initial occupancy of such Low Income Tenant in the Project. In addition, the Borrower will provide such further information as may be required in the future by the State of California, the Authority, the Act, Section 142(d) of the Code and the Regulations, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d) of the Code. The Borrower shall verify that the income provided by an applicant is accurate by taking one or more of the following steps as a part of the verification process: (i) obtain a federal income tax return for the most recent tax year, (ii) obtain a written verification of income and employment from the applicant’s current employer, (iii) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other verification of such applicant’s income satisfactory to the Authority or (iv) such other information as may be reasonably requested by the Authority.

Copies of the most recent Income Certifications for Low Income Tenants shall be attached to the quarterly report to be filed with the Authority and the Fiscal Agent as required in (d) below.

(d) Immediately prior to the first anniversary date of the occupancy of a Low Income Unit by one or more Low Income Tenants, and on each anniversary date thereafter, the Borrower shall recertify the income of the occupants of each Low Income Unit by obtaining a completed Income Certification based upon the current income of each occupant of the unit. In the event the recertification demonstrates that such household’s income exceeds 140% of the income at which such household would qualify as Low Income Tenants, such household will no longer qualify as Low Income Tenants and, to the extent necessary to comply with the requirements of Section 4(a) above, the Borrower will rent the next available unit of comparable or smaller size to one or more Low Income Tenants.

(e) Upon commencement of the Qualified Project Period, and within 15 days of the last day of each quarter thereafter during the term of this Regulatory Agreement, the Borrower shall advise the Authority and the Fiscal Agent of the status of the occupancy of the Project by delivering to the Authority and the Fiscal Agent a Certificate of Continuing Program Compliance.

(f) The Borrower shall maintain complete and accurate records pertaining to the Low Income Units, and shall permit any duly authorized representative of the Authority, Funding Lender, the Fiscal Agent, Department of the Treasury or Internal
Revenue Service to inspect the books and records of the Borrower pertaining to the Project, including those records pertaining to the occupancy of the Low Income Units.

(g) The Borrower shall submit to the Secretary of the Treasury annually on the anniversary date of the start of the Qualified Project Period, or such other date as is required by the Secretary, a certification that the Project continues to meet the requirements of Section 142(d) of the Code, and shall provide a copy of such certification to the Authority.

(h) The Borrower shall accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, or its successor. The Borrower shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants. The Borrower shall not collect any additional fees or payments from a Low Income Tenant except security deposits or other deposits required of all tenants. The Borrower shall not collect security deposits or other deposits from a Section 8 certificate or voucher holder in excess of those allowed under the Section 8 Program. The Borrower shall not discriminate against applicants for Low Income Units on the basis of source of income (i.e., TANF or SSI), and the Borrower shall consider a prospective tenant’s previous rent history of at least one year as evidence of the ability to pay the applicable rent (ability to pay shall be demonstrated if an applicant can show that the same percentage or more of the applicant’s income has been paid for rent in the past as will be required to be paid for the rent applicable to the Low Income Unit to be occupied, provided that such Low Income Tenant’s expenses have not materially increased).

(i) Each lease pertaining to a Low Income Unit shall contain a provision to the effect that the Borrower has relied on the Income Certification and supporting information supplied by the applicant in determining qualification for occupancy of the Low Income Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease. Each lease will also contain a provision that failure to cooperate with the annual recertification process reasonably instituted by the Borrower pursuant to Section 4(c) above may, at the option of the Borrower, disqualify the unit as a Low Income Unit, or provide grounds for termination of the lease.

(j) Prior to the Closing Date, the Borrower agrees to provide to the Authority a copy of the form of application and lease to be provided to prospective Low Income Tenants. The term of the lease shall be not less than 30 days.

(k) In addition to the requirements set forth in Section 4(a), the Borrower shall satisfy the following requirements:

(i) As required by the Authority, not less than 80% of the units in the Project shall be Very Low Income Units and shall be rented to, or made available for rental to, Very Low Income Tenants on the same terms and conditions, and subject to the same requirements, as are set forth in this Section 4 with respect to the Low Income Units, except that monthly rents shall not exceed one-twelfth of
the amount obtained by multiplying 30% times 50% of the Median Income for the Area, adjusted as provided in Section 4(a) above (but without regard to the final paragraph thereof).

(ii) Pursuant to the CDLAC Conditions and for the entire term of the Regulatory Agreement, the Project shall consist of 80 units plus 1 manager unit of which at least 80 units shall be rented or held vacant for Very Low Income Tenants subject to the rent restrictions in Section 4(a).

(l) The Borrower shall ensure the Project complies with the provisions of Section 52080(g) of the California Health and Safety Code.

Section 5. Tax Status of the Note. The Borrower and the Authority each hereby represents, as of the date hereof, and warrants, covenants and agrees that:

(a) It will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the exclusion from gross income for federal income tax purposes or the exemption from California personal income taxation of the interest on the Note and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof;

(b) It will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the Authority and Funding Lender, to comply fully with the Act and all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations issued under Section 142(d) of the Code to the extent necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Note; and

(c) The Borrower, at the Borrower’s expense, will file of record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Authority, the Fiscal Agent and Funding Lender, in order to ensure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County of Los Angeles.

(d) The Borrower will not enter into any agreements that would result in the payment of principal of or interest on the Note being “federally guaranteed” within the meaning of Section 149(b) of the Code.

(e) The Borrower hereby reaffirms the arbitrage certifications made by it in the Tax Certificate, and such certifications are hereby incorporated herein as covenants of the Borrower by this reference.

(f) The Borrower hereby agrees to comply with the requirements of Section 148(f) of the Code and to rebate excess investment earnings to the federal government.
(g) The Borrower hereby covenants to include the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project to another person to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

(h) The Borrower shall assure that the proceeds of the Note are used in a manner such that the Note will satisfy the requirements of Section 142(d) of the Code relating to qualified residential rental projects.

(i) The Note upon issuance and delivery shall be considered “private activity bonds” within the meaning of the Code with respect to which CDLAC has transferred a portion of the State of California’s private activity bond allocation (within the meaning of Section 146 of the Code) equal to the principal amount of the Note.

(j) The Authority and the Borrower covenant that not less than 97% of the net proceeds of the Note (within the meaning of Section 150(a)(3) of the Code) will be paid for Qualified Project Costs.

(k) The Authority and the Borrower covenant that less than 25% of the proceeds of the Note shall be used, directly or indirectly, for the acquisition of land.

(l) The Authority and the Borrower covenant that no proceeds of the Note shall be used directly or indirectly to provide any airplane, skybox or other private luxury box, health club facility, facility used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Note shall be used for an office unless (i) the office is located on the premises of the facilities constituting the Project and (ii) not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

(m) The Borrower shall not take, or permit or suffer to be taken by the Funding Lender, Fiscal Agent or otherwise, any action with respect to the proceeds of the Note that, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Note would have caused the Note to be an “arbitrage bond” within the meaning of Section 148 of the Code.

(n) In accordance with Section 147(b) of the Code, the average maturity of the Note does not exceed 120% of the average reasonably expected economic life of the facilities being financed by the Note.

(o) The Authority and the Borrower covenant that, from the proceeds of the Note and investment earnings thereon, an amount not in excess of 2% of the proceeds of the Note, will be used for costs of issuance of the Note, all within the meaning of Section 147(g)(1) of the Code. For this purpose, if the fees of the Agent and the Holder are retained as a discount on the purchase of the Note, such retention shall be deemed to be an expenditure of proceeds of the Note for said fees.
The proceeds of the Note will be allocated to expenses actually paid with proceeds of the Note unless, prior to the date that is the later of 18 months (i) after the expenditure is paid, or (ii) after the Project financed with proceeds of the Note is placed in service, the Borrower makes a different allocation of such expenditures to different contemporaneous purposes. In any event, such alternative allocation must occur no later than 60 days after the fifth anniversary of the Closing Date (or 60 days after the retirement of the Note if earlier).

(q) [Reserved].

(r) [Reserved].

The Borrower hereby covenants to notify any subsequent owner of the Project of the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project to another person to the end that such transferee has notice of such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement; provided that the covenants contained in this paragraph shall not apply to the Funding Lender or its designee should the Funding Lender or its designee become the owner of the Project by foreclosure, deed in lieu of foreclosure or comparable conversion of the Project Loan Documents.

Section 6. Modification of Special Tax Covenants. The Borrower, the Fiscal Agent and the Authority hereby agree as follows:

(a) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Authority, the Fiscal Agent and Funding Lender, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement that must be complied with in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Note, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements.

(b) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Authority, the Fiscal Agent, Funding Lender and Borrower, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment approved and signed by the Authority, the Fiscal Agent and Borrower, approved by the Funding Lender, and approved by the written opinion of Bond Counsel that such amendment will not affect the exclusion from gross income for federal income tax purposes of interest on the Note.

(c) The Borrower, the Authority and, if applicable, the Fiscal Agent, shall execute, deliver and, if applicable, the Borrower or the Authority shall file of record any and all documents and instruments necessary to effectuate the intent of this Section 6, and each of the Borrower and the Authority hereby appoints the Fiscal Agent as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record (it being
understood that the Fiscal Agent has no duty or obligation to take such action) on behalf of the Borrower or the Authority, as is applicable, any such document or instrument (in such form as may be approved in writing by Bond Counsel) if either the Borrower or the Authority defaults in the performance of its obligations under this subsection (c); provided, however, that unless directed in writing by the Authority or the Borrower, the Fiscal Agent shall take no action under this subsection without first notifying the Borrower or the Authority, or both of them, as is applicable, and without first providing the Borrower or the Authority, or both of them, as is applicable, an opportunity to comply with the requirements of this Section 6. Nothing in this subsection (c) shall be construed to allow the Fiscal Agent to execute an amendment to this Regulatory Agreement on behalf of the Authority or the Borrower.

Section 7. Indemnification. The Borrower hereby releases the Authority, Funding Lender and Fiscal Agent and their respective officers and employees, past, present and future, from, and covenants and agrees to indemnify, hold harmless and defend the Authority, Funding Lender and Fiscal Agent and their respective officers, members, commissioners, directors, officials, agents and employees and each of them, past, present and future (collectively, the “Indemnified Parties” and individually, an “Indemnified Party”) from and against, any and all claims, losses, costs, damages, demands, expenses, taxes, suits, judgments, actions and liabilities of whatever nature, joint or several (including, without limitation, actual out-of-pocket costs of investigation, reasonable attorneys’ fees, actual out-of-pocket litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments), made directly or indirectly (a) by or on behalf of any person arising from any cause whatsoever in connection with transactions contemplated hereby or otherwise in connection with the Project, Note, or execution or amendment of any document relating thereto; (b) arising from any cause whatsoever in connection with the approval of financing for the Project, the making of the Borrower Loan or otherwise; (c) arising from any act or omission of the Borrower or any of its agents, servants, employees or licensees, in connection with the Borrower Loan or the Project; (d) arising in connection with the issuance and sale, resale or reissuance of the Note or any certifications or representations made by any person (other than the Authority or the party seeking indemnification in connection therewith) or the carrying out by the Borrower of any of the transactions contemplated by the Note, the Funding Loan Agreement, the Project Loan Agreement or this Regulatory Agreement; (e) arising in connection with the operation of the Project, or the conditions, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, construction or equipping of, the Project or any part thereof; (f) arising out of or in connection with the Funding Lender’s or Fiscal Agent’s exercise of their respective powers or duties under the Project Loan Agreement, this Regulatory Agreement or the Funding Loan Agreement, as applicable, or any other related agreements to which the Funding Lender, or Fiscal Agent are a party; and (g) any actual or alleged violation of any Hazardous Materials Law or with respect to the presence of Hazardous Materials on or under the Project or in any of improvements or on or under any property of the Borrower that is adjacent to the Project (whether before or after the date of this Agreement and whether or not the Borrower knew of the same), except (i) in the case of the foregoing indemnification of the Funding Lender or Fiscal Agent or any of their respective officers, members, directors, agents and employees, to the extent such damages are caused by the negligence or willful misconduct of such person and (ii) in the case of the foregoing indemnification of the Authority or any of its officers, members,
commissioners, directors, officials, agents and employees, to the extent such damages are caused by the willful misconduct of such person.

This indemnification shall extend to and include, without limitation, all reasonable costs, counsel fees, expenses and liabilities incurred in connection with any such claim, or proceeding brought with respect to such claim, except (i) in the case of the foregoing indemnification of the Funding Lender or Fiscal Agent or any of their respective Indemnified Parties to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party, and (ii) in the case of the foregoing indemnification of the Authority or any of its Indemnified Parties to the extent such damages are caused by the willful misconduct of such Indemnified Party.

In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party and approved by the Borrower (which approval shall not be unreasonably withheld); and the Borrower shall assume the payment of all reasonable fees and expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Authority shall have the right to review and approve or disapprove any such compromise or settlement. The Borrower specifically acknowledges and agrees that it has an immediate and independent obligation to defend each Indemnified Party from any claim that actually or potentially falls within this Section 7 even if such claim is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to the Borrower by any Indemnified Party and continues at all times thereafter. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that unless such separate counsel is employed with the approval of the Borrower, which approval shall not be unreasonably withheld, the Borrower shall not be required to pay the fees and expenses of such separate counsel unless the Indemnified Party reasonably determines that a conflict exists between the interests of the Borrower and such Indemnified Party, in which case the Borrower shall pay the reasonable fees and expenses of such separate counsel.

The Borrower also shall pay and discharge and shall indemnify and hold harmless the Authority, Funding Lender and Fiscal Agent from (i) any lien or charge upon payments by the Borrower to the Authority, Funding Lender and Fiscal Agent hereunder arising out of Borrower’s actions or inactions and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the Authority shall give prompt notice to the Borrower, and the Borrower shall have the sole right and duty to assume, and will assume, the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of Section 10 of this Regulatory Agreement, the Borrower shall remain obligated to indemnify the Indemnified Parties pursuant to this Section 7 for all claims arising from events occurring prior to such transfer, unless at the time of transfer the Authority has consented to indemnification under this Section 7 from such subsequent owner for all claims arising from events
occurring prior to such transfer. If the Authority has consented to any transfer of the Project in accordance with the provisions of Section 10 of this Regulatory Agreement, the Borrower shall not be obligated to indemnify the Indemnified Parties pursuant to this Section 7 for actions or inactions of the transferee arising after such transfer, but shall remain obligated to provide indemnity for claims related to actions or inactions occurring prior to such transfer.

In addition to the foregoing, the Borrower will pay upon demand all of the fees and expenses paid or incurred by the Funding Lender, Fiscal Agent or Authority in enforcing the provisions hereof.

The provisions of this Section 7 shall survive the term of the Note and this Regulatory Agreement and the earlier removal or resignation of the Fiscal Agent.

The obligations of the Borrower under this Section are independent of any other contractual obligation of the Borrower to provide indemnity to the Indemnified Parties, and the obligation of the Borrower to provide indemnity hereunder shall not be interpreted, construed or limited in light of any other separate indemnification obligation of the Borrower. The Indemnified Parties shall be entitled simultaneously to seek indemnity under this Section and any other provision under which they are entitled to indemnity.

All obligations of the Borrower under this Regulatory Agreement for the payment of money, including claims for indemnification and damages, shall not be secured by or in any manner constitute a lien on the Project, and neither the Authority nor the Funding Lender shall have the right to enforce such obligations other than directly against the Borrower pursuant to Section 15 of this Regulatory Agreement.

Nothing in this Section 7 is intended to release the Managing General Partner, or the Developer (as defined in the Partnership Agreement) from their respective obligations as a Partner (as defined in the Partnership Agreement) under the Partnership Agreement or the Developer under the Development Agreement (as defined in the Partnership Agreement).

Section 8. Consideration. The Authority has issued the Note to make the Borrower Loan, to finance the Project, all for the purpose, among others, of inducing the Borrower to acquire, construct, equip and operate the Project. In consideration of the issuance of the Note by the Authority, the Borrower has entered into this Regulatory Agreement and has agreed to restrict the uses to which the Project can be put on the terms and conditions set forth herein.

Section 9. Reliance. The Authority and the Borrower hereby recognize and agree that the representations, warranties, covenants and agreements set forth herein may be relied upon by all persons, including but not limited to the Fiscal Agent, interested in the legality and validity of the Note, and in the exclusion from gross income for federal income tax purposes of interest on the Note and the exemption from California personal income taxation of the interest on the Note. In performing its duties and obligations hereunder, the Authority and the Fiscal Agent may rely upon statements and certificates of the Borrower, the Low Income Tenants and Very Low Income Tenants, and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the Authority and the Fiscal Agent may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or
suffered by the Authority, Funding Lender and Fiscal Agent under this Regulatory Agreement in
good faith and in conformity with such opinion; provided, however, if there are conflicting
opinions among the counsel selected by such parties, the opinion of Bond Counsel shall govern
the interpretation and enforcement of this Regulatory Agreement.

Section 10. Sale or Transfer of the Project; Syndication. The Borrower intends to hold
the Project for its own account, has no current plans to sell, transfer or otherwise dispose of the
Project, and hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project,
or any portion thereof (other than for individual tenant use as contemplated hereunder) including
equity interests in the Borrower aggregating more than 50% of the equity interest in the Borrower,
or any general partner interests in the Borrower, without obtaining the prior written consent of the
Authority (except as provided in the next succeeding paragraph) and receipt by the Authority
(except as provided in the next succeeding paragraph) of (i) such certifications as deemed
necessary by the Authority to establish that the Borrower shall not be in default under this
Regulatory Agreement or under the Project Loan Agreement or, if any such defaults exist, the
purchaser or assignee undertakes to cure such defaults to the satisfaction of the Authority, (ii) a
written instrument by which the Borrower’s purchaser or transferee has assumed in writing and in
full the Borrower’s duties and obligations under this Regulatory Agreement, (iii) an opinion of
counsel for the transferee that the transferee has duly assumed the obligations of the Borrower
under this Regulatory Agreement and that such obligations and this Regulatory Agreement are
binding on the transferee, (iv) documentation from the transferee reflecting the transferee’s experience or, should the transferee choose to have a property manager run the Project, a property manager’s experience with owning and/or operating multifamily housing projects such as the Project and with use and occupancy restrictions similar to those contained in this Regulatory Agreement, which experience shall be for a period of not less than 3 years, (v) evidence of satisfaction of compliance with the provisions of Section 27(d)(i) related to notice to CDLAC of transfer of the Project and (vi) an opinion of Bond Counsel addressed to the Authority to the effect that such transfer will not cause interest on the Note to become includable in the gross income of the recipients thereof for federal income tax purposes.

No transfer of the Project shall operate to release the Borrower from its obligations under
this Regulatory Agreement with respect to any action or inaction taken prior to such transfer.
Nothing contained in this Section 10 shall affect any provision of the Project Loan Documents to
which the Borrower is a party that requires the Borrower to obtain the consent of the Funding
Lender as a precondition to sale, transfer or other disposition of, or any direct or indirect interest in, the Project or of any direct or indirect interest in the Borrower or that gives the Funding Lender the right to accelerate the maturity of the Borrower Loan under the Project Loan Agreement, or to take some other similar action with respect to the Borrower Loan, upon the sale, transfer or other disposition of the Project. Notwithstanding anything contained in this Section 10 to the contrary, neither the consent of the Authority nor the delivery of items (i) through (vi) of the preceding paragraph shall be required in the case of a foreclosure or deed in lieu of foreclosure (including, without limitation, a foreclosure or transfer of title by deed in lieu thereof pursuant to the Security) or comparable conversion of the Borrower Loan made pursuant to the Project Loan Agreement, and the other Project Loan Documents, whereby the Funding Lender or any of its designees, or a third-party purchaser from the Funding Lender or any of its designees becomes the owner of the Project, and nothing contained in this Section 10 shall otherwise affect the right of the Funding Lender or any of its designees, or any such third-party purchaser, to foreclose on the Project or to
accept a deed in lieu of foreclosure or to effect a comparable conversion of the Borrower Loan made pursuant to the Project Loan Agreement. Consent of the Authority and delivery of items (i) through (vi) (or, if the Note is no longer outstanding, (i) through (v)) of the preceding paragraph shall be required for any future transfer of the Project to be made subsequent to any transfer described in the preceding sentence.

It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section 10 shall be null, void and without effect, shall cause a reversion of title to the Borrower, and shall be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement. Not less than 30 days prior to consummating any sale, transfer or disposition of any interest in the Project, the Borrower shall deliver to the Authority, Funding Lender and Fiscal Agent a notice in writing explaining the nature of the proposed transfer.

Notwithstanding the above, the following transfers will be permitted without the consent of the Authority: (a) a transfer of partnership interests in Borrower to or by Berkadia Jordan Downs Phase S2 Investor LP, or its successors and assigns (the “Tax Credit Investor”), in accordance with the amended and restated partnership agreement of the Borrower (the “Partnership Agreement”) or its designees pursuant to the Partnership Agreement, (b) a transfer of the limited partner interests in the Borrower of the Tax Credit Investor to an affiliate of such Tax Credit Investor and (c) the removal of a general partner in the Borrower by the Tax Credit Investor for cause in accordance with the terms of the Partnership Agreement and the replacement of such removed general partner with an affiliate of the Tax Credit Investor as an interim general partner so long as the ultimate replacement general partner is approved by the Authority in its reasonable discretion.

Section 11. Term. Except as provided in Section 3(j) and Section 7 above, which provisions shall continue beyond the Qualified Project Period, and, except as provided in the second paragraph of this Section 11, this Regulatory Agreement and all and several of the terms hereof shall become effective upon its execution and delivery and shall remain in full force and effect during the Qualified Project Period, or for such longer period as is provided in Sections 3(j) and 7 above, and in the CDLAC Resolution referred to in Section 27 below, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Note and expiration of the Funding Loan Agreement, Project Loan Agreement and Borrower Loan. Notwithstanding any other provisions of this Regulatory Agreement to the contrary, this entire Regulatory Agreement, or any of the provisions or sections hereof, may be terminated prior to the expiration of the Qualified Project Period upon agreement by the Authority, Funding Lender (if any Note is outstanding) and Borrower only if there shall have been received by the Authority and the Funding Lender an opinion of Bond Counsel that such termination will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Note or the exemption from State personal income taxation of the interest on the Note and the Taxable Note.

The terms of this Regulatory Agreement to the contrary notwithstanding (except as to the provisions of Section 7), this Regulatory Agreement, and each and all of the terms hereof, shall automatically terminate and be of no further force or effect in the event of an involuntary noncompliance by the Borrower with the provisions of this Regulatory Agreement caused by (i) fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date that prevents the Authority or the Fiscal Agent from enforcing the provisions of this Regulatory Agreement, or (ii) foreclosure on the Project or delivery of a deed in lieu of foreclosure.
(including, without limitation, a foreclosure or transfer of title by deed in lieu thereof pursuant to the Security) or condemnation or a similar event, but only if within a reasonable period thereafter the Note is redeemed or retired or amounts received as a consequence of such event are used to provide a project that meets the requirements of the Code set forth in this Regulatory Agreement; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure on the Project or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any Affiliate obtains an ownership interest in the Project for federal income tax purposes. Assuming that the Note is redeemed as described in the preceding sentence and otherwise notwithstanding the foregoing, in the event that a senior lender holding a first priority deed of trust encumbering the Project elects to foreclose, or accept a deed in lieu of foreclosure, after the occurrence of a default under its loan that is secured by a first priority deed of trust, such senior lender shall have the option to either (a) require that the Authority terminate this Regulatory Agreement, or (b) enter into an agreement with the Authority that this Regulatory Agreement will remain on the title to the Project and the senior lender or its affiliated entity will comply with the provisions of this Regulatory Agreement, except that the senior lender or its affiliated entity will be permitted to increase the rents applicable to all the dwelling units in the Project to a level that is the lower of market or those rents that may be charged to lower income households, as defined in Section 50079.5 of the California Health and Safety Code.

Notwithstanding any other provision of this Regulatory Agreement, this Regulatory Agreement may be terminated upon agreement by the Authority and the Borrower, with the consent of CDLAC, upon receipt by the Authority of an opinion of Bond Counsel (with a copy to the Funding Lender) to the effect that such termination will not adversely affect the exclusion from gross income of interest on the Note for federal income tax purposes. Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms. Borrower agrees that the reasonable fees and costs of the Authority, Funding Lender and Fiscal Agent and their respective legal counsel in connection with the termination of this Regulatory Agreement shall be paid by the Borrower.

Section 12. Covenants To Run With the Land. The Borrower hereby subjects its leasehold interest in the Project (including the Project Site) to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Authority and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower’s successors in title to the Project; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

No breach of any of the provisions of this Regulatory Agreement shall impair, defeat or render invalid the lien of any security instrument, deed of trust or like encumbrance made in good faith and for value encumbering the Project or any portion thereof.
Section 13. Burden and Benefit. The Authority and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower’s legal interest in the Project is rendered less valuable thereby. The Authority and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants and Very Low Income Tenants and by furthering the public purposes for which the Note was issued.

Section 14. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Project Site.

Section 15. Enforcement. If the Borrower defaults in the performance or observance of any of its covenants, agreements or obligations set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after notice thereof shall have been given (a) by the Authority to the Borrower, Funding Lender, the Fiscal Agent and Tax Credit Investor or (b) by the Funding Lender to the Authority, the Fiscal Agent, Tax Credit Investor and Borrower (provided, however, that the Authority may at its sole option extend such period if the Borrower provides the Authority and Funding Lender with an opinion of Bond Counsel to the effect that such extension will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Note (if outstanding)), then the Authority or the Fiscal Agent may declare an “Event of Default” to have occurred hereunder and shall provide written notice thereof to the Borrower and Funding Lender, as applicable, and, at the Authority’s option, may take any one or more of the following steps:

(i) by mandamus or other suit, action or proceeding at law or in equity, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Authority or the Fiscal Agent hereunder;

(ii) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project; or

(iii) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder.

The Borrower hereby agrees that specific enforcement of the Borrower’s agreements contained herein is the only means by which the Authority may fully obtain the benefits of such agreements made by the Borrower herein, and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Borrower.

The Tax Credit Investor shall have the right, but not the obligation, to cure any Event of Default hereunder on behalf of the Borrower.

The Funding Lender shall have the right, in accordance with this Section 15 and subject to the applicable provisions of the Funding Loan Agreement, to exercise any or all of the rights or remedies of the Authority or Fiscal Agent hereunder; provided that prior to taking any such act, the Funding Lender shall give the Authority and the Fiscal Agent written notice of its intended
action. All fees, costs and expenses of the Funding Lender (including, without limitation, reasonable attorneys’ fees and expenses) incurred in taking any action pursuant to this Section 15 shall be the sole responsibility of the Borrower.

Notwithstanding anything contained in this Regulatory Agreement, the Funding Loan Agreement or the Project Loan Agreement to the contrary, the occurrence of an Event of Default shall not be deemed, under any circumstances whatsoever, to be a default under the Project Loan Documents except as may be otherwise specified, as applicable, in the Project Loan Documents.

The Authority or Fiscal Agent may not, upon the occurrence of an Event of Default hereunder, seek, in any manner, to foreclose on the Project, to cause the Funding Lender to redeem the Note, or to declare the principal of the Note and the interest accrued on the Note to be immediately due and payable or to cause the Funding Lender to take any action under any of Project Loan Documents or any other documents if such action would or could have the effect of achieving any one or more of the actions, events or results described above. The occurrence of an Event of Default shall not impair, defeat or render invalid the lien of the Security.

The rights of the Funding Lender under this Section are in addition to all rights conferred upon the Funding Lender under the Funding Loan Agreement and other Funding Loan Documents, and in no way limit those rights.

Section 16. Recording and Filing. The Borrower shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto to be recorded and filed in the real property records of the County of Los Angeles and in such other places as the Authority and Funding Lender may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording.

Section 17. Payment of Fees. The Borrower shall pay to the Authority the issuance and annual ongoing Authority Fee on the dates and in the amounts set forth in the definition thereof. Notwithstanding any prepayment of the Borrower Loan or any discharge of the Funding Loan Agreement, except as set forth in the following paragraph, throughout the term of this Regulatory Agreement, the Borrower shall continue to pay to the Authority the Authority Fee, and, following the occurrence of an Event of Default, to the Authority and Funding Lender reasonable compensation for any services rendered by any of them hereunder and reimbursement for all expenses reasonably incurred by any of them as a result of such Event of Default. The Authority Fee referenced in this section shall in no way limit amounts payable by the Borrower under Section 7 hereof, or arising after an Event of Default in connection with the Authority’s or Funding Lender’s enforcement of the provisions of this Regulatory Agreement.

In the event that the Note is prepaid in part or in full prior to the end of the term of this Regulatory Agreement, the Authority Fee shall be paid by the Borrower at the time of the prepayment of the Note and shall be a lump sum amount equal to the present value (based on a discount rate equal to the yield on a U.S. treasury security maturing nearest the end date of the Qualified Project Period, as determined by the Authority at the time of prepayment) of the Authority Fee, calculated based on the amount of the Note outstanding immediately preceding such prepayment, for the number of years remaining in the Qualified Project Period under this Regulatory Agreement.
The Borrower shall also pay the Authority a processing fee equal to the greater of $5,000 or 0.125% of the permanent principal amount of the Note (as amortized, if applicable), plus all related expenses, for any consent, approval, transfer, amendment, or waiver requested of the Authority.

During any period that the Funding Lender or any of its respective agents owns the Project, it shall be responsible to make payments under this Section 17 accruing during such period. The Funding Lender shall not be liable for the payment of any compensation or any fees, costs, expenses or penalties otherwise payable for any period of time that it was not or is not the owner of the Project.

Section 18. Governing Law. This Regulatory Agreement shall be governed by the internal laws of the State of California, without resort to conflicts of laws principles.

Section 19. Amendments. This Regulatory Agreement shall be amended (i) except as provided in Section 6(a), only with the prior written consent of the Funding Lender and (ii) by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of Los Angeles. The parties hereto acknowledge that for so long as the Note is outstanding, the Funding Lender is a third-party beneficiary to this Regulatory Agreement. Any amendment to this Regulatory Agreement shall be accompanied by an opinion of Bond Counsel to the effect that such amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Note.

Section 20. Notice. All notices, certificates or other communications shall be sufficiently given and shall be deemed given on the date personally delivered or on the third business day following the date on which the same have been mailed by certified mail, return receipt requested, postage prepaid and addressed as follows:

The Fiscal Agent: U.S. Bank National Association 633 W. 5th Street, 24th Floor Los Angeles, CA 90071 Attention: Global Corporate Trust Ref: HACLA MF (Jordan Downs Phase S2) Telephone: (213) 615-6032 Facsimile: (213) 615-6199

The Authority: Housing Authority of the City of Los Angeles 2600 Wilshire Boulevard, 3rd Floor Los Angeles, CA 90057 Attention: Chief Administrative Officer

with a copy to: Housing Authority of the City of Los Angeles 2600 Wilshire Boulevard, 3rd Floor Los Angeles, CA 90057 Attention: Bond Manager
The Borrower:  Jordan Downs Phase S2, LP
c/o The Michaels Company
2 Cooper Street
Camden, NJ 08102
Attn: John J. O’Donnell

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

The Tax Credit Investor:  Berkadia Jordan Downs Phase S2 Investor LP
Two Liberty Place
50 South 16th Street, Suite 2825
Philadelphia, PA 19102
Attn: Managing Director

with a copy to:  Nixon Peabody LLP
Exchange Place
53 State Street
Boston, MA 02109
Attn: Roger W. Holmes

If to CDLAC:  California Debt Limit Allocation Committee
Room 311
915 Capitol Mall
Sacramento, CA 95814
Attention: Executive Director

Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent. Copies of notices sent by any party hereto shall be sent concurrently to the Fiscal Agent.

Section 21. Severability. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 22. Multiple Counterparts. This Regulatory Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 23. Compliance by Borrower. The Fiscal Agent shall not be responsible for monitoring or verifying compliance by the Borrower with its obligations under this Regulatory
Agreement. The Borrower acknowledges and agrees to all provisions of the Funding Loan Agreement applicable to it.

Section 24. General Obligation of Borrower; Limitations on Recourse to Borrower. Except as provided in Section 7 of this Regulatory Agreement, no subsequent owner of the Project shall be liable or obligated to pay damages for the breach or default of any obligation of or covenant by any prior owner (including the Borrower) under this Regulatory Agreement. Such obligations are the obligations of the person who was the owner at the time the default or breach was alleged to have occurred, and such owner shall remain liable for any and all damages occasioned thereby even after such person ceases to be the owner of the Project, and no person seeking such damages shall have recourse against the Project.

Section 25. Third-party Beneficiaries. The parties to this Regulatory Agreement recognize and agree that the terms of this Regulatory Agreement and the enforcement of those terms are essential to the security of the owners of the Note and are entered into for their benefit. The Funding Lender, on behalf of the owners of the Note, shall have contractual rights in this Regulatory Agreement and shall be entitled (but not obligated) to enforce, separately or jointly with the Authority, or to cause the Authority to enforce, the terms of this Regulatory Agreement. The Funding Lender is intended to be and shall be a third-party beneficiary of this Regulatory Agreement, and the Funding Lender shall have the right (but not the obligation) to enforce the terms of this Regulatory Agreement insofar as this Regulatory Agreement sets forth obligations of the Borrower.

CDLAC is also intended to be and shall be a third-party beneficiary of this Regulatory Agreement to the limited extent that it shall be entitled to enforce, in accordance with Section 15 hereof, the terms of the CDLAC Resolution.

Section 26. Damage, Destruction or Condemnation of the Project. In the event that the Project is damaged or destroyed or title to the property, or any part thereof, is taken through the exercise or the threat of the exercise of the power of eminent domain, the Borrower shall comply with all applicable requirements of the other Project Loan Documents.

Section 27. CDLAC Requirements. In addition to other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 4 and 5 hereof, the Borrower hereby agrees to comply with each of the requirements of CDLAC set forth in this Section 27, as follows:

(a) The Borrower shall comply with the CDLAC Resolution, which is attached hereto as Appendix D, and the CDLAC Conditions set forth in Exhibit A thereto (collectively, the “CDLAC Conditions”), which conditions are incorporated herein by reference and made a part hereof. The Borrower will prepare and submit to the Authority:

(i) not later than February 1 of each year, until the Project is completed, and on February 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three-year period) until the end of the Qualified Project Period, a Certification of Compliance II for Qualified Residential Rental Projects, in substantially the form attached hereto as Appendix E or otherwise
required or provided by CDLAC from time to time after the date hereof ("CDLAC Compliance Certificate"), executed by an authorized representative of the Borrower; such CDLAC Compliance Certificate shall be prepared pursuant to the terms of the CDLAC Conditions;

(ii) a Certificate of Completion, in substantially the form attached hereto as Appendix F or otherwise required or provided by CDLAC from time to time after the date hereof, executed by an authorized representative of the Borrower certifying among other things to the substantial completion of the Project; and

(iii) not later than February 1 of every third year following the submission of the Certificate of Completion, until the later of the end of the Qualified Project Period or the period described in paragraph (c), below, a project status report, as required or provided by the California Tax Credit Allocation Committee or equivalent documentation required or otherwise provided by CDLAC from time to time after the date hereof, executed by an authorized representative of the Borrower.

Compliance with the terms of the CDLAC Conditions not contained within this Regulatory Agreement, but referred to in the CDLAC Conditions, are the responsibility of the Borrower to report to the Authority.

(b) The Borrower acknowledges that the Authority shall monitor the Borrower’s compliance with the terms of the CDLAC Conditions. The Borrower acknowledges that the Authority will prepare and submit to CDLAC, not later than March 1 of each year, until the Project is completed, and on March 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three-year period) until the end of the Qualified Project Period, a Self-Certification Certificate in the form provided by CDLAC. The Borrower will cooperate fully with the Authority in connection with such monitoring and reporting requirements.

(c) Except as otherwise provided in Section 11 of this Regulatory Agreement, this Regulatory Agreement shall terminate on the date 55 years after the date on which at least 50% of the units in the Project are first occupied or otherwise after the commencement of the Qualified Project Period.

(d) The Borrower shall notify CDLAC in writing of: (i) any change in ownership of the Project; (ii) any change in the issuer of the Note; (iii) any change in the name of the Project or the property manager; (iv) any default under the Funding Loan Agreement, the Project Loan Agreement or this Regulatory Agreement, including, but not limited to, such defaults associated with the Tax-Exempt status of the Note, and the income and rental requirements as provided in Sections 4 and 5 hereof and the CDLAC Conditions; or (v) termination of this Regulatory Agreement.

(e) CDLAC shall have the right, but not the obligation, to deliver revised CDLAC Conditions to the Borrower after the Closing Date, at any time, that are not more restrictive than the original CDLAC Conditions; provided however, that: (i) any changes
in the terms and conditions of the CDLAC Conditions prior to the recordation against the Project in the real property records of the County of Los Angeles of a regulatory agreement between Borrower and the California Tax Credit Allocation Committee ("TCAC Regulatory Agreement") shall be limited to such changes as are necessary to correct any factual errors or to otherwise conform the CDLAC Conditions to any change in facts or circumstances applicable to the Borrower or the Project; and (ii) after recordation of the TCAC Regulatory Agreement, any changes in the terms and conditions of the CDLAC Conditions shall be limited to such changes as are necessary to conform Items 1, 6, 7, 10, 11, 12, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26 and/or 37 of Exhibit A to the CDLAC Conditions to any change in terms and conditions requested by Borrower and approved by CDLAC. The Authority may, in its sole and absolute discretion, require the Borrower to enter into an amendment to this Regulatory Agreement reflecting the revised CDLAC Conditions, which amendment shall be executed by the parties hereto or their successor in title and duly recorded in the official real estate records of the County of Los Angeles. The Borrower shall pay any costs and expenses in connection therewith and provide CDLAC with a copy of that recorded amendment reflecting the revised CDLAC Conditions.

Any of the foregoing requirements of the CDLAC Conditions contained in this Section 27 may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver by CDLAC of any requirement of this Section 27 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the Authority has received an opinion of Bond Counsel that any such provision is not required by the Act and may be waived without adversely affecting the exclusion from gross income of interest on the Note for federal income tax purposes; and (ii) any requirement of this Section 27 shall be void and of no force and effect if the Authority and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Note to cease to be Tax-Exempt or to the effect that compliance with such requirement would be in conflict with the Act or any other state or federal law.

Section 28. Annual Reporting Covenant. No later than January 31 of each calendar year (commencing January 31, 2022), the Borrower, on behalf of the Authority, agrees to provide to the California Debt and Investment Advisory Commission, by any method approved by the California Debt and Investment Advisory Commission, with a copy to the Authority, the annual report information required by Section 8855(k)(1) of the California Government Code. This covenant shall remain in effect until the later of the date (i) the Note is no longer Outstanding or (ii) the proceeds of the Note have been fully spent.

Section 29. The Fiscal Agent. The Fiscal Agent shall act as specifically provided herein and in the Funding Loan Agreement and may exercise such additional powers as are reasonably incidental hereto and thereto. The Fiscal Agent shall have no duty to act with respect to enforcement of the Borrower’s performance hereunder as described in Section 15 unless it shall have actual knowledge of any such default as provided in Section 15 and the Fiscal Agent has received written direction from the Funding Lender and has been indemnified to its satisfaction. The Fiscal Agent may act as the agent of and on behalf of the Authority, and any act required to be performed by the Authority as herein provided shall be deemed taken if such act is performed by the Fiscal Agent. In connection with any such performance, the Fiscal Agent is acting solely
as Fiscal Agent under the Funding Loan Agreement and not in its individual capacity, and, except as expressly provided herein, all provisions of the Funding Loan Agreement relating to the rights, privileges, powers, indemnities and protections of the Fiscal Agent shall apply with equal force and effect to all actions taken (or omitted to be taken) by the Fiscal Agent in connection with this Regulatory Agreement. Neither the Fiscal Agent nor any of its officers, directors or employees shall be liable for any action taken or omitted to be taken by it or them hereunder or in connection herewith except for its or their own gross negligence or willful misconduct.

No provision of this Regulatory Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it.

The Authority shall be responsible for the monitoring of the Borrower’s compliance with the terms of this Regulatory Agreement. The Fiscal Agent shall not be responsible for such monitoring.

After the date on which no Note remains Outstanding, as provided in the Funding Loan Agreement, the Fiscal Agent shall no longer have any duties or responsibilities under this Regulatory Agreement and all references to the Fiscal Agent in this Regulatory Agreement shall be deemed references to the Authority.

Section 30. Americans with Disabilities Act. The Borrower and the Fiscal Agent each hereby certifies that it and any contractor and subcontractor will comply with the Accessibility Laws (as defined in Appendix G). The Borrower and any contractor and subcontractor will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services, and activities in accordance with the applicable provisions of the ADA, the ADAAG, Section 504, the UFAS, the FHA (each as defined in Appendix G) and all subsequent amendments. The Borrower, the Fiscal Agent and each and any contractor and subcontractor will not discriminate against persons with disabilities or against persons due to their relationship to or association with a person with a disability. Any contract and subcontract entered into by the Borrower or the Fiscal Agent, relating to this Regulatory Agreement and the Project, to the extent allowed hereunder, shall be subject to the provisions of this paragraph. The Borrower hereby agrees to observe all of the covenants contained in Appendix G to this Regulatory Agreement as if contained herein.

[Signature Page to Follow]
IN WITNESS WHEREOF, the Authority, the Fiscal Agent and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first written hereinabove.

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

By: ____________________________
Name: Douglas Guthrie
Title: President and Chief Executive Officer

APPROVED AS TO FORM:

By: ____________________________
Becky Churchill Clark
Authority Sr. Staff Attorney

[Governmental Lender Signature Page to *Jordan Downs Phase S2* Regulatory Agreement]
NOTARY ACKNOWLEDGMENT STATEMENT

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

State of California

County of ____________

On ________________, before me, ________________________________, a Notary Public, personally appeared ____________________________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature ______________________________ [SEAL]
JORDAN DOWNS PHASE S2, LP, a California limited partnership

By: Jordan S2-Michaels, LLC, a California limited liability company, its administrative general partner

By __________________________
Name: Kenneth P. Crawford
Title: Vice President

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

By __________________________
Name: Tina Smith-Booth
Title: President

[Borrower Signature Page to Jordan Downs Phase S2 Regulatory Agreement]
NOTARY ACKNOWLEDGMENT STATEMENT

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

State of California
County of _____________

On ____________________, before me, _____________________________________, a Notary Public, personally appeared __________________________________________________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature ________________________________  [SEAL]
NOTARY ACKNOWLEDGMENT STATEMENT

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

State of California
County of ________________

On ______________________, before me, _____________________________________, a Notary Public, personally appeared ___________________________________________________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature __________________________ [SEAL]
U.S. BANK NATIONAL ASSOCIATION, as Fiscal Agent

By ______________________________
Name: 
Title: Vice President

[Fiscal Agent Signature Page to *Jordan Downs Phase S2* Regulatory Agreement]
NOTARY ACKNOWLEDGMENT STATEMENT

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

State of California
County of _____________)

On _____________________, before me, _____________________________________, a Notary Public, personally appeared ___________________________________________________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _______________________________ [SEAL]
APPENDIX A

LEGAL DESCRIPTION

Real property in the City of Los Angeles, County of Los Angeles, State of California, described as follows:

Lot 2 of Tract No. 82633-01, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 1425 Pages 61 to 63 inclusive of Maps, in the office of the County Recorder of said County.

Also except from that portion of said Tract, not included within Nevada Villa Tract, as per map recorded in Book 6 Page 190 of Maps, all uranium, thorium, and all other materials essential to the production of fissionable material contained in whatever concentration in deposits, as reserved by the United States of America, in deed recorded December 30, 1952 in Book 40622 Page 378 of Official Records.

APN: 6046-021-917 and 6046-019-926
APPENDIX B

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

The undersigned, __________________, being duly authorized to execute this certificate on behalf of Jordan Downs Phase S2, LP, a California limited partnership (the “Borrower”), hereby represents and warrants that:

1. The undersigned has read and is familiar with the provisions of the following documents associated with the Borrower’s participation in the Housing Authority of the City of Los Angeles’s (the “Authority”) Multifamily Housing Revenue Note (Jordan Downs Phase S2) Series 2021A, such documents including:

   (a) the Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) dated as of [March] 1, 2021 by and among the Borrower, the Fiscal Agent and the Authority; and

   (b) the Multifamily Note, dated [March ___], 2021, from the Borrower to the Authority, representing the Borrower’s obligation to repay the Borrower Loan.

2. As of the date of this certificate, the following percentages of residential units in the Project (i) are occupied by Very Low Income Tenants or Low Income Tenants (as such terms are defined in the Regulatory Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Very Low Income Tenant or Low Income Tenant vacated such unit:

<table>
<thead>
<tr>
<th></th>
<th>Studio</th>
<th>1 Bedroom</th>
<th>2 Bedrooms</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupied by Very Low Income Tenants:</td>
<td>% Unit Nos.:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Held vacant for occupancy continuously since last occupied by a Very Low Income Tenant:</td>
<td>% Unit Nos.:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Occupied by Low Income Tenants:</td>
<td>No. of Units:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Held vacant for occupancy continuously since last occupied by a Low Income Tenant:</td>
<td>No. of Units:</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3. The Borrower hereby certifies that to the best of its knowledge the Borrower is not in default under any of the terms of the above documents and no event has occurred which, with the passage of time, would constitute an event of default thereunder, with the exception of the following [state actions being taken to remedy default].

JORDAN DOWN PHASE S2, LP, a California limited partnership

By: Jordan S2-Michaels, LLC, a California limited liability company, its administrative general partner

By ____________________________
Name: Kenneth P. Crawford
Title: Vice President

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

By ____________________________
Name: Tina Smith-Booth
Title: President
APPENDIX C

INCOME COMPUTATION AND CERTIFICATION

NOTE TO APARTMENT OWNER: This form is designed to assist you in computing Annual Income in accordance with the method set forth in the Department of Housing and Urban Development ("HUD") Regulations (24 CFR 5.609). You should make certain that this form is at all times up to date with the HUD Regulations. All capitalized terms used herein shall have the meaning set forth in the Regulatory Agreement.

Re: Jordan Downs Phase S2, Los Angeles, CA _________

I/We, the undersigned state that I/we have read and answered fully, frankly and personally each of the following questions for all persons who are to occupy the unit being applied for in the above apartment project. Listed below are the names of all persons who intend to, reside in the unit:

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Members of the Household</td>
<td>Relationship to Head of Household</td>
<td>Social Security Number</td>
<td>Age</td>
<td>Place of Employment</td>
</tr>
<tr>
<td>_________</td>
<td>HEAD</td>
<td>_____________</td>
<td>_____</td>
<td>_____________</td>
</tr>
<tr>
<td>_________</td>
<td>SPOUSE</td>
<td>_____________</td>
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<td>_____________</td>
</tr>
</tbody>
</table>

Income Computation

6. The total anticipated income, calculated in accordance with this paragraph 6, of all persons (except children under 18 years) listed above for the 12-month period beginning the earlier of the date that I/we plan to move into a unit or sign a lease for a unit is $__________.

Included in the total anticipated income listed above are:

(a) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;

(b) The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;
(c) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (6)(b) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of $5000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by the Department of Housing and Urban Development;

(d) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount except deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts;

(e) Payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation and severance pay except lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker’s compensation), capital gains and settlement for personal or property losses (excluding payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation and severance pay);

(f) Welfare assistance. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:

1. The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus

2. The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family’s welfare assistance is ratably reduced form the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage;

(g) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;

(h) All regular pay, special pay and allowances of a member of the Armed Forces except the special pay to a family member serving in the Armed Forces who is exposed to hostile fire.

Excluded from such anticipated income are:

(a) Income from employment of children (including foster children) under the age of 18 years;

(b) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);

(c) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker’s compensation), capital
gains and settlement for personal or property losses except payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation and severance pay;

(d) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;

(e) Income of a live-in aide, as defined by 24 CFR §5.403;

(f) The full amount of student financial assistance paid directly to the student or to the educational institution;

(g) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;

(h) (1) Amounts received under training programs funded by the Department of Housing and Urban Development;

(2) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);

(3) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;

(4) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed $200 per month) received by a resident for performing a service for the Public Housing Authority or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident initiatives coordination. No resident may receive more than one such stipend during the same period of time;

(5) Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;

(i) Temporary, nonrecurring or sporadic income (including gifts);

(j) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;

(k) Earnings in excess of $480 for each full-time student 18 years old or older (excluding the head of household and spouse);

(l) Adoption assistance payments in excess of $480 per adopted child;

(m) Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.
(n) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;

(o) Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or

(p) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR §5.609(c) apply.

7. Do the persons whose income or contributions are included in item 6 above

(a) have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the values of necessary items of personal property such as furniture and automobiles and interests in Indian trust land)?

   ___ Yes       ___ No

(b) have they disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value?

   ___ Yes       ___ No

(c) If the answer to (a) or (b) above is yes, does the combined total value of all such assets owned or disposed of by all such persons total more than $5,000?

   ___ Yes       ___ No

(d) If the answer to (c) above is yes, state:

   (1) the combined total value of all such assets: $_________; and

   (2) the amount of income expected to be derived from such assets in the 12-month period beginning on the date of initial occupancy in the unit that you propose to rent: $_________; and

   (3) the amount of such income, if any, that was included in item 6 above:

       $_________________

8. (a) Are all of the individuals who propose to reside in the unit full-time students*?

   ___ Yes       ___ No

* A full-time student is an individual enrolled as a full-time student during each of 5 calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.
(b) If the answer to 8(a) is yes, is at least 2 of the proposed occupants of the unit a husband and wife entitled to file a joint federal income tax return?

____ Yes    ____ No

9. Neither myself nor any other occupant of the unit I/we propose to rent is the owner of the rental housing project in which the unit is located (hereinafter the "Borrower"), has any family relationship to the Borrower; or owns directly or indirectly any interest in the Borrower. For purposes of this paragraph, indirect ownership by an individual shall mean ownership by a family member, ownership by a corporation, partnership, estate or trust in proportion to the ownership or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member; and ownership, direct or indirect, by a partner of the individual.

10. This certificate is made with the knowledge that it will be relied upon by the Borrower to determine maximum income for eligibility to occupy the unit; and I/we declare that all information set forth herein is true, correct and complete and based upon information I/we deem reliable and that the statement of total anticipated income contained in paragraph 6 is reasonable and based upon such investigation as the undersigned deemed necessary.

11. I/we will assist the Borrower in obtaining any information or documents required to verify the statements made herein, including either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding calendar year.

12. I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Borrower to lease the unit and will entitle the Borrower to prevent or terminate my/our occupancy of the unit by institution of an action for ejection or other appropriate proceedings.

I/we declare under penalty of perjury that the foregoing is true and correct.

Executed this ____day of ____ in the County of Los Angeles, California.

__________________________________________________________
Applicant

__________________________________________________________
Applicant

[Signature of all persons (except children under the age of 18 years) listed in number 2 above required]
FOR COMPLETION BY BORROWER ONLY:

1. Calculation of eligible income:
   a. Enter amount entered for entire household in 6 above: $
   b. (1) If the answer to 7(c) above is yes, enter the total amount entered in 7(d)(2), subtract from that figure the amount entered in 7(d)(3) and enter the remaining balance ($__________________)
       (2) Multiply the amount entered in 7(d)(1) times the current passbook savings rate as determined by HUD to determine what the total annual earnings on the amount in 7(d)(1) would be if invested in passbook savings ($______________), subtract from that figure the amount entered in 7(d)(3) and enter the remaining balance ($______________);
       (3) Enter at right the greater of the amount calculated under (1) or (2) above:
   c. TOTAL ELIGIBLE INCOME $ (Line 1.a plus line 1.b(3)):

2. The amount entered in line 1.c:
   _____ Qualifies the applicant(s) as a Low Income Tenant(s) _____ or a Very Low Income Tenant(s) _____ [check applicable box, if any]
   _____ Does not qualify the applicant(s) as a Low Income Tenant(s) _____, or a Very Low Income Tenant(s) _____ [check applicable box, if any].

3. Number of apartment unit assigned: _____
   Bedroom Size _____ Rent: $

4. This apartment unit [was/was not] last occupied for a period of 31 or more consecutive days by persons whose aggregate anticipated annual income as certified in the above manner upon their initial occupancy of the apartment unit qualified them as Low Income Tenants _____ or Very Low Income Tenants _____ [check applicable box].

5. Method used to verify applicant(s) income:
   _____ Employer income verification.
   _____ Copies of tax returns.
   _____ Other (_________)

______________________________________________________________________________
Manager
INCOME VERIFICATION
(for employed persons)

The undersigned employee has applied for a rental unit located in a project financed under the Housing Authority of the City of Los Angeles Multifamily Housing Revenue Bond Program for persons of lower income. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee’s current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual wages</td>
<td></td>
</tr>
<tr>
<td>Overtime</td>
<td></td>
</tr>
<tr>
<td>Bonuses</td>
<td></td>
</tr>
<tr>
<td>Commissions</td>
<td></td>
</tr>
<tr>
<td>Other Income</td>
<td></td>
</tr>
<tr>
<td>Total current income</td>
<td></td>
</tr>
</tbody>
</table>

I hereby certify that the statements above are true and complete to the best of my knowledge.

________________________________________  ____________  ____________  
Signature                          Date             Title

I hereby grant you permission to disclose my income to ____________ in order that they may determine my income eligibility for rental of an apartment located in their project which has been financed under the Housing Authority of the City of Los Angeles Multifamily Housing Revenue Bond Program.

________________________________________  ____________
Signature                          Date

Please send to:

________________________________________
________________________________________
________________________________________
INCOME VERIFICATION  
(for self-employed persons)

I hereby attach copies of my individual federal and state income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

__________________________________________  ____________________________
Signature                      Date
APPENDIX D

CDLAC RESOLUTION
APPENDIX E

CDLAC COMPLIANCE CERTIFICATE

CERTIFICATION of COMPLIANCE II
for QUALIFIED RESIDENTIAL RENTAL PROJECT

Project Name: Jordan Downs Phase S2
Name of Bond Issuer: Housing Authority of the City of Los Angeles

1. Project Name Change: No     Yes
(If project name has changed since the award of allocation please note the original project name as well as the new project name.)

   If yes provide old and new Project Name ________________________________

2. CDLAC Application No.: 20-628

3. Bond Issuer Change: No     Yes
(If Bond Issuer has changed since the award as a result of refinance or refunding of an allocation please note the original Issuer as well as the new Issuer.)

   If yes provide the Name of existing and New Issuer ________________________________
   Contact Information _______________________________________________________

4. Change in Borrower No     Yes
(If Borrower has changed since the award affecting the CDLAC resolution please note the original Borrower as well as the new Borrower.)

   If yes provide the Name of the existing and New Borrower ________________________________
   Contact Information _______________________________________________________

5. Change in Management Company No     Yes
If yes provide the Name of the New Management Company ________________________________

6. Has the Qualified Project Period commenced? No     Yes
   No     Yes     Already Submitted Certification
If yes please submit the Certificate of Qualified Project Period (one time only)

7. Has the project been completed and placed in service? No     Yes
   No     Yes     Already Submitted Certification
If yes please submit Completion Certification (one time only)

8. Have any of the following events occurred associated with the bond allocation including but not limited to: defaults associated with rents and income requirements, Bond Default or a Qualified Bond Default.
   No     Yes
If so, please describe and explain?

9. Has a termination of the Regulatory Agreement occurred or is a termination planned in the next year? Has proper noticing occurred?
   No_____ Yes_____ 
   If so, please describe and explain?

10. | Federally Bonded | Other Restrictions | Total |
    | (Reflected in PSR) | (Reported in CDLAC Resolution) |
    | Restricted Units | **at 50% AMI** | **at 50% AMI** | **at 50% AMI** |
    | **at 60% AMI** | **at 60% AMI** | **at 60% AMI** |

11. Please indicate the distribution of the CDLAC restricted 10% of the 50% AMI units

<table>
<thead>
<tr>
<th>Bedroom Type</th>
<th># of Units in PSR</th>
<th># of Units in CDLAC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Bedroom</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Bedroom</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Bedroom</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12. If the Project has committed to and is currently providing the service amenities for a term as specified in the CDLAC resolution, please verify the services are being provided: on a regular and ongoing basis, which are provided free of charge and all hour requirements are being met:

   ____ After-school Programs
   ____ Educational, health and wellness, or skill building classes
   ____ Health and Wellness services and programs (not group classes)
   ____ Licensed Childcare provided for a minimum of 20 hours per week (Monday-Friday)
   ____ Bona-Fide Service Coordinator/ Social Worker

Is the service being offered on an ongoing basis and provided free of charge (childcare excepted)?
   No_____ Yes_____

Are all hour requirements being met?
   No_____ Yes_____

Attach evidence demonstrating that the above listed services are being provided and have met the requirements in the CDLAC Resolution. Including but not limited to MOUs and or contracts associated with the services rendered, a 12-month schedule (current reporting year) of the services offered, flyers, sign-up sheets, etc.

“Pursuant to Section 13 of Resolution No. __________ (the “Resolution”), adopted by the California Debt Limit Allocation Committee (the “Committee”) on ______________________, I, ________________, an Officer of the Borrower, hereby certify under penalty of perjury that, as
of the date of this Certification, the above-mentioned Project is in compliance with the terms and conditions set forth in the Resolution as outlined above. I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bond is issued, the terms and conditions set forth in the Resolution Exhibit A, shall be enforceable by the Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

________________________________________
Signature of Officer

________________________________________
Printed Name of Officer

________________________________________
Title of Officer

________________________________________
Date
APPENDIX F

CDLAC COMPLETION CERTIFICATE

CERTIFICATE of COMPLETION
for QUALIFIED RESIDENTIAL RENTAL PROJECTS

1) Project Name: Jordan Downs Phase S2
   (If project name has changed since the award of allocation please note the original project
   name as well as the new project name.)

2) CDLAC Application No.: 20-628

3) Name of Bond Issuer: Housing Authority of the City of Los Angeles

4) Name of Borrower: Jordan Downs Phase S2, LP, a California limited partnership
   (If Borrower has changed name since the award please note the original Borrower as well
   as the new Borrower.)

5) The undersigned hereby certifies that all work on the Project was substantially completed
   as of __________, 20__

The undersigned hereby further certifies that:

   (a) the aggregate amount disbursed on the Borrower Loan to date is $__________

   (b) all amounts disbursed from proceeds of the Note have been applied to pay or
       reimburse the undersigned for the payment of Project Costs (as that term is used in
       the Regulatory Agreement) and none of the amounts disbursed from the proceeds
       of the Note have been applied to pay or reimburse any party for the payment of
       costs or expenses other than Project Costs; and

   (c) at least 95 percent of the amounts disbursed from the proceeds of the Note have
       been applied to pay or reimburse the Borrower for the payment of Qualified Project
       Costs (as that term is used in the Regulatory Agreement) and less than 25 percent
       of the amounts disbursed from the proceeds of the Note, exclusive of amounts
       applied to pay the costs of issuing the Note, have been applied to pay or reimburse
       the Borrower for the cost of acquiring land.

   (d) the cost of the bond issuance was equal to or less than 2% of the bond proceeds
       issued.

6) The undersigned hereby certifies the Project meets the general federal rule for a Qualified
   Project Period.
   ____ Yes     ____ No
(a) 10% of the dwelling units in the Project financed in part from the proceeds of the captioned Note were first occupied on ________, 20___ and

(b) 50% of the dwelling units in the Project financed in part from the proceeds of the captioned Note were first occupied on ________, 20__.

7) If no to 6) the undersigned hereby certifies the Project meets the special federal rule for a Qualified Project Period.
   ____ Yes    ____ No

(Project qualifies if it is an acquisition/rehabilitation where no more than 90% of the units were not available for occupancy within 60 days of the earlier of the Project acquisition or the Note Issuance Date.)

   (a) Note was issued on ________, 20___

   (b) Property was acquired on ________, 20___

   (c) The date 10% of the units were available to occupy (within 60 days of the earlier of the acquisition or bond issuance) ________, 20___

__________________________________________________________
Signature of Officer
__________________________________________________________
Printed Name of Officer
__________________________________________________________
Title of Officer
__________________________________________________________
Phone Number
APPENDIX G

ACCESSIBILITY COVENANTS

The Accessibility Covenants (the “Covenants”) herein are attached to the Regulatory Agreement as an exhibit and incorporated therein and the Borrower hereby agrees to comply with each of the requirements set forth as follows:

Section 1. Definitions. Terms not otherwise defined herein shall have the meanings assigned thereto in the Regulatory Agreement as applicable, provided they do not conflict with the terms defined or referenced herein. The definitions contained in the implementing regulations for Section 504 of the Fair Housing Act (“Section 504”), and the ADA are incorporated by reference. See 24 C.F.R. §§ 8.3, 100.20; 28 C.F.R. § 35.104. The following terms shall have the respective meanings assigned to them in this Section unless the context in which they are used clearly requires otherwise:

“Accessible,” when used with respect to a Housing Unit or a Housing Development, means and refers to full compliance with the requirements of the Accessibility Standards.

“Accessible Housing Development” means a Housing Development that is Accessible, including Accessible public and common use areas, as well as the number and type of Accessible Housing Units that are required to be Accessible by the Covenants.

“Accessible Housing Units” or “Accessible Unit” refers collectively to Housing Units with Mobility Features and Housing Units with Hearing/Vision Features that are Accessible, on an Accessible Route, and in an Accessible Housing Development.

“Accessibility Laws” means Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794 et seq.; the Americans with Disabilities Act (“ADA”), 42 U.S.C. § 12131, et seq.; California Government Code Section 11135 et seq.; the federal Fair Housing Act of 1968, as amended (“FHA”), 42 U.S.C. §§ 3601-3620; implementing regulations and design standards for each of the preceding statutes; and the California Building Code. In all instances, the requirements of the Federal Accessibility Laws shall supersede any state or local requirements, unless the state or local requirements are stricter than the Federal requirements.

“Accessibility Standards” means the following compliance standards:

For purposes of Section 504 and the ADA:

a. For Housing Developments constructed or substantially altered before March 15, 2012:

i. The new construction requirements of 24 C.F.R. pt. 8, including 24 C.F.R. §§ 8.4(d), 8.22, 8.26, and 8.32 as well as the new construction requirements of UFAS, or their successor standards.

b. For Housing Developments constructed or substantially altered on or after March 15, 2012:
i. The Alternative Accessibility Standard; or

ii. Any future accessibility standard and other regulatory requirements applicable to newly constructed facilities in federally-assisted programs that may be adopted in a final rule issued by the U.S. Department of Housing and Urban Development (“HUD”) pursuant to notice and comment rulemaking under Section 504 so long as such accessibility standard and regulatory requirements do not provide for less accessibility for persons with disabilities than either a or b.

For purposes of the FHA:


For purposes of state law:

a. The accessibility provisions of the California Building Code Chapters 11A and 11B, or any future accessibility standard and other regulatory requirements applicable to newly constructed facilities adopted as part of the California Building Code; and

b. All applicable building codes in effect for the City of Los Angeles Building and Safety Department.

“Accessible Route” means and refers to a continuous, unobstructed UFAS-compliant path as prescribed in 24 C.F.R. §§ 8.3 and 8.32 and UFAS § 4.3. As used for purposes of the ADA, an Accessible Route is as described in Chapter 4 of the 2010 Standards for Accessible Design, 28 C.F.R. §§ 35.104, as applied to public entities, except that elevator exceptions do not apply.


“Assistance Animals” means and refers to animals that work, provide assistance, or perform tasks for the benefit of a person with a disability as well as animals that provide emotional support that alleviates one or more identified symptoms or effects of a person’s disability. Assistance Animals are not pets and are not subject to a housing provider’s pet policies. Service animals are one type of Assistance Animal. Assistance Animals include animals that are trained and untrained and include dogs and other animals.
“Borrower” means and refers to an owner of a Housing Development and such owner’s successors and assigns who was, is or will be the owner of a Housing Development designed constructed, altered, operated, administered, or financed, in whole or in part, in connection with a program administered in whole or in part by the State and/or HACLA. A Borrower may also be a Subrecipient.

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

“HACLA Conduit Bond Policy” means HACLA’s Housing Conduit Bond Policy dated September 27, 2018, as amended, which contains HACLA’s policy that all projects financed with HACLA bonds must be developed and maintained in compliance with all applicable federal, State and local requirements for access to individuals with disabilities.

“Housing Development” or “Development” means the whole of one or more residential structures and appurtenant structures, equipment, roads, walks, and parking lots that (1) received or will receive any federal or State financial assistance from or through the State and/or HACLA and/or (2) were, are, or will be designed, constructed, altered, operated, administered, or financed in connection with a program administered by the State and/or HACLA or by its Subrecipients.

“Housing Unit” means a single unit of residence in the Housing Development that provides spaces for living, bathing, and sleeping, provided such definition shall not be construed to exclude Single Room Occupancy Units. A Housing Unit includes a dwelling unit as that term is used in 24 C.F.R. § 8.22.

“Housing Unit with Hearing/Vision Features” means a Housing Unit that complies with 24 C.F.R. §§ 8.22 and 8.23 and all applicable provisions of UFAS, or the comparable provisions of the Alternative Accessibility Standard including but not limited to § 809 and specifically subsection § 809.5 of the 2010 ADA Standards for Accessible Design, and with the California Building Code Chapters 11A & 11B. Hearing/Vision Features include but are not limited to visual alarms (UFAS §§ 4.34.10, 4.28.3), auxiliary alarms (UFAS §§ 4.34.10, 4.28.4), telephone volume controls and hearing aid compatibility (UFAS § 4.31.5), protections against protruding objects (UFAS § 4.4), stairway requirements (UFAS §§ 4.9, 4.26.4), protections against exposed pipes and surfaces (UFAS §§ 4.19.4, 4.24.6, 4.34.6.5(8)), audible alarms (UFAS § 4.28.2), signage (UFAS § 4.30), push button controls for telephones (UFAS § 4.31.6), consumer information (UFAS § 4.34.4), and range, cooktop, and oven controls (UFAS §§ 4.34.6.6, 4.34.6.7).

“Housing Unit with Mobility Features” means a Housing Unit that is located on an Accessible Route and complies with 24 C.F.R. §§ 8.22 and 8.23 and all applicable provisions of UFAS, or the comparable provisions of the Alternative Accessibility Standard including but not limited to § 809 and specifically subsections §§ 809.2 through 809.4 of the 2010 ADA Standards, and with the California Building Code Chapter 11 B. A Housing Unit with Mobility Features can be approached, entered and used by persons with mobility disabilities, including people who use wheelchairs.

“Property Management Agent” means and refers to a person or entity that manages one or more Housing Developments subject to these Covenants on behalf of a Borrower.

“Reasonable Accommodation” means changes, modifications, exceptions, alterations, or
adaptations in rules, policies, practices, programs, activities that may be necessary to (1) provide a person with a disability an equal opportunity to use and enjoy a dwelling, including public and common use areas of a development, (2) participate in, or benefit from, a program (housing or non-housing), service or activity; or (3) avoid discrimination against a person with a disability. Such an accommodation must be granted unless it would (i) pose an undue financial and administrative burden, or (ii) fundamentally alter the essential nature of the program, service, or activity. For purposes of these Covenants, a Reasonable Accommodation includes any physical or structural change to a Housing Unit or a public or common use area that would be considered a reasonable modification for purposes of the FHA.

“State” means the State of California.

“Subrecipient” means and refers to any public or private agency, institution, organization, or other entity or person to which federal or State financial assistance or financial assistance, including bond issuance, from or through HACLA is extended. A Subrecipient also means and refers to a non-federal entity that receives a sub-award from a pass-through entity to carry out part of a federal or State program, but does not include an individual who is a beneficiary of such program. A Subrecipient may also be a recipient of other federal awards from a federal awarding agency. 2 C.F.R. § 200.93. A Subrecipient may also be the Borrower.

“UFAS” means the Uniform Federal Accessibility Standards and refers to a set of scoping requirements and standards for the design and construction of buildings and facilities to ensure that they are readily accessible to and usable by persons with disabilities. See Appendix A to 24 C.F.R. subpart 40 for residential structures and Appendix A to 41 C.F.R. subpart 101-19.6 for general-type buildings (UFAS is also available on-line at http://www.access-board.gov).

Section 2. Borrower Obligations. The Borrower represents, warrants, covenants and agrees as follows:

a. A State of California Certified Access Specialist (“CASp”) who is a licensed architect or engineer must be identified as part of the development team. A list of CASps can be found at the following link: https://www.apps2.dgs.ca.gov/DSA/casp/casp_certified_list.aspx. The CASp cannot be the architect of record for the Project. The cost of CASp activities and certifications should be included in the application’s project budget.

b. The Housing Development shall be constructed in accordance with the Accessibility Standards in Section 1 above to ensure accessibility for persons with disabilities. The Borrower must work with their CASp to ensure that the Housing Development complies with those Accessibility Standards.

c. Applicants/developers/Borrowers must list all applicable accessibility standards on title page of plans, including the designated FHA Safe Harbor for the Project, and include the following note: “This is a publicly funded housing project and must comply with federal accessibility standards and
d. If the Development is to be rehabilitated, accessibility retrofits of the Housing Development shall take place concurrently with any project rehabilitation in compliance with the Accessibility Standards, including federal accessibility standards.

e. The Accessible Units shall be prioritized for persons with disabilities who have a disability-related need for the accessibility features of the Accessible Unit. If an Accessible Unit is occupied by residents without disabilities, Borrower shall require use of a lease addendum to require such residents to relocate to a vacant, non-accessible unit of comparable size, finishes, and amenities, at the same Development at the Development’s expense, within thirty (30) days of notice by the Borrower or Property Management Agent, or the minimum amount of notice required by state law, that there is an eligible applicant or existing resident with a disability who requires the accessibility features of the unit.

f. Ten percent (10%) of the total Housing Units in the Housing Development shall be constructed and maintained by the Borrower as Housing Units with Mobility Features.

g. An additional four percent (4%) of the total Housing Units in the Housing Development shall be constructed and maintained by the Borrower as Housing Units with Hearing/Vision Features.

h. The 4% and 10% calculations shall each be based on the total number of Housing Units in the Housing Development. In determining the number of Accessible Units required, any fractions of units shall be rounded up to the next whole number. Required Accessible Units shall, to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout projects and sites, and shall be available in a sufficient range of sizes and amenities so that a qualified individual with a disability has a choice of living arrangements that is, as a whole, comparable to that of other persons eligible for housing assistance under the same program.

i. The Accessible Units shall be affordable for households pursuant to the terms the Financing Documents and Regulatory Agreement, including any and all amendments, revisions, or modifications.

j. Following reasonable notice to the Borrower, Borrower shall allow HACLA to conduct periodic on-site inspections of the Housing Development in order to verify compliance with the Accessibility Standards.

k. The Housing Development as a whole and all Housing Units shall meet the requirements of the Accessibility Standards as defined in Section 1, above, and any requirements of HACLA, provided such requirements minimally
meet and do not diminish the requirements of the Accessibility Standards.

1. The Borrower shall provide a list to HACLA of all Accessible Units with unit number, bedroom size and type of Accessible Unit (“Housing Unit with Hearing/Vision Features” or “Housing Unit with Mobility Features”).

Section 3. Occupancy of Accessible Housing Units. The Borrower shall follow the requirements of Section 504 and its implementing regulations at 24 C.F.R. Part 8, to assure that information regarding the availability of Accessible Units reaches eligible individuals with disabilities. The Borrower will take reasonable, nondiscriminatory steps to maximize the utilization of such units by eligible individuals who require the accessibility features of the particular unit. To this end, the Borrower will take the following steps when an Accessible Unit becomes vacant:

   a. First, the Borrower will offer the Accessible Unit to a current occupant of the Housing Development who needs the features of an Accessible Unit;

   b. Second, the Borrower will offer the Accessible Unit to a current occupant of a Housing Development under common control who needs the features of an Accessible Unit;

   c. Third, the Borrower will offer the Accessible Unit to an eligible, qualified applicant on the site based or Section 8 waiting list (whichever is incorporated into the Development management plan) for Accessible Housing Units who needs the features of an Accessible Unit;

   d. If there are no eligible current tenants or applicants in need of accessible features, then the Borrower must conduct targeted outreach and marketing to advertise the unit to qualified individuals who need the accessible features, distributing the information about the accessible vacancy in accord with the Borrower’s HACLA approved Development management plan, sending an e-blast to parties on the http://www.lahousing.lacity.org website Outreach List. All such communications shall take appropriate steps to ensure effective communication with individuals with disabilities by utilizing appropriate auxiliary aids and services, such as the use of accessible websites and emails. Outreach efforts to the disability community shall include, but not be limited to, notices and other communications describing the availability of such Accessible Units, specific information regarding the features of Accessible Units, eligibility criteria, and application procedures. In the event more than one household has requested an Accessible Unit, the Borrower shall offer the Accessible Unit to households in order on the appropriate waiting list within each category, including household size, income and other relevant parameters.

   For individuals who are required to vacate an Accessible Unit because it is needed by an individual with a disability, the Borrower will pay the costs of the transfer to a comparable
conventional unit, including new utility deposit(s), if required, and reasonable moving expenses.

Section 4. Rental Policies. The Borrower shall meet the requirements of Section 504, the ADA, the FHA, FEHA, and other federal and state laws and regulations as applicable. Rental applications will include a section to be filled out by applicants to identify whether they are requesting an Accessible Unit or a Reasonable Accommodation. Applicants will not be required to disclose a disability under any circumstances, and the Borrower shall seek information to be disclosed limited to only what is necessary to establish the disability-related need for the requested accommodation. If both the disability and disability-related need for the requested accommodation are obvious or already known, no additional information may be sought by the Borrower. Applicants and residents may request a Reasonable Accommodation at any time.

Section 5. Residential Rental Property. The Borrower hereby represents, covenants, warrants and agrees as follows:

All of the Housing Units in the Housing Development will be similarly constructed units, and each income restricted unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities, equipped with a cooking range and oven, a sink and a refrigerator. Each of the Accessible Units shall also comply with these requirements. Notwithstanding the foregoing, a unit shall not fail to be treated as a residential unit merely because such unit is a single room occupancy unit within the meaning of Section 42(i)(3)(B)(iv) of the Code even though such housing may provide eating, cooking and sanitation facilities on a shared basis.

Section 6. Monitoring Requirements. HACLA will monitor the initial production and ongoing occupancy of the Accessible Units and the Housing Development to ensure full compliance with the Accessibility Standards. HACLA shall inspect the construction and/or rehabilitation to verify that the legally required number of Accessible Units have been produced and that the necessary and required design elements have been constructed to make the Housing Units and site accessible for individuals with disabilities. Section 7. Maintenance of Records. With respect to the Covenants, the Borrower agrees to keep and maintain books, accounts, reports, files, records, and other documents pursuant to the terms of the Financing Documents, Regulatory Agreement and the Covenants, including any and all amendments, revisions, or modifications.

Section 8. Notices, Demands, Payments and Communication. Formal notices, demands, payments and communications between HACLA and the Borrower shall be sufficiently given and shall not be given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally pursuant to the Notice provisions in the Funding Loan Agreement.

Section 9. Term of the Covenants. The Covenants shall be recorded with the Regulatory Agreement upon its execution and shall terminate in accordance with the most restrictive provisions of the Financing Documents and Regulatory Agreement, including any and all amendments, revisions, or modifications, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement, redemption or defeasance of any Note issued by HACLA on behalf of the Borrower.
Section 10. Covenant to Run with the Land. The Borrower hereby subjects the Project to the covenants, reservations, and restrictions set forth in the Covenants. HACLA and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower’s successors in title to the Project. Each and every contract, deed, or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations, and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments. In particular, this Covenant is subject to the requirements of HUD’s Section 504 regulation at 24 C.F.R. § 8.50(c).

Section 11. Default; Enforcement. As part of ensuring compliance with the Accessibility Covenants and the Accessibility Standards, HACLA or its agent, will conduct periodic on-site visits inspecting the Housing Development, which inspections may include inspecting the Housing Units and common areas, tenant files, logs and other records. Should the Borrower fail to comply, HACLA will first issue an Order to Comply (“Order”) stating the element of the Housing Development that is out of compliance, and providing a date by which the Borrower must comply. The Order shall give the Borrower not more than 30 days to correct the violation, or such additional time as HACLA may grant if the Borrower is taking steps to correct the violation (“Compliance Date”), and diligently pursues such action until the default is corrected, which extension is in the HACLA’s sole discretion. HACLA shall re-inspect the Housing Development within 10 days of the Compliance Date specified in the Order or any extension, however failure to inspect or re-inspect within the time frame does not remove the obligation of the Borrower to comply with the Order.

If the Order is issued and the violation continues to exist after the Compliance Date, then HACLA shall declare an “Event of Default” and may take any one or more of the following steps:

a. Inspection Fee for Non-Compliance. In the event the Borrower fails to comply with the Order within the Compliance Date, the Borrower shall be liable for subsequent inspection fees in the amount approved by City Council until compliance has been achieved. Failure to pay the assessed inspection fee within 30 days of the date of invoice, will result in a late charge equal to or two times the fees and a collection fee equal to 50 percent of the original fee shall be imposed if any fee imposed is not paid within 30 days of service of notice of the imposition of the fee.

b. By mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of HACLA hereunder;

c. Filing of a complaint or referral to HUD or other appropriate agencies for further enforcement actions;

d. Have access to and inspect, examine and make copies of all or a portion of the books and records of the Borrower pertaining to the Project, in order to
ensure compliance with all provisions of the Covenants, including records relating to the accessibility of the Accessible Units; and

e. Take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder.

Section 12. Compliance with Accessibility Requirements. The Borrower hereby certifies that it and its property manager and any agent, contractor and subcontractor will comply with the Accessibility Standards as defined, and the policies described in Sections 2-5. The Borrower and any contractor and subcontractor will provide Reasonable Accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services, and activities in accordance with each of the applicable and stricter of the requirements of the ADA, the 2010 ADA Standards for Accessible Design, the ADAAG, Section 504, UFAS, the FHA, the Fair Housing Act Design and Construction Requirements, federal regulations implementing the ADA, Section 504, and the FHA, California Government Code 11135 et seq., et seq., the California Building Code Chapters 11A and 11B, and all subsequent amendments to those laws. The Borrower and any contractor and subcontractor will not discriminate against persons with disabilities or against persons due to their relationship or association with a person with a disability. Any contract and subcontract entered into by the Borrower, relating to the Covenants and the Project, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.


Section 14. Parties Bound. The provisions of the Covenants shall be binding upon and inure to the benefit of HACLA and the Borrower and their respective successors and assigns.

Section 15. Severability. Every provision of the Covenants is intended to be severable. If any provision of the Covenants shall be held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

Section 16. Waiver. Any waiver by HACLA of any obligation in the Covenants shall be in writing; however, HACLA cannot waive the requirement to comply with federal and State law. No waiver will be implied from any delay or failure by HACLA to take action on any breach or default of the Borrower or to pursue any remedy allowed under the Covenants or applicable law. Any extension of time granted to the Borrower to perform any obligation under the Covenants shall not operate as a waiver or release from any of its obligations under the Covenants. Consent by HACLA to any act or omission by the Borrower shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for HACLA’s written consent to future waivers.

Section 17. Modifications. There shall be no amendment or modification of the Covenants without the prior written approval of HACLA. Any amendment or modification of the Covenants shall be by a written instrument executed by HACLA and the parties to the Covenants and the Regulatory Agreement or their successors in title, and duly recorded in the real property
records of the County of Los Angeles, California. Modifications or amendments to the Covenants may occur by operation of law or other agreements binding HACLA and the parties to the Covenants and the Regulatory Agreement.

Section 18. Conflicts. If the provisions of the Covenants are inconsistent with the provisions of the Regulatory Agreement, the Financing Documents, or any other documents which affect the Project, the more restrictive covenants or restrictions shall control.

Section 19. Recording and Filing. The Borrower shall cause the Covenants to be recorded and filed in the real property records of the County of Los Angeles and in such other places as HACLA may reasonably request. However, failure to record the Covenants by the Borrower shall not relieve Borrower of any of the obligations specified herein.