TAB I

RAD Program Documents
TAB I-1

RAD Use Agreement
RENTAL ASSISTANCE DEMONSTRATION USE AGREEMENT

by and between

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

Housing Authority of the City of Los Angeles, PHA

And

Jordan Downs Phase S2, LP, Project Owner

Dated as of _______, 2021

NOTE: This cover page is for recording purposes only and does not modify or amend the terms of the attached instrument.
This Rental Assistance Demonstration Use Agreement (hereinafter called the “Agreement”) is made as of ____________, 2021, for the benefit of and agreed to by the United States Department of Housing and Urban Development, acting by and through the Secretary, his or her successors, assigns or designates (hereinafter called “HUD”) by Jordan Downs Phase S2, LP, a California limited partnership (“Project Owner”), and the Housing Authority of the City of Los Angeles, a public body, corporate and politic (“PHA”).

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

Whereas, the PHA is the fee owner of the real property described on Exhibit A (the “Property”), upon which is or will be located improvements owned or to be owned by Project Owner receiving assistance converted pursuant to RAD, which project will commonly be known as Jordan Downs Phase S2 (the “Project”). The Project will contain eighty-one (81) dwelling units, of which seventeen (17) (“Assisted Units”) are subject to a RAD Housing Assistance Payment Contract, as the same may be renewed, amended or replaced from time to time (“RAD HAP Contract”).

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

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

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

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

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

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

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

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

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

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

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

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

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

14. **Lender Provisions.**

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

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

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

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

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

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

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

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

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

By: __________________________________________
    Thomas R. Davis
    Director, Office of Recapitalization

Date: ________________________________

District of Columbia

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

Witness my hand and official seal this ___ day of ________________, 2021.

(Seal)

__________________________________________ (Notary Public)

My commission expires _______________________, 20____.
PROJECT OWNER:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

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

By: _______________________________
Kenneth P. Crawford
Vice President

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

By: _______________________________
Tina Smith-Booth
President

[NOTARY BLOCKS ON NEXT PAGE]
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF NEW JERSEY )
) 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 New Jersey that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

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

STATE OF CALIFORNIA )
COUNTY OF _____________ )

On ____________________, before me, ________________________________________, a Notary Public, personally ______________________________, appeared ___________________________________________________________ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is /are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _______________________________
PHA:

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

By: ___________________________________
Douglas Guthrie
President and Chief Executive Officer

[NOTARY BLOCK ON NEXT PAGE]
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA  )
COUNTY OF _____________ )

On ________________, before me, ________________________________, a Notary Public, personally appeared ________________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _______________________________
EXHIBIT A – Property Subject to this RAD Use Agreement

The land referred to herein is situated in the State of California, County of Los Angeles, City of Los Angeles and 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
TAB I-2

RAD PBV HAP Contract
1. CONTRACT INFORMATION

a. Parties

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

Housing Authority of the City of Los Angeles

_________________________________________ (Contract Administrator) (CA)² and

Jordan Downs Phase S2, LP

_________________________________________ (owner).

b. Contents of contract

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

c. Contract exhibits

The HAP Contract includes the following exhibits:

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

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

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

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

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

EXHIBIT E: ADDENDUM TO THE HAP CONTRACT – LABOR STANDARDS

ADDITIONAL EXHIBITS

d. Term of the HAP Contract

1. Beginning of Term

The Contract begins on [April 1, 2021].

2. Length of initial term

a. Subject to paragraph 2.b, the initial term of the HAP Contract for any contract unit is 20 years.

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

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

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

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

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

e. Occupancy and payment

1. Payment for occupied unit

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

2. Vacancy payment

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

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

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

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

1. The Owner gives the CA prompt, written notice certifying that the family has vacated the unit and the date when the family moved out (to the best of the Owner’s knowledge and belief);

2. The Owner certifies that the vacancy is not the fault of the Owner and that the unit was vacant during the period for which payment is claimed;

3. The Owner certifies that it has taken every reasonable action to minimize the likelihood and length of vacancy; and

4. The Owner provides any additional information required and requested by the CA to verify that the Owner is entitled to the vacancy payment.

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

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

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

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

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

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

CONTRACT ADMINISTRATOR:

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

By: ___________________________
Name: Douglas Guthrie
Its: President and Chief Executive Officer

Date: _______________________________

OWNER:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

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

By: _______________________________
    Kenneth P. Crawford
    Vice President

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

By: _______________________________
    Tina Smith-Booth
    President

Date: _______________________________
U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing  

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

PART 2 OF HAP CONTRACT  

2. DEFINITIONS  

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. RENT TO OWNER; HOUSING ASSISTANCE PAYMENTS

a. Amount of initial rent to Owner

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

b. HUD rent requirements

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

c. CA payment to Owner

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

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

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

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

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

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

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

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

d. **Termination of assistance for family**

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

5. **ADJUSTMENT OF RENT TO OWNER**

a. **PHA determination of adjusted rent**

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

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

b. **Reasonable rent**

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

c. **No special adjustments**

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

d. **Owner compliance with HAP contract**

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

e. **Notice of rent adjustment**

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

6. **OWNER RESPONSIBILITY**

The Owner is responsible for:

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

b. Maintaining the units in accordance with HQS.

c. Complying with equal opportunity requirements.

d. Enforcing tenant obligations under the lease.

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

f. Collecting from the tenant:

1. Any security deposit;

2. The tenant rent; and

3. Any charge for unit damage by the family.

7. **OWNER CERTIFICATION**

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

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

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

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

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

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

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

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

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

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

8. CONDITION OF UNITS

a. Owner maintenance and operation

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

b. PHA inspections

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

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

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

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

c. Violation of the housing quality standards

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

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

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

d. Maintenance and replacement—owner’s standard practice

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

9. LEASING CONTRACT UNITS
a. Selection of tenants

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

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

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

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

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

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

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

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

b. Vacancies

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

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

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

10. TENANCY

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

b. Termination of tenancy
1. The Owner may only terminate a tenancy in accordance with the lease and HUD requirements.
2. The Owner must give the CA a copy of any Owner eviction notice to the tenant at the same time that the Owner gives notice to the tenant. Owner eviction notice means a notice to vacate, or a complaint or other initial pleading used to commence an eviction action under State or local law.
3. The Owner shall provide adequate written notice of termination of the lease, which shall be (A) a reasonable period of time, but not to exceed 30 days if the health or safety of other tenants, Owner employees, or persons residing in the immediate vicinity of the premises is threatened; or in the event of any drug-related or violent criminal activity or any felony conviction; (B) Not less than 14 days in the case of nonpayment of rent; and (C) Not less than 30 days in any other case, except that if a State or local law provides for a shorter period of time, such shorter period shall apply.
4. The Owner must renew all tenant leases upon expiration, unless good cause under 24 C.F.R. § 983.257(a) exists for non-renewal of a lease.

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

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

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

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

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

d. Other Owner charges

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

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

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

e. Security deposit

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

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

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

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

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

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

12. OVERCROWDED, UNDER-OCCUPIED, AND ACCESSIBLE UNITS

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

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

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

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

15. OWNER DEFAULT AND PHA REMEDIES
a. Owner default

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

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

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

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

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

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

b. **CA remedies**

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

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

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

c. **CA remedy is not waived**

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

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

a. **Required information**

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

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

17. **CA AND OWNER RELATION TO THIRD PARTIES**
   a. **Injury because of Owner action or failure to act**

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

   b. **Legal relationship**

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

   c. **Exclusion of third party claims**

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

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

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

18. **PHA-OWNED UNITS**

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

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

2. HUD may waive this provision for good cause.

b. Disclosure

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

c. Interest of member of or delegate to Congress

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

20. EXCLUSION FROM FEDERAL PROGRAMS

a. Federal requirements

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

b. Disclosure

The Owner certifies that:

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

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

21. TRANSFER OF THE CONTRACT OR PROPERTY

a. When consent is required

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

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

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

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

   D. Foreclosure or other execution on a security interest;

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

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

3. Owner, CA and HUD hereby agree that:

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

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

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

b. Transferee assumption of HAP Contract

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

c. **Effect of consent to transfer**

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

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

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

d. **When transfer is prohibited**

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

22. **SUBSIDY LAYERING**

a. **Owner disclosure**

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

b. **Limit of payments**

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

23. OWNER LOBBYING CERTIFICATIONS
   a. The Owner certifies, to the best of Owner’s knowledge and belief, that:
      1. No Federally appropriated funds have been paid or will be paid, by or on behalf of the Owner, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of the HAP Contract, or the extension, continuation, renewal, amendment, or modification of the HAP Contract.
      2. If any funds other than Federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the HAP Contract, the Owner must complete and submit Standard Form-LLL, “Disclosure Form to Report Lobbying,” in accordance with its instructions.
   b. This certification by the Owner is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352.

24. Intentionally Omitted.

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

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

26. NOTICES AND OWNER CERTIFICATIONS
   a. Where the Owner is required to give any notice to the CA pursuant to the HAP Contract or any other provision of law, such notice must be in writing and must be given in the form and manner required by the CA.
   b. Any certification or warranty by the Owner pursuant to the HAP Contract shall be deemed a material representation of fact upon which reliance was placed when this transaction was made or entered into.
27. ENTIRE AGREEMENT; INTERPRETATION

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

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

28. RAD REHAB ASSISTANCE PAYMENTS

For any unit (1) that is vacant during the period of Work pursuant to the RCC; and (2) for which the Owner is not otherwise receiving housing assistance payments in accordance with section 4(c) of this HAP Contract; the Owner is entitled to receive a monthly RAD Rehab Assistance Payment calculated in accordance with the provision of the RAD Notice governing RAD Rehab Assistance Payments (i.e., Notice PIH 2012-32 (HA), REV-2, section 1.7.A.9. or successor provision), in the amount of $590 per unit, as determined by HUD; shall apply to no more than 17 units in any given month; and shall commence upon the effective date of this HAP Contract, so long as the Owner is in compliance with the approved repair schedule as provided in the RCC. All RAD Rehab Assistance Payments shall end, and the Owner will cease to be entitled to any such payments, (1) on __________; or (2) upon actual completion of the Work, if sooner. Provided, however, during the Year of Conversion (as defined in Section 2), any RAD Rehab Assistance Payments shall not exceed amounts funded pursuant to Section 1.d.4(a).

29. CA BOARD APPROVAL

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

30. PROPERTY AND LIABILITY INSURANCE

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

31. RESIDENT PROCEDURAL RIGHTS’ GRIEVANCE PROCESS

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

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

33. FLOOD INSURANCE

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

34. REPLACEMENT RESERVE REQUIREMENT

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

35. LABOR STANDARDS

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

36. LENDER PROVISIONS

Notwithstanding anything else in this HAP Contract:

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

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

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

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

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

37. LOW-INCOME HOUSING TAX CREDIT PROVISIONS

Notwithstanding anything else in this HAP Contract:

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

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

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

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

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

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

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

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

38. CONTINUATION OF HAP CONTRACT

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

39. ALTERNATIVE REQUIREMENTS

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

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

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

Signatures:
Contract Administrator

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

By: ________________________________
Name: Douglas Guthrie
Its: President and Chief Executive Officer

Owner

JORDAN DOWNS PHASE S2,
LP, a California limited partnership

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

By: ________________________________
Name: Kenneth P. Crawford, Vice President

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

By: ________________________________
Name: Tina Smith-Booth, President

OMB Approval No. 2577-0169
(Exp. 04/30/2018)
OMB Approval No. No. 2502-0612
(Exp. 04/30/2020)
EXHIBIT A
IDENTIFICATION OF UNITS BY SIZE AND INITIAL CONTRACT RENTS

- Project name: Jordan Downs Phase S2
- The project’s street address is: [10010 Grape Street] Los Angeles, CA 90002
- Description of contract units: 17 of the 81 units as depicted in plans and specifications on file with the Owner.
- Total number of units covered by this Agreement: 17
- Number of contract units by area and other contract rent information:

<table>
<thead>
<tr>
<th>Unit Size</th>
<th>Number of Units</th>
<th>Contract Rent</th>
<th>Utility Allowance</th>
<th>Gross Rent</th>
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</thead>
<tbody>
<tr>
<td>1 Bedroom</td>
<td>1</td>
<td>$738</td>
<td>$39</td>
<td>$777</td>
</tr>
<tr>
<td>2 Bedroom</td>
<td>9</td>
<td>$946</td>
<td>$50</td>
<td>$996</td>
</tr>
<tr>
<td>3 Bedroom</td>
<td>7</td>
<td>$1,257</td>
<td>$62</td>
<td>$1,319</td>
</tr>
</tbody>
</table>
EXHIBIT B

SERVICES, MAINTENANCE AND EQUIPMENT PROVIDED BY THE OWNER

Maintenance and Repairs.

Owner shall:

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

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

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

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

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

Services, maintenance, and equipment paid by owner

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

Project name: **Jordan Downs Phase S2**

<table>
<thead>
<tr>
<th>Utility</th>
<th>Owner-Provided</th>
<th>Tenant-Provided</th>
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</thead>
<tbody>
<tr>
<td>Water</td>
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<tr>
<td>Sewer</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
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<td>X</td>
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<tr>
<td>Gas (if applicable)</td>
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<td>Telephone</td>
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</tr>
<tr>
<td>Internet</td>
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<td>X</td>
</tr>
</tbody>
</table>
EXHIBIT D

ACCESSIBILITY FEATURES

Jordan Downs Phase S2 includes two (2) RAD Project-Based Voucher Units designed for the mobility-impaired, and an additional one (1) unit designed for hearing or sight impaired in accordance with the requirements of 24 CFR 8.22 and Section 504 of the Rehabilitation Act of 1973.
Addendum to the HAP Contract—Labor Standards

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

1. HUD-FEDERAL LABOR STANDARDS PROVISIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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


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

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

(2) Violation; Liability for Unpaid Wages; Liquidated Damages. In the event of any violation of the clause set forth in subparagraph (1) of this paragraph, the contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in subparagraph (1) of this paragraph, in the sum of $10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in subparagraph (1) of this paragraph.

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

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

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

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

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

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

3. EVIDENCE OF UNIT(S) COMPLETION; ESCROW

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

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

Choice Neighborhood Initiatives (CNI) Program Documents
TAB II-3

CNI Declaration of Restrictive Covenants
RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:
Housing Authority of the City of Los Angeles
2600 Wilshire Blvd.
Los Angeles, CA 90057
Attn: President and Chief Executive Officer

No fee for recording pursuant to
Government Code Section 27383

CHOICE NEIGHBORHOODS IMPLEMENTATION GRANT PROGRAM
DECLARATION OF RESTRICTIVE COVENANTS

Jordan Downs Phase S2

THIS DECLARATION OF RESTRICTIVE COVENANTS (hereinafter called the “Declaration”) made and dated as of ________ 2021, by and between the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body corporate and politic organized pursuant to the laws of the State of California, (hereinafter called the “Grantee”) and JORDAN DOWNS PHASE S2, LP, a California limited partnership (hereinafter called the “Owner”), for the benefit of the United States of America, acting by and through the Secretary of the United States Department of Housing and Urban Development (hereinafter “Secretary” or “HUD”), provides as follows:

WHEREAS, the Choice Neighborhoods Initiative (hereinafter called “CNI”) provides the opportunity to revitalize severely distressed public and/or assisted housing and invest and leverage investments in well-functioning services, high quality public schools and education programs, high quality early learning programs and services, public assets, public transportation, and improved access to jobs.

WHEREAS, HUD has entered into a FY2019 CNI Implementation Grant Agreement (hereinafter called “Grant Agreement”) with the Grantee, dated April 23, 2020 as may be amended from time to time.

WHEREAS, through the Grant Agreement, HUD has obligated funding through CNI Implementation Grant number CA9D004CNG119 to redevelop forty-nine (49) CNI assisted housing units which, together with any fixtures, rents, revenues, other income, and personalty related to such units and appurtenances, shall hereafter collectively be referred to as the “Project” or the “Project Units.” The Project Units consist of (a) seventeen (17) units assisted with Rental Assistance Demonstration (RAD) Section 8 Project Based Vouchers and (b) thirty-two (32) units assisted with Section 8 Project Based Vouchers, all of which are assisted with Low-Income Housing Tax Credits (“LIHTC”). The Project Units are part of a larger development with a total of eighty-one (81) units, which is comprised of the forty-nine (49)
Project Units, thirty-one (31) LIHTC and non-replacement Section 8 Project Based Voucher units and one (1) manager unit, which collectively are referred to as the “Development”.

WHEREAS, the Development will be developed on the property described in Exhibit A (the “Site”) that is attached hereto and incorporated herein and fee simple title to the Site is held by the Grantee and leasehold title to the Site is held by the Owner. Owner is leasing the Site from Grantee for seventy-five (75) years under a ground lease agreement, evidenced by a memorandum of ground lease which is being recorded in the Los Angeles County Recorder’s Office (the “Official Records”) as of even date with this Declaration.

WHEREAS, this Declaration will be recorded superior to other liens on the Site (or in accordance with the recording order otherwise approved by HUD), run for a term of forty (40) years, and remain in effect even in the case of abatement or termination of the RAD Section 8 Housing Assistance Payment Contract or the non-RAD Section 8 Housing Assistance Payments Contract (each, a “HAP Contract”).

WHEREAS, pursuant to the Consolidated and Further Continuing Appropriations Act, 2018, Pub. L. No. 115-41; the Consolidated Appropriations Act, 2019, Pub. L. No. 116-6; Section 24 of the U.S. Housing Act of 1937, 42 USC 1437v; all other Federal statutory, executive order and regulatory requirements applicable to the Choice Neighborhoods Initiative, as those requirements exist or as they may be amended from time to time; and the Grant Agreement (collectively, the “Applicable CNI Requirements”), such Grant Agreement which this Declaration incorporates, in exchange for the CNI Implementation Grant funds from the Grantee, the Owner has agreed to maintain and operate the Project Units as assisted rental or other income restricted housing, as specified above, for the Term of this Declaration, unless otherwise approved by HUD.

NOW THEREFORE, in consideration of the mutual promises set forth herein and of other consideration, and to assure HUD of the performance by the Grantee and the Owner, and any successor in interest to the Grantee and Owner, of the requirements herein for the development, operation and maintenance of the Project as assisted rental housing for the term herein, the parties hereby acknowledge and agree as follows:

1. **Definitions.** All terms used in this Declaration have the same meaning as set forth in the Grant Agreement and the CNI Implementation Grant Notice of Funding Availability (“NOFA”) for the appropriate year of the Project. If there is a conflict between the definition(s) in the Grant Agreement and the definition(s) in the NOFA, the Grant Agreement shall control at HUD’s sole discretion.

2. **Term.** This Declaration shall have a term of forty (40) years, commencing on the date of recording in accordance with Applicable CNI Requirements and commitments made in the NOFA. In the event of abatement or early termination of the HAP Contract, this Declaration shall survive for the Project Units and continue for the 40-year term, unless otherwise released by HUD.
3. **Use Restriction and Tenant Incomes.** The Grantee shall cause the Owner to and the Owner shall use the Project Units solely for housing for families meeting the eligibility and income-targeting requirements under the Grant Agreement and as approved by HUD for the duration of the Term of this Declaration. At the time of admission, families in the Project Units must have incomes at or below eighty percent (80%) of Area Medium Income (AMI) as calculated in accordance with the HAP Contract and Applicable CNI Requirements. Projects assisted with Low Income Housing Tax Credits must also comply with the requirements of that program.

4. **Subordination.** Any liens will be subject to and subordinate to this Declaration, unless approved by HUD. This Declaration will survive foreclosure and bankruptcy of the Grantee or the Owner, as the case may be. The Owner or the Grantee, as the case may be, will provide written notice to HUD in the event of any filing of foreclosure or bankruptcy.

5. **Fair Housing and Civil Rights Requirements.** Compliance with all applicable fair housing and civil rights requirements including the obligation to affirmatively further fair housing and the site selection and neighborhood standards requirements set forth in 24 CFR §§ 1.4(b)(3) and Appendix A of the Grant Agreement, as applicable, is required.

6. **Federal Accessibility Requirements.** Compliance with all applicable federal accessibility requirements under the Fair Housing Act and implementing regulations at 24 CFR Part 100, Section 504 of the Rehabilitation Act of 1973 and implementing regulations at 24 CFR Part 8, and Titles II and III of the Americans with Disabilities Act and implementing regulations at 28 CFR Parts 35 and 36, respectively, is required.

7. **Transfer of the Project.** HUD has been granted and is possessed of an interest in the above described Project such that the Grantee shall remain seized of the fee simple interest in the Site and the Owner shall remain seized of its leasehold interest in the Site, and shall refrain from transferring, conveying, encumbering or permitting or suffering any transfer, conveyance, assignment, lease, mortgage, pledge or other encumbrance of said Site or the Project or any part thereof without the prior written approval of the Secretary or his or her successors or delegates, which approval shall not be unreasonably withheld. This Declaration encumbers the Grantee’s fee interest in the Site and shall be binding upon the Owner and the Grantee and all future successors and assigns until released by HUD. Notwithstanding the foregoing, HUD hereby authorizes:

   A. Deeds of trust, mortgages and financing arrangements approved in writing by HUD under the terms of the CNI approval for the Project, and transfer of the Project to the beneficiary under any such approved loans, by foreclosure or deed-in-lieu of foreclosure, or to a third-party purchaser at a foreclosure sale, provided that any such transfer shall be subject to the terms of this Declaration;

   B. Dwelling leases with eligible families in the Project;
8. Changes in Owner.

A. No transfer, conveyance, or assignment shall be made without the prior written approval of HUD of: (i) any interest of a managing member, general partner, or controlling stockholder (any such interest being referred to as a “Controlling Interest”) of the Owner; or (ii) a Controlling Interest in any entity which has a Controlling Interest in the Owner; or (iii) prior to the payment in full of all equity contributions described in the approved evidentiary documents, any other interest in the Owner, or in any partner or member thereof.

B. Notwithstanding the foregoing, HUD consent is not required where a business organization that has a limited interest (non-controlling and non-managing) in the Owner, or in any partner or member thereof (such interest being referred to as a “Non-Controlling Interest”), transfers such Non-Controlling Interest provided that the Owner: (i) provides HUD with written notice of such transfer; and (ii) certifies to HUD that the new owner of the limited interest remains obligated to fund its equity contribution in accordance with the HUD-approved CNI Development Proposal.

C. Notwithstanding the foregoing, the prior approval of HUD shall not be required for the exercise by the investor, i.e., limited partner, limited owner, etc. or its affiliates, of its rights to remove a Controlling Interest of the Owner or partner or member thereof and to designate one of the partners, or an affiliate of the partners as a substitute Controlling Interest under the terms of the Partnership Agreement or Operating Agreement, provided that HUD is given prior written notice of default under the Partnership Agreement or Operating Agreement and of the exercise of the removal and appointment right therein (the “Notice”). However, HUD consent shall be required for the appointment of such substitute Controlling Interest to extend beyond a ninety (90) day period. Such 90-day period will commence on the date of the Notice (the “Interim Replacement Period”). With notice to HUD, the Interim Replacement Period may be extended for an additional ninety (90) days to allow the substitute Controlling Interest of the Owner or partner or member thereof to find a replacement Controlling Interest acceptable to HUD and all other parties, provided that prior to the expiration of such additional 90-day period, the substitute Controlling Interest demonstrates that the investor is continuing to fund (or has already funded) its equity contribution, as required under the Partnership Agreement or Operating Agreement, and that the Project continues to be operated in a manner consistent with the Applicable CNI Requirements.
D. If applicable, HUD and the Grantee authorize the Controlling Interest to collaterally assign and pledge its interest in the Owner or partner or member thereof to N/A (the “Bridge Lender”) in connection with a N/A between the Bridge Lender and the Owner dated on or about the date hereof, and to allow the Bridge Lender to exercise any of its rights or remedies pursuant thereto, so long as the bridge lender gives prompt written notice to HUD of the exercise of such rights at the time of such exercise (the “Pledge Notice”). However, the consent of HUD shall be required for the appointment of any substitute Controlling Interest (including the Bridge Lender or its affiliates) extending beyond a 90-day period. Such 90-day period will commence on the date of the Pledge Notice (the “Pledge Replacement Period”). With notice and prior written approval of HUD, the Pledge Replacement Period may be extended for an additional ninety (90) days to allow the substitute Controlling Interest of the Owner or partner or member thereof to find a replacement Controlling Interest acceptable to HUD provided that prior to the expiration of such additional 90-day period, the substitute Controlling Interest demonstrates that the investor is continuing to fund (or has already funded) its equity contribution as required by the Partnership Agreement or Operating Agreement and that Project continues to be operated in accordance with the Applicable CNI Requirements.

F. HUD will not unreasonably withhold, delay, or condition a request by the Owner or partner or member thereof for HUD's consent to an internal reorganization of the corporate, company or partnership structure.

9. Foreclosure. Nothing in this Declaration prohibits any holder of a mortgage or other lien against the Site described in Exhibit A from foreclosing its lien or accepting a deed in lieu of foreclosure. Any lien holder shall give HUD, as a courtesy, written notice prior to declaring an event of default and shall provide HUD concurrent notice with any written filing of foreclosure filed in accordance with state law provided that the foreclosure sale shall not occur sooner than sixty (60) days after such notice to HUD. Notwithstanding any lien holder’s foreclosure rights, the Declaration survives foreclosure and any new owners of the Project Units take ownership subject to the Declaration.

10. Release. This Declaration may only be released by HUD. HUD may release this Declaration by recording a release in the Official Records of the applicable Recorder’s Office.

11. Enforcement. In the event of a breach or threatened breach of any of the provisions of this Declaration, any eligible family or applicant for occupancy within the Project, or the Secretary or his or her successors or delegates, may institute proper legal action to enforce performance of such provisions, to enjoin any acts in violation of such provisions, to recover whatever damages can be proven, and/or to obtain whatever other relief may be appropriate.

12. Severability. The invalidity, in whole or in part, of any of the provisions set forth in this Declaration shall not affect or invalidate any remaining provisions.
13. Impairment of RAD HAP Contract. The terms and provisions of this Declaration shall continue in full force and effect except as expressly modified herein. Any conflicts between this Declaration and the HAP Contract shall be conclusively resolved by the Secretary.

14. Execution of Other Agreements. The Owner agrees that it has not and will not execute any other agreement with provisions contradictory of, or in opposition to, the provisions of this Declaration, and that in any event, the provisions of this Declaration are paramount and controlling as to the rights and obligations set forth and supersedes any other conflicting requirements.

15. Subsequent Statutory Amendments. If revisions to the provisions of this Declaration are necessitated by subsequent statutory amendments, the Owner agrees to execute modifications to this Declaration that are needed to conform to the statutory amendments. In the alternative, at HUD’s option, HUD may implement any such statutory amendment through rulemaking.

16. No Negotiation. This Declaration is not subject to negotiation by the Owner or any lender.

17. Counterparts. This Declaration may be executed in any number of counterparts, each of which, when so executed and delivered, shall be deemed an original, and all of which together shall constitute one and the same instrument.

18. Notice. Any notice or other communication given or made pursuant to this Declaration shall be in writing and shall be deemed given if (a) delivered personally or by courier, (b) sent by overnight express delivery; or (c) mailed by registered or certified mail (return receipt requested), postage prepaid, to a party at its respective address set forth below:

A. If to the Grantee: Housing Authority of the City of Los Angeles
   2600 Wilshire Blvd., Third Floor
   Los Angeles CA 90057
   Attn: President and Chief Executive Director

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

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

B. If to the Owner: Jordan Downs Phase S2, LP
   c/o The Michaels Organization
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

C. If to HUD:
United States Department of Housing and Urban Development
451 7th St, SW
Washington, D.C. 20410
Attn: Assistant Secretary of PIH

[Signatures Appear on the Following Page]
In Witness Whereof, Grantee and the Owner thereunto duly authorized have caused these presents to be signed in their name and their corporate seal to be hereunto affixed and attested as of the date first written above.

GRANTEE:

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

By: ___________________________
    Douglas Guthrie
    President and Chief Executive Officer

[NOTARY BLOCK ON NEXT PAGE]
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 _______________________________
OWNER:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

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

By: _______________________________
    Kenneth P. Crawford
    Vice President

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

By: _______________________________
    Tina Smith-Booth
    President

[NOTARY BLOCKS ON NEXT PAGE]
STATE OF NEW JERSEY  )
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 _______________________________
Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )
COUNTY OF _____________ )

On ____________________, before me, ________________________________________, a Notary Public, personally appeared __________________________________________________________ , who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _______________________________
EXHIBIT A

SITE LEGAL DESCRIPTION

The land referred to herein is situated in the State of California, County of Los Angeles, City of Los Angeles and 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
TAB III.

Site Control Documents
TAB III-4.

Ground Lease (with Memorandum of Ground Lease)
GROUND LEASE AGREEMENT

by and between

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

and

JORDAN DOWNS PHASE S2, LP

DATED AS OF __________, 2021
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GROUND LEASE AGREEMENT

Jordan Downs Phase S2

THIS GROUND LEASE AGREEMENT (this “Lease”) is entered into as of __________, 2021 by and between the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic organized and existing under the laws of the State of California (“Landlord”), and JORDAN DOWNS PHASE S2, LP, a California limited partnership (“Tenant”).

RECITALS

A. Landlord owns that certain real property situated in Los Angeles, California, as more particularly described on Exhibit A attached hereto (the “Leased Premises”).

B. Tenant is a California limited partnership duly formed and authorized to do business in the State of California having Jordan S2-Michaels, LLC, a California limited liability company, as its administrative general partner (the “Administrative General Partner”) and La Cienega LOMOD, Inc., a California nonprofit public benefit corporation, as its managing general partner (the “Managing General Partner”).

C. Tenant and Landlord entered into that certain Disposition and Development Agreement ("DDA") of approximately even date herewith for the development of the Leased Premises.

D. Tenant intends to construct a multifamily residential complex on the Leased Premises with approximately eighty-one (81) units of rental housing (the “Residential Units”) and other ancillary improvements (collectively, the “Improvements”). The Residential Units shall be comprised of eighty (80) units that will be operated and maintained as qualified low-income housing tax credit units (the “Tax Credit Units”) and one (1) manager’s unit. Seventeen (17) Residential Units will be operated pursuant to a RAD HAP Contract and the RAD Requirements (the “RAD Units”) and sixty-three (63) Residential Units will be operated pursuant to a PBV HAP Contract (the “PBV Units”). The RAD Units and thirty-two (32) PBV Units are designated as “replacement units” for public housing units that will be demolished at the existing Jordan Downs site.

E. Landlord submitted, and the U.S. Department of Housing and Urban Development (“HUD”) approved in writing, a Development Proposal for the Residential Units, in accordance with the HUD FY2019 Choice Neighborhoods Initiative (“CNI”) Implementation Grant Agreement Number CA9D004CNG119 between HUD and Landlord (the “CNI Grant Agreement”).

F. Landlord desires to lease the Leased Premises to Tenant for a period of seventy-five (75) years pursuant to the terms of this Lease.
G. Capitalized terms which are referred to and utilized throughout this Lease, including in these Recitals, are defined in Article 1 of this Lease.

NOW, THEREFORE, for and in consideration of the foregoing premises, the covenants, representations, warranties, and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto do hereby agree as follows:

ARTICLE 1 DEFINITIONS

Section 1.1 Definitions.

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

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

(b) “Applicable CC&Rs & Easements” shall mean all covenants, conditions, restrictions, and easements that are now or hereafter recorded against the Leased Premises and/or the Project and (i) are identified as exceptions to coverage in the Owner’s Title Policy issued to Tenant on the Commencement Date; (ii) are required by the City or one or more other Governmental Authorities in connection with the construction or development of (A) the Project, (B) other land comprising a part of the Jordan Downs Master Project, or (C) infrastructure financed with proceeds of the Authority TCC Loan or Authority IIG Loan; (iii) are contemplated by the Master Development Agreement, including without limitation, the Declaration of Restrictions (CC&Rs), (iv) arise by, through, or under Tenant or Tenant’s contractors, agents, or licensees; or (v) are otherwise approved by Tenant in writing.

(c) “Approved Financing” shall mean all of the following loans and financing acquired by Tenant and approved by Landlord for the purpose of financing the acquisition and construction of the Project (and future refinancing of the Approved Financing with the prior written approval of Landlord pursuant to Section 3.2):

(1) A tax-exempt construction loan from JPMorgan Chase Bank, N.A. (“Chase”), in the approximate amount of [Twenty-Nine Million Thirty Thousand Dollars ($29,030,000.00)] (the “Tax-Exempt Construction Loan”), funded from tax-exempt bond proceeds pursuant to a funding loan from Chase to the Landlord and a project loan from the Landlord to the Tenant, which project loan will be concurrently assigned from the Landlord to U.S. Bank National Association, as fiscal agent, and which project loan will convert to permanent financing in the approximate amount of [Fifteen Million Seventy-Five Thousand Dollars ($15,075,000.00)] (the “Permanent Loan”);

(2) A taxable construction loan from CIT Bank, N.A. (“CIT”), in the approximate amount of [Eleven Million Seven Hundred Fifty-Eight Thousand Two Hundred Eighteen Dollars ($11,758,218.00)] funded from taxable bond proceeds pursuant to a funding loan from CIT to the Landlord and a project loan from the Landlord to the Tenant, which project
loan will be concurrently assigned from the Landlord to U.S. Bank National Association, as fiscal agent (the “Taxable Construction Loan” and together with the Tax-Exempt Construction Loan, the “Construction Loan”);

(3) An acquisition loan from the Landlord in the approximate amount of [Three Million Four Hundred Thousand Dollars ($3,400,000.00)] (the “Authority Acquisition Loan”), which loan represents the fair market value of the Leased Premises;

(4) A loan from the Landlord in the maximum principal amount of [Two Million Dollars ($2,000,000)] made with funds available to the Landlord pursuant to an Infill Infrastructure Grant from the State of California (the “Authority IIG Loan”).

(5) A loan from the Landlord in the maximum principal amount of One Million Dollars ($1,000,000.00) made with funds available to Landlord pursuant to the CNI Grant Agreement (the “Authority CNI Loan”);

(6) A loan from the Landlord in the maximum principal amount of [Thirteen Million Two Hundred Thousand Dollars ($13,200,000)] made with funds available to the Landlord pursuant to a Transformative Climate Communities Program Grant from the State of California (the “Authority TCC Loan” and collectively with the Authority IIG Loan and Authority CNI Loan, the “Authority Loan”); and

(7) Investor equity funds generated from Low Income Housing Tax Credits in the approximate amount of Twenty-Four Million Thirty-Three Thousand Seven Hundred Forty-Seven Dollars ($24,033,747.00) (the “Tax Credit Equity”).

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

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

(f) “Authority Acquisition Note” shall mean that certain Authority Acquisition Note executed by Tenant in favor of Landlord for the full fair market value of the Leased Premises and evidencing the Authority Acquisition Loan.

(g) “Authority Compliance Fee” shall mean a Ten Thousand Dollar ($10,000.00) fee paid annually to the Landlord beginning the first day of the first month following construction completion of the Project. The Authority Compliance Fee shall be paid not later than one hundred twenty (120) days following the end of each fiscal year (a pro-rata Authority Compliance Fee shall be paid for any partial fiscal year). The Authority Compliance Fee shall increase annually by a rate of three percent (3%) and shall be paid as an Operating Expense prior to the distribution of Net Cash Flow.
(h) “Authority Loan Agreement” shall mean that certain Authority Loan Agreement by and between the Landlord, as lender, and the Tenant, as borrower, governing the Authority Loan.

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

(j) “City” shall mean Los Angeles, California.

(k) “CNI Requirements” shall mean (i) the Consolidated and Further Appropriations Act, 2018, Pub. L. No. 115-41 (approved March 23, 2018), (ii) the Consolidated and Further Appropriations Act, 2019, Pub. L. No. 116-6 (enacted February 5, 2019), (iii) Section 24 of the Act, (iv) all other Federal statutory, executive order and regulatory requirements applicable to the CNI program, as those requirements exist or as they may be amended from time to time, (v) HUD Cost Control and Safe Harbor Standards for Section 8 Projects under Choice Neighborhoods Program (November 2015), (vi) the CNI Declaration and (viii) the CNI Grant Agreement.

(l) “CNI Declaration” shall mean that certain Choice Neighborhoods Implementation Grant Program Declaration of Restrictive Covenants entered into by the Landlord and the Tenant for the benefit of HUD, dated as of substantially even date herewith. In the event of any conflict between the provisions of the CNI Declaration and this Lease, the CNI Declaration shall govern

(m) “CNI Grant Agreement” shall have the meaning set forth in the Recital hereof.

(n) “Closing” shall mean the date on which the Memorandum of Lease and the Approved Financing Documents, except the documents pertaining to the Permanent Loan, are executed and recorded, as applicable, against the Leased Premises.

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

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

(q) “Declaration of Restrictions (CC&Rs)” shall mean the New Century Declaration of Restrictions (CC&Rs) recorded on June 14, 2018, as Document No. 20180590854 in the Official Records, as amended by (i) First Amendment to New Century Declaration of Restrictions (CC&Rs) recorded on September 17, 2018, as Document No. 20180948407 in the Official Records, (ii) Second Amendment to New Century Declaration of Restrictions (CC&Rs) recorded on September 26, 2019, as Document No. 20191010229 in the Official Records, and (iii) Third Amendment to New Century Declaration of Restrictions (CC&Rs) recorded on June 25, 2020, as Document No. 20200693163 in the Official Records and as may be further amended and/or restated.

(r) “Event of Default” shall have the meaning set forth in Article 13 hereof.
(s) “First Mortgage Loan” shall mean (i) the Construction Loan or (ii) the Permanent Loan, during the respective term of each or, if both have been paid off and the deed of trust related to such loans have been released, the loan that is next in priority order.

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

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

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

(w) “HCD” shall mean the California Department of Housing and Community Development.

(x) “HUD” shall mean the U.S. Department of Housing and Urban Development.

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

(z) “Improvements” shall mean the eighty-one (81) Residential Units to be constructed on the Leased Premises, including, without limitation, tenant related space and related ancillary facilities, together with any and all replacements or substitutions therefor or modifications thereto.
(aa) “Insurance Requirements” shall mean the requirements, whether now or hereafter in force, of any insurer or insurance carrier, any board of fire underwriters or any other company, bureau, organization, or entity performing the same or similar functions, applicable to the Leased Premises and/or the Improvements, or any portion thereof, to the extent so applicable.

(bb) “Investor” shall mean Berkadia Jordan Downs Phase S2 Investor LP, a Delaware limited partnership, the investor limited partner of Tenant, together with the beneficiaries, successors, and assigns of same.

(cc) “Jordan Downs Master Project” shall mean the redevelopment of the Jordan Downs public housing community and the 9901 Alameda Site (as defined in the Master Development Agreement) as contemplated by the Master Development Agreement.

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

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

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

(gg) “Leased Premises” shall mean that certain land located in the City, as more particularly described on Exhibit A attached hereto and made a part hereof.

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

(ii) “Management Agent” shall mean the Person designated from time to time as “Management Agent” of all or any portion of the Improvements under any management agreement entered into from time to time with Tenant. Michaels Management-Affordable, LLC, a New Jersey limited liability company, shall serve as the initial Management Agent for the Project.

(jj) “Master Development Agreement” shall mean that certain Master Development Agreement for the Redevelopment of the Jordan Downs Public Housing Community, dated August 1, 2012, as amended.

(kk) “Memorandum of Lease” shall mean the memorandum of this Lease to be recorded against the Leased Premises in the Official Records in the form attached hereto as Exhibit B.
(II) “Mortgage” shall mean any mortgage, deed of trust, security agreement, or collateral assignment executed in connection with the Approved Financing encumbering Tenant’s Estate created hereunder as a leasehold deed of trust lien.

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

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

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

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

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

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

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

(tt) “Partnership Agreement” shall mean the Tenant’s Amended and Restated Agreement of Limited Partnership dated as of [March 1, 2021,] as it may be amended or supplemented from time to time.

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

(vv) “PBV Units” shall mean the sixty-three (63) units operated and maintained in accordance with any PBV HAP Contract of which thirty-two (32) units (“PBV Replacement Units”) are designated replacement units for the public housing units to be demolished at the existing Jordan Downs public housing site. [The PBV Replacement Units are subject to the CNI Declaration.]

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

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

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

“RAD HAP Contract” shall mean one or more RAD Section 8 Project Based Voucher Housing Assistance Payments Contracts which may be entered into by and between Landlord and Tenant with respect to the seventeen (17) RAD Units, and any exhibits, addenda, riders and/or amendments thereto, approved by HUD, Investor, and Mortgagees.

“RAD Requirements” shall include, but not be limited to: (i) the Consolidated and Further Continuing Appropriations Act of 2012, as amended by the Consolidated Appropriations Act, 2014 (Pub. L. No. 113-76, approved January 17, 2014), the Consolidated and Further Continuing Appropriations Act, 2015 (Pub. L. No. 113-235, approved December 6, 2014), and Division L, Title II, Section 237 of the Consolidated Appropriations Act (Pub. L. No. 114-113, enacted December 18, 2015), and all applicable statutes and any regulations issued by HUD for the RAD program, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process; (ii) all current requirements in HUD handbooks, guides, notices (including but not limited to, HUD Notice H-2019-09 PIH-2019-23 (HA) (September 5, 2019), as it may be amended from time to time) and Mortgagee Letters (if any) for the RAD program, and all future updates, changes, and amendments thereto, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and provided that such future updates, changes, and amendments shall be applicable to the Leased Premises and Improvements only to the extent that they interpret, clarify, and implement terms in the applicable closing document rather than add or delete provisions from such document; (iii) requirements of the RAD Use Agreement; and (iv) requirements of the RAD HAP Contract.

“RAD Units” shall mean the seventeen (17) units operated and maintained in accordance with any RAD HAP Contract entered into.

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

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

“Rent” shall have the meaning set forth in Section 4.1 hereof.
“Residential Units” shall mean the eighty-one (81) multifamily residential units to be developed on the Tenant’s Estate (including the managers’ units).

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

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

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

“Section 3” shall have the meaning set forth in Section 3.7(d) hereof.

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

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

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

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

“Tax Credit Units” shall mean eighty (80) of the Residential Units located on the Leased Premises, which are to be restricted for use during the “compliance period” and any “extended use period” (as such terms are defined in Section 42) solely by Tax Credit Eligible Households.

“TCAC” shall mean the California Tax Credit Allocation Committee.
“Tenant’s Estate” shall mean Tenant’s leasehold interest in the Leased Premises acquired pursuant to this Lease, the Authority Acquisition Loan Note and the Authority Acquisition Deed of Trust, and Tenant’s ownership of the Improvements during the Term.

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

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

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

- Exhibit A: Leased Premises
- Exhibit B: Memorandum of Lease
- Exhibit C: Affordability Restrictions and Tenant Protections
- Exhibit D: Sustainability Plan
- Exhibit E-1: Construction Section 3 Plan
- Exhibit E-2: Section 3 Plan
- Exhibit E-3 Local Hire and Section 3 Requirements Rider
- Exhibit E-4 HACLA Section 3 Guide and Compliance Plan
- Exhibit F: Feasibility Plan Requirements
- Exhibit G: Property Management and Re-occupancy Plan
- Exhibit H: Supportive Services Plan
- Exhibit I-1: Mitigation Measures
- Exhibit I-2: Waste Soil Management Plan

ARTICLE 2 LEASE OF THE LEASED PREMISES

Section 2.1 Leased Premises. Subject to the terms hereof and in consideration of the covenants of payment and performance stipulated herein, Landlord has leased, demised, and let, and by these presents does hereby lease, demise, and let unto Tenant, and Tenant hereby leases and takes from Landlord, the Leased Premises. Tenant has compensated Landlord for the purchase of the 75-year leasehold interest created by this Lease in the amount of Three Million Four Hundred Thousand Dollars ($3,400,000), pursuant to the following documents entered into as of even date herewith: the DDA, Authority Acquisition Note, and Authority Acquisition Deed of Trust. Landlord and Tenant acknowledge and agree that the principal amount of the Authority Acquisition Note, Three Million Four Hundred Thousand Dollars ($3,400,000.00), represents the purchase price, at the appraised fair market value, of the Leased Premises.

Section 2.2 Authority Compliance Fee. The Tenant shall pay the Authority Compliance Fee to the Landlord as and when due.

Section 2.3 Term. Unless sooner terminated pursuant to the provisions hereof, this Lease shall continue in full force and effect for a term (“Term”), commencing on the Commencement Date and expiring seventy-five (75) years thereafter.
Section 2.4 Use. Tenant shall, throughout the Term, continuously use the Leased Premises and the Improvements only for the construction, operation, marketing for lease, and leasing of the Residential Units, and such other uses as are reasonably and customarily attendant to such uses, subject to the Regulatory Agreements and this Lease, including but not limited to the restrictions and requirements set forth in Article 3 hereof. The Project shall be used, operated, and devoted for the entire Term as required by Exhibit C and for no other use or purpose. Further, Tenant agrees:

(a) not to use the Leased Premises for any disorderly or unlawful purpose;

(b) to use commercially reasonable efforts to prevent any action by any Residents from committing or maintaining any nuisance or unlawful conduct on or about the Leased Premises;

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

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

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

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

Section 2.6 Memorandum of Lease. The Parties shall execute and acknowledge the Memorandum of Lease, in the form attached hereto as Exhibit B, which Tenant shall cause to be immediately recorded in the Official Records at Tenant’s expense.

ARTICLE 3 THE IMPROVEMENTS

Section 3.1 Construction.

(a) Tenant shall cause the commencement and completion of construction of the Improvements on or before the dates set forth in the Authority Loan Agreement. Tenant shall cause the Improvements to be constructed in substantial compliance with the plans and specifications that have been approved by Landlord pursuant to the Authority Loan Agreement. The construction of the Improvements shall be conducted in a good and worker-like manner, in compliance with all requirements set forth in this Lease, the requirements of the Approved Financing, all permits and approvals issued for the Project, all construction documents as approved by Landlord, and all applicable laws (including without limitation, the federal Davis-Bacon Act and Section 3, Tenant’s obligations set forth in Section 3.7 below and all directions, rules and regulations of any fire marshal, health officer, building inspector, or other officer of
every governmental agency now having or hereafter acquiring jurisdiction. The work shall proceed only after procurement of each permit, license, or other authorization that may be required by any Governmental Authority having jurisdiction, and the Tenant shall be responsible to the Landlord for the procurement and maintenance thereof, as may be required of the Tenant and all entities engaged in work on the Project. In designing and constructing the Project, the Tenant shall comply with accessibility requirements, shall meet Section 3 requirements, and shall use sustainable construction materials and techniques in accordance with Exhibit D attached hereto, such that the Project shall at a minimum be eligible for United States Green Building Council Certification. Tenant shall take no action to effectuate any material amendments, modifications, or alterations to the plans and specifications unless Landlord has approved such, in writing and in advance.

(b) The Tenant’s time to perform its obligations under this Section 3.1 may be reasonably extended if the Tenant is prevented or delayed from completing construction as required by this Section 3.1 by an event of Force Majeure. For purposes of solely of Sections 3.1 of this Lease, “Force Majeure” is an act or event outside of the Tenant’s control, including, as applicable, (i) acts of God, or of the public enemy, (ii) court order, acts, delays, failure or refusal to act on the part of a Governmental Authority in either its sovereign or contractual capacity, (iii) acts of a contractor other than The Michaels Development Company I, L.P. or its affiliates, or subcontractor, in the performance of an agreement with the Landlord (and not pursuant to a contract with the Tenant), (iv) riots, war or acts of terrorism, (v) fires, (vi) floods or earthquakes, epidemics, (vii) quarantine restrictions, (viii) strikes or lockouts, (ix) freight embargoes, (x) litigation, (xi) Non-issuance of permits, (xii) lack of HUD approval (xiii) unusually severe weather, (xiv) the presence of unknown Hazardous Materials or archeological finds, and (xv) delays of subcontractors or suppliers at any tier arising from unforeseeable causes. To claim Force Majeure as an excuse for failure to perform under this Section 3.1, the Tenant must prove that (A) the Force Majeure event is directly related to the Tenant’s inability to perform an obligation described in this Section 3.1, (B) the Tenant took reasonable steps to minimize delay or damages caused by foreseeable events, (C) the Tenant substantially fulfilled all non-excused obligations of this Section 3.1 and (D) the Tenant timely notified the Landlord of the occurrence of a Force Majeure event. Upon completion of the Force Majeure event, the Tenant must as soon as reasonably practicable recommence the performance of its obligations under this Section 3.1 in a manner that minimizes the effects of the stoppage or delay caused by the Force Majeure event.

Section 3.2 No Liens. Tenant shall not have any right, authority, or power to bind Landlord, Landlord’s Estate, or any other interest of Landlord in the Leased Premises, for any claim for labor or material or for any other charge or expense, lien, or security interest incurred in connection with the construction or operation of the Improvements or any change, alteration, or addition thereto. Tenant shall not have any right to encumber Tenant’s Estate without the written consent of Landlord, other than for Approved Financing and the Regulatory Agreements, utility easements, and other customary easements or agreements necessary and incidental to the construction and operation of the Improvements, which easements are subject to the approval of Landlord, which shall not be unreasonably withheld. Notwithstanding the forgoing and subject to the prior written approval of the Landlord, which approval shall not be unreasonably withheld, conditioned or delayed, the Tenant may refinance the Approved Financing loans. Any refinancing
of the Approved Financing loans shall be on commercially reasonable terms in an amount not to exceed the then outstanding principal balance of such Approved Financing loans plus reasonable costs. The Tenant shall reimburse the Landlord for any costs it incurs related to the refinancing of the Approved Financing loans. Landlord’s consent is not required for amendments to the Construction Loan unless the proposed amendment would (a) increase the principal amount or interest rate, (b) change the maturity date, (c) reduce the total number of Residential Units below eighty-one (81) units (including one (1) manager’s unit), (d) increase the number of Residential Units, (e) reduce the total number of Residential Units in any of the following categories below the designated number: (i) 1 Bedroom ("BR") – eighteen (18) Residential Units, (ii) 2 BR – thirty-three (33) Residential Units (including one (1) manager’s unit), (iii) 3 BR – twenty-nine (29) Residential Units, and (iv) 4 BR – one (1) Residential Unit, (f) change the number of Tax Credit Units, RAD Units or PBV Units, (g) extend the completion date for the Improvements beyond [March 1, 2023] (subject to Force Majeure); provided, however that (y) in no event will Landlord unreasonably withhold, condition or delay its consent to any proposed amendment to the Construction Loan documents and (z) Landlord’s consent shall not be required for any amendment to the Construction Loan that is contemplated by the provisions of the Construction Loan, such as but not limited to interest rate elections, substitution of a different interest rate index, change orders and budget modifications made pursuant to the terms of the loan documents for the Construction Loan, making protective advances, exercising extension options or enforcing remedies.

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

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

Tenant shall file a valid notice of cessation or notice of completion upon cessation of construction on the Improvements for a continuous period of thirty (30) days or more, except in the event such cessation of construction is caused by adverse weather conditions, and shall take
all other reasonable steps to forestall the assertion of claims of lien against the Leased Premises. Landlord shall have the right to post or keep posted on the Leased Premises, or in the immediate vicinity thereof any notices of non-responsibility for any construction, alteration, or repair of the Leased Premises by Tenant. Tenant authorizes Landlord, but without any obligation, to record any notices of completion or cessation of labor, or any other notice that Landlord deems necessary or desirable to protect its interest in the Leased Premises.

Section 3.3 Permits, Licenses and Easements.

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

(b) On or before Closing, the Leased Premises and Project shall be annexed into the Development (as defined in the Declaration of Restrictions (CC&Rs)) under the Declaration of Restrictions (CC&Rs) and a declaration of annexation accomplishing same shall be recorded in the Official Records.

Section 3.4 Title to Improvements.

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

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

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

Section 3.6 Regulatory Agreements. Tenant shall, at all times throughout the Term, comply with all applicable requirements of the Regulatory Agreements as required herein. Tenant will cause all Tax Credit Units to be operated and maintained in accordance with the Tax Credit Regulatory Agreement, and Tenant shall so operate and maintain such Tax Credit Units for the term set forth in the Tax Credit Regulatory Agreement, unless such Tax Credit Regulatory Agreement is released from the Leased Premises pursuant to a foreclosure upon a Mortgage; provided, however, (i) that in no event will any action be taken which violates Section 42(h)(6)(E)(ii) of the U.S. Internal Revenue Code of 1986, as amended, regarding prohibitions against evicting, terminating tenancy, or increasing rent of residential tenants for a period of three (3) years after acquisition of a building by foreclosure or deed-in-lieu of foreclosure, and (ii) following foreclosure or deed in lieu of foreclosure of a Mortgage, the Project shall thereafter be subject to the Post-Foreclosure Rent Restriction.

Section 3.7 Equal Opportunity; Section 3. The Tenant, for itself and its successors and assigns, and transferees agrees that in the construction, operation and management of the Project:

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

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

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

(d) Tenant will comply with Section 3 of the Housing and Urban Development Act of 1968 and its implementing regulations [24 CFR Part 135] ("Section 3"), as such may be amended from time to time. Section 3 requires that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons. During construction of the Project, Tenant shall comply with the Section 3 requirements set forth in the Construction Section 3 Plan (the “Construction Section 3 Plan”) attached hereto as Exhibit E-1, the Local Hire and Section 3 Rider attached hereto as Exhibit E-3 (the “Section 3 Rider”) and the Section 3 Guide and Compliance Plan attached hereto as Exhibit E-4 (the “HACLA Section 3 Plan”). Following completion of construction and for the remainder of the Term of this Lease, Tenant shall comply with the Section 3 commitments set forth in the Section 3 Rider, HACLA Section 3 Plan and the Section 3 Plan approved by Landlord attached hereto as Exhibit E-2 (the “Section 3 Plan” and collectively, with the Construction Section 3 Plan, Section 3 Rider and HACLA Section 3 Plan, the “Section 3 Documents”),

(e) Tenant agrees to demonstrate good faith efforts to comply, to the greatest extent feasible with Section 3 and meet the numerical goals for contracting with Section 3 business concerns and provide employment, training or other economic opportunities to Section 3 residents in accordance with the Section 3 Documents. These responsibilities include ensuring that all of Tenant’s contractors and subcontractors comply with Section 3, and managing and monitoring their compliance;

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

(g) Tenant agrees that prior to hiring any management or maintenance employees for the Project, Tenant shall cause the Management Agent to notify the Landlord and the Watts/Los Angeles WorkSource Center (“WSC”) or its designee of its need for employees. The Tenant shall strongly consider the qualifications of all interested WSC referrals and existing Landlord employees as it makes hiring decisions for the management and maintenance of the Project. To that end, the Tenant shall cause the Management Agent to give these applicants the first
opportunity to interview for all available positions, before undertaking outreach activities or providing notice to the public of such opportunities.

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

Section 3.8 Covenants Applicable to RAD Units.

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 3.9 Covenants Applicable to PBV Units.

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

(b) Except as otherwise provided in the CNI Declaration or as otherwise waived, modified or amended, as applied to the Improvements, the PBV Replacement Units shall be operated pursuant to the CNI Declaration for so long as the CNI Declaration is in effect.

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

(i) At least sixty (60) days before the expected termination of Project subsidies, Tenant shall submit to Landlord a Feasibility Plan and shall satisfy the following requirements:

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

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

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

(ii) Upon the termination of the PBV HAP Contract or loss of related Project Subsidy (each a, “PBV Subsidy Event”), Tenant may draw from any available subsidy reserves to temporarily maintain the Project’s existing affordability.
(iii) During Tenant’s development of the Feasibility Plan and Landlord’s review of same, Landlord and Tenant shall collaborate and make commercially reasonable efforts to find alternative subsidies or financing structures that would maintain the deeper income targeting contained in the Regulatory Agreements. Upon the date that is three (3) months following a PBV Subsidy Event or such efforts to find alternative subsidies or financing structures are unsuccessful in whole or in part, as reasonably agreed to by Landlord and Tenant:

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

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

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

Section 3.10 Prevailing Wages To the extent required with respect to the Improvements, Tenant shall pay and assure that all contractors and subcontractors working on the Project pay the general prevailing rate of per diem wages, as determined by the U.S. Labor Department, pursuant to the federal Davis-Bacon Act and implementing rules and regulations. Tenant shall comply with all applicable reporting and recordkeeping requirements.
Section 3.11  Payment and Performance Bonds  In connection with the Improvements, Tenant shall require its general contractor to procure and deliver to Landlord copies of labor and material (payment) bonds and performance bonds, or a dual bond which covers both payment and performance obligations, in a penal sum each of not less than one hundred percent (100%) of the scheduled cost of the Improvements, and one hundred percent (100%) payment bond. Said bonds shall be issued by an insurance company which is licensed to do business in the State of California and has a rating equivalent to AAA or AA+ by an insurance company listed in the current year’s Federal Register or as otherwise approved by Landlord. The labor and materials (payment) bond shall name Landlord as a co-obligee or assignee.

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

Section 3.13  Accessibility Requirements  The design and the operation of the Project shall meet the program accessibility requirements of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8 or any applicable successor regulation, the Americans with Disabilities Act, and the Fair Housing Act and their implementing regulations. In addition, the Tenant shall ensure that the percentage of accessible dwelling units complies with the requirements of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8, subpart C or any applicable successor regulation.

ARTICLE 4  RENTS

Section 4.1  Rent. Upon execution of this Lease, Tenant has compensated Landlord for the acquisition of the leasehold interest created by this Lease in the amount of Three Million Four Hundred Thousand Dollars ($3,400,000.00) attributable to the fair market value of the Leased Premises (“Rent”). Payment of Rent shall be made by execution of the Authority Acquisition Note.

Section 4.2  Additional Rents. In addition to the Rent specified in Section 4.1 hereof, any and all of the payments that Tenant is required to make hereunder to or for the benefit of Landlord shall be deemed to be “Additional Rents.” All such Additional Rents shall be payable in accordance with the provisions of this Lease specifying the payment of such Additional Rents, including, but not limited to, Section 4.3 herein. The Rent specified in Section 4.1 hereof and Additional Rents payable hereunder shall be deemed “Rents” reserved by Landlord, and any remedies now or hereafter given to Landlord under the laws of the State of California for
Section 4.3 Payments. All Rents or other sums, if any, due Landlord hereunder shall be paid by Tenant to Landlord at the address of Landlord set forth herein for notices, or to such other person and/or at such other address as Landlord may direct. All Rents shall be paid promptly when due without demand, offset or deduction in lawful money of the United States. If Tenant fails to make any payment of Rents on or before the date such payment is due and payable in accordance with the terms of this Lease, then the Landlord shall have the right to impose upon Tenant a late charge of five percent (5%) of the amount of such payment.

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

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

(a) Within one hundred twenty (120) days after the end of each Lease Year but in no event later than April 1 of each Lease Year, Tenant shall prepare and deliver to Landlord a statement (the “Annual Statement”), in form and containing such details as are reasonably satisfactory to Landlord, showing the total amount of Net Cash Flow received during such Lease Year, itemizing all revenues and expenditures used to compute Net Cash Flow, and specifying the total amount of the annual Net Cash Flow payment due pursuant to the terms of the Authority Acquisition Note, if any. Tenant shall make any required Net Cash Flow payment to Landlord on the date that it delivers the Annual Statement to Landlord. Concurrent with delivery of each Annual Statement, Tenant shall also deliver to Landlord the audited financial statements of Tenant, as of the end of the prior Lease Year, with the report of Tenant’s accountants thereon stating that the audit of such financial statements has been made in accordance with generally accepted audit standards.

(b) Within forty-five (45) days after the end of each calendar month, Tenant shall prepare and deliver to Landlord a statement (the “Monthly Statement”), in form and containing such details as are reasonably satisfactory to Landlord. At a minimum, each Monthly Statement for the Project shall include: (i) an income statement, (ii) a balance sheet, and (iii) rent rolls.

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

ARTICLE 5  TAXES AND OTHER IMPOSITIONS; UTILITIES

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

Section 5.2  Contested Taxes and Other Impositions. Tenant, at its sole cost and expense, in its own name or in the name of Landlord and subject to the consent of any Mortgagee, may contest the validity or amount of any Imposition relating to all or any portion of the Leased Premises, in which event the payment thereof may be deferred during the pendency of such contest, if diligently prosecuted.
(a) As may be necessary or desirable, Landlord or Tenant, as applicable, upon the request of the other Party, shall use its best reasonable efforts to assist in any such proceeding to contest the validity or amount of any Imposition.

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

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

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

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

ARTICLE 6 INSURANCE

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

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

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

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

(d) Builders’ Risk Insurance. As of Closing, during the course of any construction, alteration, or reconstruction of the Improvements, the cost for which exceed the capacity of Tenant’s permanent/operating property insurance carrier, then Tenant shall provide builders’ risk insurance for not less than the value of the construction contract, combined single limit for bodily injury or property damage insuring the interests of Landlord, Tenant, and any contractors and subcontractors.

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

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

Section 6.4 Failure to Maintain. If Tenant fails to maintain such insurance, Landlord, at its election, may procure such insurance as may be necessary to comply with the above requirements (but shall not be obligated to procure same), and Tenant agrees to repay to Landlord as Additional Rents the cost of such insurance.

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

ARTICLE 7 MAINTENANCE, ALTERATIONS, REPAIRS AND REPLACEMENTS

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

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

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

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

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

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

Section 7.3 Indemnifications. Notwithstanding any other provision of this Lease to the contrary, Tenant shall defend, indemnify and hold harmless Landlord and its commissioners, its officer(s), employee(s), agent(s), contractor(s), and director(s) (including directors or employees of any Landlord instrumentalities or affiliates) from all claims, actions, demands, costs, expenses and attorneys’ fees arising out of, attributable to or otherwise occasioned, in whole or in part, by an act or omission of the Tenant, its agent(s), contractor(s), servant(s), or employee(s) which constitutes a breach of the Tenant’s obligations under this Lease. If any third-party performing work for the Tenant on the Project shall assert any claim against the Landlord on account of any damage alleged to have been caused by reason of the negligent acts or intentional misconduct of the Tenant, its agent(s), servant(s), employee(s) or contractor(s) (including, without limitation, its general contractor), the Tenant shall defend at its own expense any suit based upon such claim; and if any such judgment or claim against the Landlord shall be allowed, the Tenant shall pay or satisfy such judgment or claim and pay all reasonable costs and expenses in connection therewith including reasonable attorneys’ fees.

In addition, if any contractor or subcontractor which performed preconstruction work or any construction work for Tenant or Tenant’s affiliates on the Improvements shall assert any claim against Landlord on account of any damage alleged to have been caused by reason of acts of negligence of Tenant or Tenant’s affiliates, their members, partners, officers, directors, affiliates, agents, or employees, or their construction contractors, Tenant shall defend at its own expense any suit based upon such claim; and if any such judgment or claim against Landlord shall be allowed, Tenant shall pay or cause to be paid or satisfied such judgment or claim and pay all costs and expenses in connection therewith.

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

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

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

Section 7.6 Management and Operation of the Residential Units.

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

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

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

Section 7.7 Certain Limitation on Work. Tenant shall not do or knowingly permit any work which would adversely and materially affect the value, rentability, or rental value of the Leased Premises, and Tenant shall not, without the prior written consent of Landlord, demolish or remove, or cause, knowingly suffer, or knowingly permit the demolition or removal of, the Project other than such demolition and/or removal as may be permitted following any event described in Articles 11 and 12 hereof.

Section 7.8 Alterations Required by Law. Without limitation on the other provisions of this Lease, if any work shall be required with respect to the Leased Premises or any part thereof by any present or future laws, ordinances, or regulations, the same shall be done by and the cost thereof borne by Tenant.

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

ARTICLE 8 MORTGAGE LOANS

Section 8.1 Loan Obligations. Nothing contained in this Lease shall relieve the Tenant of its obligations and responsibilities under any Approved Financing or Approved Financing Documents to operate the Project as set forth therein.
Section 8.2 Liens and Encumbrances Against Tenant’s Interest in the Leasehold Estate. Tenant shall have the right to encumber the leasehold estate created by this Lease and the Improvements with the Regulatory Agreements and all other liens and restrictive covenants related to the Approved Financing. Except as otherwise provided in this Lease, Tenant shall not engage in any financing or any other transaction creating any security interest or other encumbrance or lien upon the Property other than a lien for current taxes, whether by express agreement or operation of law, or allow any encumbrance or lien to be made on or attached to the Property or the Improvements, except with the prior written consent of the Landlord, which approval shall not be unreasonably withheld, delayed or conditioned, and as otherwise permitted under this Lease. The Tenant shall notify the Landlord in writing in advance of any financing secured by any deed of trust, mortgage, or other similar lien instrument that it proposes to enter into with respect to the Improvements, and of any encumbrance or lien that has been created on or attached to the Property whether by voluntary act of the Tenant or otherwise.

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

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

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

Section 8.6 Notice and Right to Cure Defaults Under Loans. The Landlord may record in the Official Records a request for notice of any default under the Approved Financing Documents or other financing secured by the Project. In the event of default by the Tenant under the Approved Financing Documents or other financing secured by the Project, the Landlord shall have the right, but not the obligation, to cure the default within the cure periods available to the Tenant and its partners. Any payments made by the Landlord to cure a default shall be treated as additional indebtedness under the Authority Acquisition Note.

ARTICLE 9 PERMITTED MORTGAGES AND INVESTOR RIGHTS

Section 9.1 Right to Encumber. Tenant shall have the right during the Term to encumber, through one or more Mortgages, Regulatory Agreements, or declaration of covenants, all of Tenant’s right, title, and interest in the Leased Premises, subject to the provisions of this
Lease and with prior written Landlord and HUD approval, if required. Landlord shall not encumber its fee interest in the Leased Premises.

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

Section 9.3 Right of Mortgagee to Cure. Notwithstanding any default by Tenant under this Lease, Landlord shall have no right to terminate or cancel this Lease unless Landlord shall have given each Mortgagee written notice of such default pursuant to Section 9.2 of this Lease and such Mortgagees shall have failed to remedy such default or acquire Tenant’s leasehold estate created by this Lease or commence foreclosure or other appropriate proceedings as set forth in, and within the time specified by, this Section.

Any Mortgagee which has an outstanding Mortgage shall have the right, but not the obligation, at any time to pay any or all of the Rents due pursuant to the terms of this Lease, and do any other act or thing required of Tenant by the terms of this Lease, to prevent termination of this Lease. After receipt of notice from Landlord that Tenant has failed to cure such default within the period specified in this Lease, Mortgagee shall have ninety (90) days from the receipt of such notice to cure such default. All payments so made and all things so done shall be as effective to prevent a termination of this Lease as the same would have been if made and performed by Tenant instead of by Mortgagee. However, in order to prevent termination of this Lease, a Mortgagee shall not be required to cure: (i) default on obligations of Tenant to satisfy or otherwise discharge any lien, charge, or encumbrance against Tenant’s interest in this Lease including without limitation any Approved Financings; or (ii) defaults on obligations of Tenant
under any indemnity provision in this Lease arising from acts or omissions of Tenant; or (iii) other past monetary obligations then in default other than the payment of the Rent specified in Section 4.1; or (iv) any default resulting from the acts or omissions of Landlord (“Excluded Defaults”). For purposes of clarification and illustration, it is the intention of the Parties hereto that Excluded Defaults shall include (but not as an exclusive list) claims, damages, liability, and expenses, including personal injury and property damage arising or alleged to be arising from actions or inactions of Tenant such as failure to pay insurance premiums, allowing dangerous conditions to exist at the Leased Premises or failure to operate the Leased Premises in accordance with regulatory restrictions. If the default by Tenant is of such nature that it cannot practicably be cured without possession of the Leased Premises, then the ninety (90)-day period set forth above shall be extended for so long as a Mortgagee shall be proceeding with reasonable diligence to foreclose on Tenant’s interest or otherwise obtain possession of the Leased Premises for itself or a receiver and such cure period shall commence upon the date that Mortgagee obtains possession.

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

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

In addition to the cure period provided above in this Section 9.3, if the default is such that possession of the Leased Premises may be reasonably necessary to remedy the default, any Mortgagee shall have a reasonable time after the expiration of such ninety (90)-day period within which to remedy such default, provided that (i) such Mortgagee shall have fully cured any default in the payment of any monetary obligations of Tenant under this Lease (other than Excluded Defaults) within such ninety (90)-day period and shall continue to pay currently any monetary obligations when the same are due and (ii) such Mortgagee shall have acquired Tenant’s leasehold estate hereunder or commenced foreclosure or other appropriate proceedings prior to or within such period, and shall be diligently prosecuting the same.

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

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

Section 9.4 Limitation on Liability of Mortgagee. No Mortgagee shall be or become liable to Landlord as an assignee of this Lease or otherwise unless it expressly assumes by written instrument executed by Landlord and Mortgagee such liability (in which event the Mortgagee’s liability shall be limited to the period of time during which it is the owner of the leasehold estate created hereby) and no assumption shall be inferred from or result from foreclosure or other appropriate proceedings in the nature thereof or as the result of any other action or remedy provided for by such Mortgage or other instrument or from a conveyance from Tenant pursuant to which the purchaser at foreclosure or grantee shall acquire the rights and interest of Tenant under the terms of this Lease.

Section 9.5 Estoppel Certificates. Landlord and Tenant agree that at any time and from time to time upon not less than twenty (20) days’ prior written notice by the other Party, or upon request from any Mortgagee or Investor or a permitted assignee or other interested party, Landlord or Tenant will execute, acknowledge, and deliver to the other Party or to such Mortgagee or Investor a statement in writing certifying: (a) that this Lease is unmodified and in full force and effect (or specifying any amendments or modifications if applicable); (b) the date through which the Rents have been paid; and (c) that, to the knowledge of the certifier (if such be the case), there is no default (or any conditions existing which, but for the passage of time or the giving of notice, would constitute a default), set-off, defense, or other claim against Landlord or Tenant, as applicable, other than those, if any, so specified under the provisions of this Lease. In addition to clauses (a) through (c) above, if a Mortgagee requires such a statement in writing from Landlord, Landlord, in its statement, shall (x) confirm that Landlord consents to the Mortgage in question; (y) identify all of the relevant documents that evidence this Lease; and (z) provide any other statements or provisions reasonably requested by Mortgagee. It is intended that any such statement may be relied upon by any persons proposing to acquire the interest of Landlord, Tenant, or any Mortgagee or Investor, as the case may be, in this Lease or by any prospective Mortgagee or Investor or permitted assignee of any Mortgage or Investor.

Section 9.6 Registration of Mortgages. Tenant shall, from time to time upon written request by Landlord, provide written notice to Landlord of the name and address of each Mortgagee under this Lease. For purposes of this Lease, the First Mortgagee is a Mortgagee and
all references to Mortgagee shall refer to and include (i) the First Mortgagee, together with its successors and assigns including a successor who acquires the First Mortgagee’s interests as a result of foreclosure or acceptance of a deed in lieu of foreclosure and (ii) a holder of any Mortgage. All references to a Mortgage shall include (i) the security instrument granted by Tenant for the benefit of the First Mortgagee and its successors in interest, and (ii) any other mortgages, deeds of trust, security agreements, or collateral assignments permitted by Landlord hereunder encumbering Tenant’s leasehold interest in the Leased Premises. Any Mortgagee or designee thereof that acquires title to the leasehold estate or any part thereof, any person that acquires title to the leasehold estate through any judicial or non-judicial foreclosure sale, deed, or assignment in lieu thereof, or any sale or transfer made under any order of any court to satisfy wholly or in part obligations secured by any Mortgage, and the successors and assigns of any such Mortgagee, is referred to as a “Transferee.” Each Mortgagee and Transferee is an intended beneficiary of the terms of this Lease.

Section 9.7 New Lease. Notwithstanding any provisions of this Lease to the contrary, in the event of the termination or cancellation of this Lease prior to the natural expiration of the Term of this Lease due to a default of Tenant or operation of law or otherwise (including, without limitation, a rejection or other termination of this Lease pursuant to any bankruptcy filing by or against Tenant or the commencement of any other insolvency proceeding or similar proceeding, an act of condemnation or eminent domain against a portion of the Leased Premises by a government agency or body, the destruction or damage of the Leased Premises, a foreclosure of Tenant’s estate by a Mortgagee or acceptance of a deed in lieu of foreclosure or a change in the control or management of Tenant), Landlord shall also be obligated to give notice to Mortgagee simultaneously with such notice given to Tenant. No such notice to Tenant shall be effective with respect to termination or cancellation of this Lease unless Mortgagee shall also have been so notified. Landlord, upon written request from any Mortgagee within sixty (60) days of receiving such notice of termination or cancellation, shall enter into a new lease with the Mortgagee (or its designee) having a lien with the most senior priority (in accordance with Section 18.16 below) and upon the same terms and conditions as set forth herein and with the same relative priority in time and in right as this Lease (to the extent possible) and having the benefit of and vesting in Mortgagee, or its designee, of all the rights, title, interest, powers, and privileges of Tenant hereunder (the “New Lease”). Notwithstanding the foregoing, in the case of the Permanent Loan, Landlord hereby acknowledges and agrees that such Mortgagee need not request a New Lease and that Landlord shall immediately enter into a New Lease without waiting for the sixty (60) day period to expire.

In addition, without limiting the preceding paragraph, in the event of the filing of a petition in bankruptcy by or against Tenant, and Tenant rejects this Lease under the then applicable provisions of the United States Bankruptcy Code, U.S.C. Title 11 (the “Bankruptcy Code”), Landlord shall notify Mortgagee of such rejection and, upon the request of such Mortgagee, or its designee, within the sixty (60) day time period specified above, affirm this Lease, and Landlord will enter into a New Lease with Mortgagee or its designee. Notwithstanding the foregoing, in the case of the Permanent Loan, Landlord hereby acknowledges and agrees that such Mortgagee need not request a New Lease and that Landlord shall immediately affirm this Lease and enter into a New Lease without waiting for the sixty (60) day period to expire.
In the event of the filing of a petition in bankruptcy by or against Landlord, and Landlord rejects this Lease and Tenant does not affirm it, a Mortgagee will have, within a reasonable amount of time, the authority to affirm this Lease on behalf of Tenant and to keep this Lease in full force and effect (or to enter into a New Lease with Mortgagee or its designee). Nothing in this Section or this Lease shall be construed to imply that this Lease may be terminated by reason of rejection in any bankruptcy proceeding by or against Tenant. The Parties intend, for the protection of Mortgagees, that any such rejection shall not cause a termination of this Lease. Notwithstanding anything to the contrary contained herein, no termination of this Lease shall become effective until, and the lien of each Mortgage on the Leased Premises shall remain effective until, either a New Lease has been made pursuant to this Section 9.7 of this Lease or no Mortgagee, or its designee, has timely accepted (or caused to be accepted) a New Lease, upon the expiration of the sixty (60) day period as set forth above; provided, however that in the case of the Permanent Loan, Landlord hereby acknowledges and agrees that such Mortgagee need not request a New Lease and that Landlord shall immediately enter into a New Lease without waiting for the sixty (60) day period to expire. Upon entering into a New Lease, such Mortgagee or its affiliated designee shall cure any monetary default by Tenant hereunder, except Excluded Defaults. To the fullest extent permitted by law, both Tenant and Landlord waive any right to reject or otherwise terminate this Lease pursuant to any provisions of the United States Bankruptcy Code or other insolvency laws, unless First Mortgagee has consented thereto in writing.

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

Upon the execution and delivery of the New Lease, title to all Improvements on the Leased Premises shall automatically vest in the Mortgagee or the designee until the expiration or earlier termination of the term of the New Lease.

If Landlord shall, without termination of the Lease, evict Tenant, or if Tenant shall abandon the Leased Premises, then any reletting thereof shall be subject to the liens and rights of Mortgagees, and in any event Landlord shall not relet the Leased Premises or any part thereof, other than renewal of occupancies of residential tenants and leases or other occupancy agreements with new residential tenants consistent with any covenants of record for low-income housing, without sixty (60) days’ advance written notice to all Mortgagees of the intended reletting and the terms thereof, and if any Mortgagee shall, within thirty (30) days of receipt of such notice, give notice to Landlord of such Mortgagee’s intent to pursue proceedings to foreclose on the Leased Premises or otherwise cause the transfer thereof, then so long as the Mortgagee shall diligently pursue such proceedings Landlord shall not proceed with such reletting without the written consent of such Mortgagee.
If a Mortgagee shall elect to demand a New Lease under this Section and only in the event that such Mortgagee is not recognized as a proper plaintiff, Landlord agrees, at the request of, on behalf of, and at the expense of the Mortgagee, to institute and pursue diligently to conclusion any appropriate legal remedy or remedies to oust or remove the original Tenant from the Leased Premises, and those sub-tenants actually occupying the Leased Premises, or any part thereof, as designated by the Mortgagee, subject to the rights of non-defaulting residential tenants in occupancy of apartment units at the Leased Premises. Mortgagees shall cooperate with Landlord in connection with any such actions.

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

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

The Investor, for so long as Investor is a limited partner of Tenant, shall have all of the same rights as a Mortgagee under this Section 9.7 to the extent such rights are not exercised by any Mortgagee; provided, however, that in lieu of foreclosure, Investor shall be attempting with diligence and in good faith to remove the Administrative General Partner of Tenant in accordance with the Partnership Agreement.

Section 9.8 Rights of Investor. Investor shall have the same notice and cure rights as any Mortgagee, which rights shall run concurrently with those of any Mortgagee for so long as Investor is a limited partner of Tenant, provided, however, that Investor shall be deemed to have met any condition relating to the commencement or continuation of a foreclosure proceeding if it is attempting with diligence and in good faith to remove the general partner of Tenant. Notwithstanding anything to the contrary herein, Tenant shall not be permitted to terminate this Lease prior to the expiration of the Term without the prior written consent of the Investor. The address for any notices to same, as of the date hereof, is provided in Section 18.12 hereof. Notwithstanding any other provisions herein:
(a) if a monetary event of default occurs under the terms of this Lease, prior to exercising any remedies hereunder, Landlord shall provide written notice of such default to Investor and Investor shall have a period of sixty (60) days after such notice is given within which to cure the default prior to exercise of remedies by Landlord; or

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

Section 9.9 Termination by Tenant. Notwithstanding anything to the contrary herein, no election or action taken by Tenant to terminate this Lease shall have any force or effect unless and until Mortgagee shall have consented to such termination in writing.

ARTICLE 10 REPRESENTATIONS, WARRANTIES AND COVENANTS

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

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

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

(c) Tenant (i) shall not cause or permit any Hazardous Substances and Materials to be placed, held, located, or released or disposed of on, under, or at the Leased Premises or any part thereof, except in commercially reasonable amounts used in the construction and operation of the Improvements and in accordance with Legal Requirements, and (ii) shall not cause or permit any Hazardous Substances and Materials contamination of the Leased Premises or any part thereof; provided, however, that Tenant shall not be in violation of this Subsection 10.1(c) or otherwise be liable or obligated under this Lease for any of the foregoing to the extent caused by the existence of soils, water, or materials already located on the Leased Premises as of the Commencement Date or that arises from the migration of Hazardous Materials or Substances released from, disposed of, or otherwise placed at, a location other than the Leased Premises by parties and/or circumstances over which Tenant has no control and due to no fault of Tenant (for convenience such event is called an “On-Site Migration” hereinafter); and
(d) At all times during the Term, Tenant or its authorized representative shall use, maintain and operate the Leased Premises and the Improvements thereon in accordance with all Legal Requirements and Regulatory Agreements. The Tenant acknowledges that prior to the date hereof, the City and Landlord certified an Environmental Impact Report (the “EIR”) and its related Mitigation and Monitoring Program attached hereto as Exhibit I-1 (as amended consistent with applicable law from time to time, the “Mitigation Measures”). The Tenant will comply with the terms of the EIR, the Mitigation Measures, the Waste Soil Management Plan attached hereto as Exhibit I-2 and related conditions of approval adopted by the City or Landlord prior to the date hereof to the extent applicable to the Leased Premises and Improvements.

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

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

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

(c) Landlord shall provide all available information relating to the Leased Premises, as expeditiously as necessary, for the orderly progress of the Project. In addition, the Landlord shall coordinate closely with the Tenant regarding all communications with HUD, forward to the Tenant all relevant correspondence, directives, and other written materials either to or from HUD with respect to this Lease. Landlord will respond as promptly as possible, within its management structure, to questions that may arise during Project administration.
(d) The entry by Landlord into this Lease and the performance of all of the terms, provisions, and conditions contained herein will not, or with the giving of notice or the passage of time, or both, would not, violate or cause a breach of default under any other agreements to which Landlord is a party or by which it is bound.

Section 10.3 Hazardous Substances and Materials.

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

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

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

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

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

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

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

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

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

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

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

(1) The failure of Tenant or any other person or entity under Tenant’s control on or after the Commencement Date (or prior to the Commencement Date if and to the extent that the negligence or willful misconduct of Tenant or any other person under the control of Tenant resulted in material harm) to comply with any applicable environmental law relating in any way whatsoever to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation, or disposal, or investigation or notice thereof, of Hazardous Substances and Materials into, on, under, or from the Leased Premises; provided, however, that the obligations under this subsection (b)(1) shall not extend to the extent any Indemnification Claim arises from conditions existing at the Leased Premises prior to the date of this Lease or an On-Site Migration, except to the extent such conditions or On-Site Migration is exacerbated by the Tenant’s negligence or willful misconduct;

(2) The presence in, on, or under, or the escape, seepage, leakage, spillage, emission, discharge, migration, disposal, release, or threatened release of any Hazardous Substances and Materials in, on, under, or from the Leased Premises on or after the Commencement Date (or prior to the Commencement Date if and to the extent that the negligence or willful misconduct of Tenant or any person under the control of Tenant results in material harm); provided, however, that the obligations under this subsection (b)(2) shall not extend to the extent that any Indemnification Claim arises from conditions existing at the Leased
Premises prior to the date of this Lease or an On-Site Migration, except to the extent such condition or On-Site Migration is exacerbated by the Tenant’s negligence or willful misconduct; or

(3) Any act or omission on or off the Leased Premises on or after the Commencement Date (or prior to the Commencement Date if and to the extent that the negligence or willful misconduct of Tenant or any employees, agents, contractors, or subcontractors of Tenant results in material harm), whether by Tenant or any employees, agents, contractors, or subcontractors of Tenant, in connection with the handling, treatment, removal, storage, decontamination, cleanup, transport, or disposal of any Hazardous Substances and Materials. Tenant’s indemnity obligations as they pertain to activities occurring off the Leased Premises shall only extend to activities performed by or arising from activities performed by Tenant or any employees, agents, contractors, or subcontractors of Tenant or any employees, agents, contractors, or subcontractors of Tenant or parties over which Tenant has control; provided, however, that the obligations under this subsection (b)(3) shall not extend to the extent that any Indemnification Claim arises from conditions existing at the Leased Premises prior to the date of this Lease or an On-Site Migration, except to the extent such condition or On-Site Migration is exacerbated by Tenant’s negligence or willful misconduct.

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

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

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

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

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

Section 10.5 Environmental Work. Tenant shall comply with, and shall cause its agents, employees, and contractors to comply with, all laws regarding the use, removal, storage, transportation, disposal, and remediation of Hazardous Substances and Materials. Notwithstanding the foregoing, the Landlord may not commence an action for default against Tenant in response or because of a condition existing at the Property prior to the Commencement Date or an On-Site Migration, except to the extent such condition or On-Site Migration is exacerbated by Tenant.

ARTICLE 11 EMINENT DOMAIN

Section 11.1 Termination of Lease. Landlord and Tenant agree that, in the event of a Taking such that Tenant reasonably determines that the Leased Premises cannot continue to be operated, at reasonable cost, for its then-current use, then, subject to the rights and with the prior written consent of all Mortgagees, this Lease shall, at Tenant’s sole option, terminate as of the Taking Date. Landlord and Tenant agree that the foregoing sentence shall supersede any rights of termination provided under California Code of Civil Procedure Section 1265.130.

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

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

Section 11.4 Award. Subject to the rights of Mortgagees, and subject to Section 11.2, if there is a Taking, whether whole or partial, Landlord and Tenant shall be entitled to receive the Net Condemnation Award for the Leased Premises and the Improvements, with the Landlord receiving the portion allocable to the Landlord’s Estate and the Tenant receiving the portion allocable to the Tenant’s Estate (valued as if this Lease remained in full force and effect). If the Leased Premises shall be restored as is contemplated in Section 11.2 above, Tenant shall be entitled to recover the costs and expenses incurred in such restoration out of any Net Condemnation Award, subject to the Mortgagees’ right to elect to have such Net Condemnation Award paid directly to such Mortgagees, as set forth in the applicable Approved Financing Documents.

Section 11.5 Joinder. If one or more Mortgages exist, the Mortgagees, subject to Section 18.16, (i) to the extent permitted by law, shall be made a party to any Taking proceeding, (ii) must be provided notice and opportunity to participate in any proceedings, discussions or settlements relating to such Taking, and (iii) shall have the approval and other rights provided in their respective Approved Financing Documents. Any Net Condemnation Proceeds allocated to the Tenant under Section 11.4 above and not used for restoration pursuant to Section 11.2 must be applied toward the payment of each Mortgage in order of priority, beginning with the First Mortgage Loan (and such Net Condemnation Proceeds shall be paid to the First Mortgagee or an independent trustee acceptable to the First Mortgagee and shall be disbursed in accordance with the provisions of this Article 11).

ARTICLE 12 DAMAGE OR DESTRUCTION

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

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

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

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

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

ARTICLE 13 EVENTS OF DEFAULT
Section 13.1 Events of Default. Each of the following shall be an “Event of Default” by Tenant hereunder:

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

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

(c) the failure of Tenant to cure, within the prescribed time period, any breach or violation of Applicable CC&Rs and Easements with which Tenant is obligated to comply under Section 3.3, following the expiration of any applicable notice and cure periods;

(d) the subjection of any right or interest of Tenant in this Lease to attachment, execution, or other levy, or to seizure under legal process, if not released within one hundred twenty (120) days; provided that the foreclosure of any Mortgage shall not be construed as an Event of Default within the meaning of this Subsection 13.1(d);

(e) the appointment of a receiver, not including receivership pursuant to any Mortgage, to take possession of Tenant’s Estate or of Tenant’s operations on the Leased Premises for any reason, if such receivership is not terminated, dismissed, or vacated within one hundred twenty (120) days after the appointment of the receiver;

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

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

(h) the appointment of a trustee or receiver for Tenant or for all or the major part of Tenant’s property or the Leased Premises, in any involuntary proceeding, not including pursuant to any Mortgage, or taking of jurisdiction by any court over all or the major part of Tenant’s property or the Leased Premises in any involuntary proceeding for the reorganization, dissolution, liquidation, or winding up of Tenant, if such trustee or receiver shall not be discharged or such jurisdiction relinquished or vacated or stayed on appeal or otherwise stayed within ninety (90) days;
(i) the Tenant’s failure to pay assessments due pursuant to the Declaration of Restrictions (CC&Rs), unless assessments are disputed in good faith and Tenant deposits a bond sufficient to cover the assessment costs with title company;

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

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

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

Section 13.2 Rights and Remedies.

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

(b) Upon the exercise of Landlord’s remedies pursuant to this Section 13.2, Tenant shall execute such releases, deeds, and other instruments in recordable form as Landlord shall reasonably request in order to accurately set forth of record the then current status of Tenant’s Estate and Tenant’s rights hereunder.
Section 13.3  **Deficiency Judgments.** Landlord, for itself and for each and every succeeding owner of Landlord’s Estate in the Leased Premises, agrees that it shall never be entitled to seek a personal judgment against Tenant or its members and that (a) upon any Event of Default hereunder, the rights of Landlord to enforce the obligations of Tenant, its successors, or assigns, or to collect any judgment, shall be limited to the termination of this Lease and of Tenant’s Estate and the enforcement of any other rights and remedies specifically granted to Landlord hereunder, provided, however, that the limitations set forth in this Section 13.3 shall not be applicable to (i) fraud, (ii) misappropriation of any Net Condemnation Award or insurance, and (iii) misappropriation of Authority Loan funds.

Section 13.4  **Default by Landlord.**

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

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

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

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

ARTICLE 14 QUIET ENJOYMENT AND POSSESSION; INSPECTIONS

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

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

ARTICLE 15 VACATION OF LEASED PREMISES

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

ARTICLE 16 NON-MERGER

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

ARTICLE 17 ASSIGNMENTS AND TRANSFERS; FORECLOSURE

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

Section 17.2 Limitations on Consent Requirement. Notwithstanding the foregoing:

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

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

(2) transfer of the Tenant’s Estate to a Mortgagee by foreclosure or deed-in-lieu of foreclosure (or the leasehold equivalent thereof), or to a third-party purchaser pursuant to a foreclosure sale (or the leasehold equivalent thereof);

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

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

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

(b) If Tenant requests the consent of Landlord to an internal reorganization of Tenant, or of any of the partners, members, or stockholders of Tenant, Landlord will not unreasonably withhold or delay such consent.
Section 17.3 Subsequent Assignment. In cases where Landlord’s consent is required, Landlord’s or HUD’s consent to one assignment will not waive the requirement that Landlord and HUD consent to any subsequent assignment.

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

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

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

Section 17.7 Grant of Purchase Option. Notwithstanding anything to the contrary set forth in any other provision of this Lease, nothing shall prohibit the granting of a purchase option and/or right of first refusal to the Landlord, or its designee, including without limitation, the Managing General Partner, to purchase the Tenant’s Estate as provided in the Right of First Refusal/Purchase Option and/or (ii) the exercise of such Right of First Refusal/Purchase Option in accordance with the Right of First Refusal/Purchase Option (and the assignment of the Authority Loan and Authority Acquisition Loan to the applicable optionee); provided, however, that any such option rights described in this Section 17.7 shall be subordinate to the Approved Financing Documents.
ARTICLE 18  MISCELLANEOUS PROVISIONS

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

Section 18.2 Amendments. Landlord shall not unreasonably withhold its consent to any amendments to this Lease that are reasonably requested by a Mortgagee; provided, however, Landlord may, in its sole and absolute discretion, refuse to consent to any proposed amendments to the description of the Leased Premises, the Term, Rent, or any other amendments which would materially change the rights and/or obligations of Landlord under this Lease. Landlord and Tenant each agree not to enter into any amendment or modification of the Lease without the prior written consent of each Mortgagee.

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

Section 18.4 Binding Effect. This Lease shall inure to the benefit of and be binding upon the Parties hereto, their heirs, successors, administrators, executors, and permitted assigns.

Section 18.5 Severability. In the event any provision or portion of this Lease is held by any court of competent jurisdiction to be invalid or unenforceable, such holdings shall not affect the remainder hereof, and the remaining provisions shall continue in full force and effect to the same extent as would have been the case had such invalid or unenforceable provision or portion never been a part hereof, except to the extent the rights and obligations of the Parties have been materially altered by such unenforceability.

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

Section 18.7 Captions. All captions, headings, paragraphs, subparagraphs, letters, and other reference captions are solely for the purpose of facilitating convenient reference to this Lease, shall not supplement, limit, or otherwise vary the text of this Lease in any respect, and shall be wholly disregarded when interpreting the meaning of any terms or provisions hereof. All references to particular articles, sections, subsections, paragraphs, and subparagraphs by number refer to the text of such items as so numbered in this Lease.
Section 18.8 Gender. Words of any gender used in this Lease shall be held and construed to include any other gender, and words of a singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

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

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

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

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

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

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

with a copy to: Reno & Cavanaugh, PLLC
455 Massachusetts Avenue, Suite 400
Washington, DC 20001
Attn: Megan Glasheen
To Tenant: Jordan Downs Phase S2, LP  
c/o The Michaels Organization  
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

To holder of Construction Loan and Permanent Loan: JPMorgan Chase Bank, N.A.  
560 Mission Street, 3rd Floor  
San Francisco, CA 94105  
Attn: _________________

with a copy to: FisherBroyles LLP  
3777 Long Beach Boulevard, Suite 280  
Long Beach, CA 90807  
Attn: Kenneth Krug

with a copy to: CIT Bank, N.A.  
75 N. Fair Oaks Avenue  
Pasadena, CA 91103  
Attn: Claudia Lima

with a copy to: CIT Bank, N.A.  
CBS/Client Banking Services  
75 N. Fair Oaks Avenue  
Pasadena, CA 91103  
Attn: Peter Elia

To Investor: Berkadia Jordan Downs Phase S2 Investor LP  
Riverside Manager, LLC  
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
Section 18.13 **Counterparts.** This Lease may be executed in several counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute one and the same agreement.

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

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

Section 18.16 **Multiple Mortgages.** If at any time there shall be more than one Mortgage, the Mortgagee under the First Mortgage Loan ("First Loan Mortgagee") shall be prior in lien and shall be vested with all of the rights of Mortgagee under this Lease (other than the provisions for receipt of notices) to the exclusion of any junior Mortgage and junior Mortgagee; provided, however, that: (a) if the First Loan Mortgagee fails to or refuses to exercise its rights set forth under this Lease, each holder of a junior Mortgage in the order of priority of their respective liens shall have the right to exercise such rights; and (b) with respect to the right of a Mortgagee under Section 9.7 (right to request a New Lease), such right may, notwithstanding the limitation of time set forth in Section 9.7, if any, be exercised by the holder of any junior Mortgage, in the event the holder of a senior Mortgage shall not have exercised such right within a reasonable amount of time.

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

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

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

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

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

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

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

ARTICLE 19 PARTICULAR COVENANTS

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

Section 19.2 Mandatory Language in All Subsequent Deeds, Leases and Contracts. All deeds, leases, or contracts entered into by Tenant on or after the date of execution of this Lease as to any portion of the Project or Leased Premises shall contain the following language:
(a) In deeds: “Grantee herein covenants by and for itself, its successors, and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, sex, sexual orientation, marital status, ancestry, or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the property herein conveyed nor shall the grantee or any person claiming under or through the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of residential tenants, lessees, subtenants, sublessee, or vendees in the property herein conveyed. The foregoing covenant shall run with the land.”

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

(c) In contracts: “There shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, creed, sex, sexual orientation, marital status, ancestry, or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of residential tenants, lessees, subtenants, sublessees, or vendees of the land.”

ARTICLE 20  HUD PROVISIONS

Section 20.1 In addition to entering into this Lease, Landlord and Tenant also contemplate the provision of rental assistance to the Project pursuant to a RAD HAP Contract. If a RAD HAP Contract is entered into pursuant to the RAD Requirements, HUD will require Landlord and Tenant to enter into a RAD Use Agreement in connection with the provision of rental assistance to the Project. Notwithstanding any other clause or provision in this Lease, upon execution of the RAD Use Agreement and for so long as the RAD Use Agreement is in effect, the following provisions shall apply:

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

(b) If any of the provisions of this Lease conflict with the terms of the RAD Use Agreement, the provisions of the RAD Use Agreement shall control.
(c) The provisions in this Article 20 are required to be inserted into this Lease by HUD and may not be amended without HUD’s prior written approval.

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

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

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

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

2. Fail to renew the RAD HAP Contract upon such terms and conditions applicable at the time of renewal when offered for renewal by the Landlord or HUD.

3. Except to the extent permitted by the RAD HAP Contract or RAD Use Agreement and the normal operation of the Project, neither the Tenant nor any partners shall have any authority without the consent of Landlord to sell, transfer, convey, assign, mortgage, pledge, sublease or otherwise dispose of, at any time, the Project or any part thereof.

Section 20.2 CNI Provisions.

(a) This Lease shall in all respects be subordinate to the CNI Declaration. If any of the provisions of this Lease conflict with the terms of the CNI Declaration, the provisions of the CNI Declaration shall control.

(b) Tenant and Landlord acknowledge that the proposed transfer to Tenant, or to any other participating party in the Project, of funds provided to the Landlord pursuant to the CNI Grant Agreement (“CNI Funds”) for the development of the Project covered under this Lease shall not be deemed to be an assignment of such funds. Accordingly, neither Tenant, nor any other participating party, shall succeed to any rights or benefits of the Landlord under the CNI Grant Agreement (as applicable). Tenant further agrees to include this disclaimer in each of Tenant’s agreements or contracts with any partner, participating party, or any other party involving the use of CNI Funds for the Project.

(c) Nothing contained in the CNI Grant Agreement or in any agreement between Landlord and Tenant, nor shall any act of HUD or the Landlord be deemed or construed to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, or joint venture involving HUD. Tenant further agrees to include this disclaimer in each of Tenant’s agreements or contracts with any partner, participating party, or any other party involving the use of CNI Funds for the Project.

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

**LANDLORD:**

**HOUSING AUTHORITY OF THE CITY OF LOS ANGELES**

a public body, corporate and politic

By: ___________________________

Douglas Guthrie

President and Chief Executive Officer
TENANT:

JORDAN DOWNS PHASE S2, L.P.,
a California limited partnership

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

By: ______________________________
Kenneth P. Crawford
Vice President

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

By: ______________________________
Tina Smith-Booth
President
EXHIBIT A

Leased Premises

The land referred to herein is situated in the State of California, County of Los Angeles, City of Los Angeles and 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
EXHIBIT B

Memorandum of Lease

[attached]
RECORDING REQUESTED BY:
Housing Authority of the City of Los Angeles

WHEN RECORDED MAIL TO:
Reno & Cavanaugh, PLLC
Attn: Megan Glasheen
455 Massachusetts Ave., Suite 400
Washington, DC 20001

No fee for recording pursuant to
Government Code Section 27383

(SPACE ABOVE THIS LINE FOR RECORDER’S USE)

MEMORANDUM OF GROUND LEASE

Jordan Downs Phase S2

THIS MEMORANDUM OF GROUND LEASE (this “Memorandum”) is made as of __________, 2021, by and among the Housing Authority of the City of Los Angeles, a public body, corporate and politic, (“Landlord”) and Jordan Downs Phase S2, LP, a California limited partnership (“Tenant”) with respect to that certain Ground Lease Agreement dated as of ________, 2021 (the “Lease”), between Landlord and Tenant.

Pursuant to the Lease, Landlord hereby leases to Tenant and Tenant leases from Landlord that certain real property, more particularly described in Exhibit A, attached hereto and incorporated herein, (the “Property”) and Landlord grants to Tenant all the improvements existing or to be constructed on the Property for the term of the Lease. The Lease commenced as of the date this Memorandum was recorded in the Los Angeles County Recorder’s Office, and shall continue from such date for seventy-five (75) years as per Section 2.3 of the Lease. Section 17.7 of the Lease provides a right of first refusal and purchase option to Landlord or its designee, including without limitation, La Cienega LOMOD, Inc.

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

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

[signature pages follow]
IN WITNESS WHEREOF, the parties have caused this Memorandum to be duly executed as of the date first above written.

LANDLORD:

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

By: ___________________________
    Douglas Guthrie
    President and Chief Executive Officer

WITNESS:

[NOTARY BLOCK ON NEXT PAGE]
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )
COUNTY OF _____________ )

On ____________________, before me, ________________________________________, a Notary Public, personally appeared ______________________________________ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is /are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _______________________________
TENANT:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

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

By: __________________________________________
    Kenneth P. Crawford
    Vice President

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

By: __________________________________________
    Tina Smith-Booth
    President

WITNESS:

______________________________

[NOTARY BLOCK ON NEXT PAGE]
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF NEW JERSEY

COUNTY OF _____________

On ____________________, before me, ________________________________________, a Notary Public, personally appeared __________________________________________________________ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is /are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

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

STATE OF CALIFORNIA )
 )
COUNTY OF _____________ )

On ________________, before me, ______________________________________, a Notary Public, personally _______________________________ appeared _______________________________ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _______________________________
EXHIBIT A

Memorandum of Ground Lease Jordan Downs Phase S2

PROPERTY DESCRIPTION

The land referred to herein is situated in the State of California, County of Los Angeles, City of Los Angeles and 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
EXHIBIT B

Memorandum of Ground Lease Jordan Downs Phase S2

AFFORDABILITY RESTRICTIONS

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

<table>
<thead>
<tr>
<th>AMI</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>30% AMI</td>
<td>40% AMI</td>
<td>50% AMI</td>
<td>Manager/Non-Revenue</td>
</tr>
<tr>
<td>One Bedroom</td>
<td>2</td>
<td>3</td>
<td>13</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>9</td>
<td>3</td>
<td>20</td>
</tr>
<tr>
<td>Three Bedroom</td>
<td>3</td>
<td>7</td>
<td>19</td>
</tr>
<tr>
<td>Four Bedroom</td>
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</tr>
<tr>
<td>Total</td>
<td>14</td>
<td>14</td>
<td>52</td>
</tr>
</tbody>
</table>

In addition, forty-nine (49) Residential Units in Phase S2 are replacement Residential Units, including the RAD and PBV Replacement units, which shall comply, subject to the Property Management and Re-Occupancy Plan and Section 3.8 and 3.9 of the Lease, with the bedroom and subsidy-type distribution provided below. Tenant or its Management Agent will select residential tenants in accordance with the requirements of the Regulatory Agreements. Subject to the Regulatory Agreements and the requirements of the Approved Financing Documents, the replacement Residential Units at Phase S2 shall be available to residents of the existing Jordan Downs public housing site, who are in good standing, at initial lease up.

<table>
<thead>
<tr>
<th>Phase S2</th>
<th>RAD</th>
<th>PBV Replacement</th>
<th>PBV</th>
<th>Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Bedroom</td>
<td>18</td>
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<td>10</td>
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<tr>
<td>Two Bedroom</td>
<td>33</td>
<td>9</td>
<td>10</td>
<td>13</td>
</tr>
<tr>
<td>Three Bedroom</td>
<td>29</td>
<td>7</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Four Bedroom</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>81</td>
<td>17</td>
<td>32</td>
<td>31</td>
</tr>
</tbody>
</table>

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

Affordability Restrictions

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

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<td>1</td>
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</tr>
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<td><strong>31</strong></td>
<td><strong>1</strong></td>
</tr>
</tbody>
</table>

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

**Tenant Protections**

**Tenant Leases**

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

**Resident Participation and Funding**

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

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

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

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

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

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

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

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

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

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

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

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

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

a. A reasonable period of time, but not to exceed 30 days:
   i. If the health or safety of other Residents, Tenant employees, or persons residing in the immediate vicinity of the premises is threatened; or
   ii. In the event of any drug-related or violent criminal activity or any felony conviction;

b. 14 days in the case of nonpayment of rent; and

c. 30 days in any other case, except that if a State or local law provides for a shorter period of time, such shorter period shall apply.

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

a. For Residents of the RAD Units and PBV Units, the Landlord, as contract administrator, will perform the informal hearing. The hearing officer must be selected in accordance with 24 CFR § 982.555(e) (4) (i). For Residents of Residential Units other than the RAD Units and the PBV Units, the Tenant shall perform the informal hearing.

b. There is no right to an informal hearing for class grievances or to disputes between Residents not involving the Tenant or Landlord.

c. The Tenant shall give Residents notice of their ability to request an informal hearing as outlined in 24 CFR § 982.555(c)(1).

d. The Tenant shall provide the opportunity for an informal hearing before an eviction. Current informal hearing procedures must be outlined in the Tenant’s Management Plan.
EXHIBIT D

Sustainability Plan

[attached]
Jordan Downs Phase S2 Sustainability Plan

The Jordan Downs Specific Plan outlines the overall plan for revitalizing the community and includes the following goal related to sustainability:

*Develop a model of urban sustainability based on a comprehensive, open space strategy and sustainable building design that will provide environmental and health benefits, as well as transform the community into a safe, thriving, desirable, and livable urban neighborhood.*

In addition, the sustainability goal of the Specific Plan is to:

*Satisfy the Leadership in Energy and Environmental Design for Neighborhood Development (LEED-ND) requirements at the Gold level. This objective will promote Jordan Downs as a housing development that features sustainable strategies throughout its design.*

The project has made a number of commitments and pursued several design strategies in order to respond to these goals. The following are the main components of the Sustainable Plan for the redevelopment of Jordan Downs:

**Certifications**

**LEED for Neighborhood Development Certification**

The Jordan Downs Urban Village Specific Plan integrates sustainable planning, design, and construction practices into a vision and set of design guidelines for the project. The measures committed to in the Specific Plan, combined with the beneficial qualities of location in terms of transit access, brownfield remediation, surrounding amenities, and the infill character of the project resulted in the project receiving a Silver level of certification for the Specific Plan in 2014. The Specific Plan, in Appendix C, also states that achieving certification at the Gold level is the goal for the full build out of the project. The Specific Plan measures are being tracked as the project moves through the various phases of construction, as are the additional measures that can be integrated into the detailed design and construction of the buildings, landscaping, streets, and infrastructure. While Gold certification is a goal, Silver certification is the commitment of the developer entities.

**Green Building Design for the Buildings & Development Site**

The project is planning to pursue a green building design that allows for certification for the individual buildings. Phase S2 will be registered with the US Green Building Council for the LEED for Homes program. The design integrates features needed to achieve a LEED Gold certification, with a minimum target of achieving LEED Gold. The project will also include a large solar PV array intended to offset the main building’s energy use. The array will be sized to maximize available roof space on Building A of Phase S2 and will primarily offset the building’s central hot water and common area electricity use.

Measures included in Phase S2 are: all electric building including electric hot water heating; solar PV array; interior water savings, landscape water use reduction through the use of drought
tolerant and California native plants, improved ventilation and air filtration, non-toxic and low-VOC building materials, recycled-content building materials, construction waste diversion, parking for bicycles and future electric vehicle charging.

**Stormwater Management**
The Jordan Downs Phase S2 plan includes measures to capture and treat stormwater on site using a combination of landscaped areas, a central infiltration storage area, and in underground dry wells. The site will be designed to address the specific stormwater requirements of the Standard Urban Stormwater Mitigation Program in the City of Los Angeles, including requirements for Low-Impact Development.

**Construction Waste Management**
The construction process for Jordan Downs Phase S3 will achieve at least a 50% diversion level, as is consistent with CalGreen and the Los Angeles Green Code.

**Low-Water Landscaping and Efficient Irrigation**
The landscape design for Jordan Downs Phase S3 emphasizes the use of California native low-water or drought-tolerant trees and plants, combined with an efficient irrigation system which includes a central shut-off valve, sub-meters, timer for each watering zones, pressure regulating devices, and primarily drip irrigation.

**Renewable Resources and High Efficacy Fixtures**
Residential units will be equipped with high efficacy fixtures throughout and Energy Star appliances in all living units.
Jordan Downs Phase S2
Sustainability Features

The Jordan Downs Phase S2 project is committed to furthering the LEED-ND Silver designation by employing environment-friendly concept in its building designs and construction methodologies. The Developer will incorporate and pursue the following features in its construction and operations of the project:

- Achieve LEED Gold Certification at a minimum, with the goal of achieving Platinum
- Include solar PV to offset the main building’s energy use
- Construction waste diversion of not less than 50%
- Residential units will include high-efficiency appliances such as Energy Star labeled refrigerators, dishwashers and clothes washers
- Use high efficiency water fixtures and fittings
- Use high efficacy lighting fixtures throughout
- Use of drought tolerant non-invasive landscaping
- Other features required by the City of Los Angeles.
EXHIBIT E-1

Construction Section 3 Plan

[attached]
CONSTRUCTION LOCAL HIRING AND SECTION 3 CONTRACTING PLAN
ECONOMIC OPPORTUNITY PLAN
JORDAN DOWNS PHASE S2

The Owner has selected Walton Construction, Inc (“Walton”) as the General Contractor for the Jordan Downs Phase S2 project. The Owner and Walton are proposing the following Construction Local Hiring and Section 3 Contracting Plan. The proposed plan below will be implemented with full knowledge, approval and monitoring by the Owner.

Walton shall structure any solicitation or procurement decision and resulting subcontracts with the intent of fulfilling Owner’s Section 3 and Local Hiring commitments to provide at least thirty percent (30%) of the new hire construction job opportunities generated by the project first (P1) to residents of Jordan Downs, second (P2) to qualified Section 3 residents in Watts, third (P3) to participants in HUD’s Youth Build-programs in the City of Los Angeles; and fourth (P4) to residents of the City of Los Angeles who meet Section 3 eligibility requirements, all to the maximum extent feasible. Walton shall strive and make Good Faith Efforts to set aside at least ten percent (10%) of the 30% Section 3 new hire opportunities for Disadvantaged Workers, as defined below. Of the local hiring conducted in relation to this plan Walton may count Disadvantaged Worker hours toward the thirty percent (30%) Section 3 new hire numbers.

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

Additionally, Walton shall make Good Faith Efforts to the “greatest extent feasible” award at least ten percent (10%) of the total dollar amount of building trades work for all construction contracts and three percent (3%) of the total dollar amount of all non-construction subcontracts to this Contract to Section 3 Business Concerns (“Section 3 Business”), as defined by HUD.

1. Section 3/MBE/WBE Outreach Overview

Walton’s Section 3 Business Concern, Minority Business Enterprise and Women Business Enterprise (collectively referred as Section 3/MBE/WBE Businesses) outreach is designed to ensure that proactive measures are taken to inform such businesses, in a timely manner, of potential subcontracting opportunities associated with Jordan Downs Phase S2 construction. The Jordan Downs Phase S2 Construction Local Hiring and Section 3 Contracting Plan has established a strategy utilizing the existing Section 3 business registry and local outreach efforts for the dissemination of project information directly

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to Section 3 qualified businesses, as well as minority and women business organizations. Walton’s outreach and good faith efforts will include project information, potential subcontracting opportunities, construction schedules and updates, and technical assistance as reasonably necessary to promote subcontracting opportunities.

**Identification of Section 3 Subcontracting Opportunities**

Walton will develop a list of trades under specific work categories that will be available opportunities for Section 3/MBE/WBE subcontractor bidding. Walton will make good faith efforts to identify at a minimum thirty to fifty percent (30-50%) of subcontractor trades to be available for Section 3 subcontractor bidding.

**Targeted Outreach**

The Housing Authority of the City of Los Angeles (“HACLA”) maintains information on qualified Section 3 businesses and resources and provides resources available online [https://home.hacla.org/section3](https://home.hacla.org/section3). In addition, HACLA maintains a registry of qualified Section 3 businesses, complete with contact information and applicable trades and specialties. That information is also available online and updated regularly [http://home.hacla.org/Doing-Business/Section-3-Business-Registry](http://home.hacla.org/Doing-Business/Section-3-Business-Registry).

Targeted outreach to these firms on the Section 3 business registry will take place to maximize participation of Section 3 business concerns. Section 3/MBE/WBE outreach strategies will continue throughout the buyout of the project. Section 3/MBE/WBE Business strategies will include, but not necessarily limited to the following:

- Utilization of HACLA, HUD, and other relevant Section 3 Registries.
- Relationship/Partnership building with Section 3/MBE/WBE Business organizations and associations.
- Scaling of work where reasonably possible to promote Section 3/MBE/WBE contracting.

**Organizations representing Section 3 Business Concerns, MBEs and WBEs**

Walton, as needed to meet the goals of this Section 3 Economic Opportunity Plan, will utilize the services of available Section 3/MBE/WBE businesses and community organizations; contractor groups; local, state, federal and minority/women business assistance offices, and other organizations to provide assistance in the recruitment and placement of Section 3 Business Concerns on the project.

Copies of letters, faxes, meeting notes, records and telephone logs in connection with the notices to and contacts with these organizations and groups will be retained by Walton. Names of the organizations and groups, dates, names of contacts, and telephone numbers will be included with the retained copies. All copies of correspondence received from these organizations and groups, particularly those acknowledging contact from the
potential Section 3/MBE/WBE bidders will also be maintained for ongoing monitoring and reporting. All such records shall be furnished to HACLA’s Section 3 Compliance Administrator upon request.

Walton will also partner with associations, businesses, and faith based community organizations to provide project information, contracting opportunity information and bidding protocols. Project outreach presentations will be offered and extended to the following business associations, but not necessarily be limited to:

- Young Black Contractors Association
- Watts Chambers of Commerce
- Greater Watts - Willowbrook Chamber of Commerce
- Macedonia CDC
- National Association of Minority Contractors
- National Association of Women Business Owners
- National Association of Women in Construction
- Parents of Watts-Sweet Alice
- Regional Hispanic Chamber of Commerce
- Society of Hispanic Professional Engineers
- Women Construction Owners & Executives USA
- Black Business Association
- Greater Los Angeles African-American Chamber of Commerce
- Los Angeles Urban League – Ron Brown Center
- WBEC-West
- Small Business Administration
- Women Construction Owners & Executives USA
- Watts Chambers of Commerce
- Greater Watts - Willowbrook Chamber of Commerce
- WBEC-West
- Young Black Contractors Association

Presentations to potential contractors or business groups will be conducted upon reasonable request, at the work site, and other locations within the Watts community such as WLCAC, or at the other HACLA housing communities such as Imperial Courts, Nickerson Gardens, and Gonzaque Village. The information provided will include project information, potential subcontracting opportunities, construction schedules and updates, contract packaging, technical assistance and reinforcement of the Section 3 / Local Hire Goals.

**Identification of MBE/WBE Subcontractors**

In addition to existing databases of certified Section 3/MBE/WBE businesses, a subcontractor pre- qualification form has also been developed to ascertain new Section 3/MBE/WBE subcontractors’ qualifications, union affiliation (if any), capacity to perform work, and interest in bidding on the project subcontracting opportunities. If there is a new
Section 3 business not included in the current registries reviewed, please contact HACLA’s Section 3 Compliance Administrator for information on registering the business.

Good Faith Efforts and Documentation

Walton will provide Section 3/MBE/WBE Business names, contact persons, addresses, phone numbers, and dates of all Section 3/MBE/WBE Businesses that are solicited for the project or submit inquiries. All copies of solicitation letters and faxes will be included as a part of the Economic Opportunity Plan and will be maintained. All solicitations letters, telephone logs, follow-up contacts, and responses received from Section 3/MBE/WBE Businesses and organizations should also be documented and maintained.

Pre-Construction Conferences / Subcontractor Orientations

Walton will conduct pre-construction orientations to ensure all subcontractors fully understand their obligation to comply with Section3/MBE/WBE Business subcontracting requirements at every tier and the reporting requirements. Walton will require selected subcontractors, at every tier, to submit specific Section 3 hiring and subcontracting commitments prior to contract execution. These commitments will be submitted to HACLA (Forms 1, 2, and 4).

Technical Assistance

Walton will review reasonably structured contract scopes of work for the purpose of subcontracting with Section 3/MBE/WBE firms, and break out contract work items into economically feasible units to facilitate Section 3/SBE/MBE/WBE participation, based upon the firm’s qualifications, workforce composition, bonding and insurance capacity, where possible.

Negotiating In Good Faith with Interested Section3/MBE/WBE Businesses

Walton will negotiate in good faith with Section 3/MBE/WBE Businesses and will not unjustly reject bids prepared by any firm. In negotiating subcontract agreements, including with Section 3/MBE/WBE subcontractors, a combination of factors will be considered including price, Section 3 / Local Hire participation and performance qualifications. Copies of all bids for each item of the Statement of Work solicited will also be retained and provided upon request.

Monitoring and Reporting

Walton will establish monitoring and tracking reporting protocols to ensure accurate utilization data is captured and reported. Data on the contacts made with Section 3/MBE/WBE Businesses will be maintained that will include name of firms, contact person(s), phone numbers, dates and methods used for following-up of the initial
solicitation to determine whether Section 3/MBE/WBE firms are interested. Walton will also document all contractor efforts to negotiate with Section 3/MBE/WBE subcontractors and suppliers.

**Walton will prepare monthly/quarterly Section 3/MBE/WBE Business participation progress reports required by HACLA using HACLA templates or as mutually agreed to otherwise and include supportive documentation as applicable. Monitoring reports will be available in an electronic format for ease of access.** These reports will track the project’s Section 3/MBE/WBE Business achievements and will include the following information:

- Subcontractor Name and Contact Information
- Trade
- Section 3/MBE/WBE Business? (Yes or No, and specify)
- Subcontractor EOP (Yes or No)
- Subcontract Amount
- Percent of Total
- Contract Award
- Contract start and end dates
- Workforce composition
- Other Efforts that Will be Made to Generate Economic Opportunities
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- Percentage of Work Completed
- Participation to Date
- Participation Percentages by Business Classification, Ethnicity and Gender

2. **Section 3 Resident Recruitment and New Hires**

**Hiring Outreach**

Walton will work in coordination with Jordan Downs Forward, and the existing workforce collaborative serving the Jordan Downs redevelopment. This coordination includes requesting referrals first from core partner Watts local worksource centers (e.g. Watts/Los Angeles Worksource Center & Watts Labor Community Action Committee Worksource Center) and considering prospective hires and employees referred primarily from these sources. Walton will provide a primary point of contact for Section 3 coordination. Walton will refer potential Section 3, disadvantaged and local individuals seeking employment on the Jordan Downs project to the core partner worksource centers for evaluation, vetting, training (if needed), and potential referral back
to the jobsite. Walton will also work with its subcontractors to identify training opportunities, career development or Union enrollment opportunities to maximize skill development for new hires. Signage will be placed at project site and project area to include referral office location, contact name, telephone, and email for interested Section 3 Residents to receive information and services.

Upcoming job opportunities will be advertised through the core partner worksource centers, the Jordan Downs residential community, and key community stakeholders to ensure targeted community employment outreach to inform Section 3 and local residents of potential job opportunities.

Walton will utilize the resources of Jordan Downs Forward and the core local worksource centers as well as through apprenticeship and training programs assisting in providing opportunities to Section 3 and disadvantaged workers.

**Workforce partners will perform intake of individuals which they either service or have contacted the work source centers about the redevelopment of Jordan Downs. Workforce intake will consist of Disadvantaged Worker and/or Section 3 Resident verification, trade interest, skill set, and aptitude testing. Upon Workforce partners’ referral of “work ready” individuals they will be categorized into trade groups and referred to Walton for final screening.**

As subcontractors are scheduled for work, their hiring plans will be reviewed and shared with the core worksource center partners. The core partners will then identify qualified individuals for referral to a Targeted Outreach Events, focusing on the specific trades performed by these subcontractors. Walton will coordinate with trade unions and subcontractors, at every tier, to ensure the prioritization of Section 3, disadvantaged and local construction hires from within targeted hiring areas and in the hiring priority set forth above.

Targeted outreach will be conducted through completion of construction, on an as needed basis. All Section 3 and disadvantaged outreach efforts will be documented to accurately and effectively demonstrate efforts to meet all Section 3, disadvantaged and local hiring workforce utilization and apprenticeship program goals.

Walton will attend community meetings, at a minimum the Jordan Downs Forward monthly meetings, and additionally throughout the community as needed, for updates and continued outreach purposes.

All employment outreach information materials will highlight employment activities associated with the project. **Every effort will be made to maintain credibility with the communities around the project by disseminating the information in an accurate and timely manner and written materials will be developed in English and Spanish.**
Apprenticeship & Training

Through a partnership with the Watts/Los Angeles WorkSource Center ("WLAWSC"), Apprenticeship and Training Programs have been developed and implemented in order to increase the skill of Section 3 Residents and Disadvantaged Workers so that these individuals can be available for employment opportunities on the Project and enter the pool of skilled labor, fully qualified for living wage jobs. Said Apprenticeship/Training Programs rely on Contractor participation with the following components:

a. Contractor and all subcontractors performing work on the Project will use reasonable good faith efforts to employ the maximum number of Apprentices/Trainees.

b. All apprentices shall work under the direct supervision of a journeyman from the trade in which the apprentice is indentured. A journeyman shall be defined as a person who has either completed an accredited apprenticeship in his or her craft, or has completed the equivalent of an apprenticeship in length of the content of work experience and all other requirements in the craft which has workers classified as journeyman in the apprentice able occupation.

c. Contractor will use its reasonable efforts to assign such workers to the Project, but the hours performed by such apprentice workers in each individual craft shall not exceed the apprentice to journeyman ratio established by the applicable Division of Apprenticeship Standards (DAS) approved apprenticeship standards.

d. Contractor in partnership with WLAWSC work with Section 3 Residents to create a career development plan by allowing them to enroll in appropriate trainings and unions to develop skills and become employed.

Organizations Representing Section 3 Residents

The following list of organizations representing Section 3 residents will be engaged:

- Watts/Los Angeles Worksource Center
- WLCAC Worksource Center
- Vermont Slauson Economic Development Center
- Project Fatherhood
- Build Plus
- W.I.N.T.E.R.

Apprenticeship and Training Programs

The following list of apprenticeship and training programs can be utilized and leveraged:
CONSTRUCTION LOCAL HIRING AND SECTION 3 CONTRACTING PLAN
ECONOMIC OPPORTUNITY PLAN
JORDAN DOWNS PHASE S2

- Career Expansion, Inc. – Pre-apprentice Training Program
- Maxine Waters Training and Employment Center
- LATTC – Pre-apprentice Training Program
- 2nd Call – Life Skills, Career and Job Readiness Preparation Program
- South Bay Workforce Investment Boards – Construction and Utilities Pathway Program (CUPP)
- Angeles Urban Leagues – Construction Careers and Information Center (CCIC)
- PVJOBS – Construction Workforce and Pre-apprentice Training
- Building Trades and Carpenter Unions Apprentice Programs

Hiring Administration and Reporting

Walton will monitor, track and provide to HACLA reasons for denying employment to Section 3 Residents and Disadvantaged Workers with the purpose of identifying areas of improvement to assist in preparing those residents for future employment opportunities.

Section 3 residents hired on the Jordan Downs Phase S2 project whose work has ended, will be placed back on a list of qualified individuals and given the opportunity to meet/interview with other subcontractors working on the site.

Walton will prepare monthly/quarterly Section 3, disadvantaged and local worker reports, using certified payroll reports and other required documentation from the subcontractors working at Jordan Downs Phase S2. These reports will provide the compliance status for each subcontractor for the reporting period and cumulative achievements through the reporting period.

3. Compliance Reporting

Reports shall be submitted to HACLA’s Section 3 Compliance Administrator or its designee using HACLA Section 3 Reporting forms.

Approved: 02/10/2021
EXHIBIT E-2

Section 3 Plan

[attached]
POST-CONSTRUCTION LOCAL HIRING AND SECTION 3 CONTRACTING PLAN
ECONOMIC OPPORTUNITY PLAN
JORDAN DOWNS PHASE S2

Definitions:

Post-construction Section 3 Plan - means that plan developed by Tenant and approved by the Landlord (or “Authority”) which requires, among other things, that Tenant or Tenant’s Agent use best efforts to set aside thirty percent (30%) of the jobs available at the Property be made available first to Jordan Downs residents, second to Watts residents, third to Youthbuild participants residing in the City of Los Angeles and fourth to Section 3 income qualified City of Los Angeles residents. The Section 3 Plan also requires that Agent use best efforts to hire Disadvantaged Workers for not less than ten percent (10%) of the jobs available at the Property. Additionally, to satisfy the Section 3 Business contracting goals, three percent (3%) of the service contracts and ten percent (10%) of the construction contracts available at the Project will be made available to Section 3 Businesses, as such terms are defined in the Authority Section 3 Requirements and which is an attachment to the Disposition and Development Agreement.

PLAN:

Whenever possible, residents will be considered for temporary and permanent positions in the site management and maintenance staff in accordance with the Post-Construction Section 3 Plan. In addition, Agent shall comply, to the maximum extent feasible, with the hiring, contracting and training goals and requirements outlined in the Section 3 Plan and the Procurement Plan.

In accordance with Attachment 2, Exhibit 2A of the 2\textsuperscript{nd} Amendment to the Master Development Agreement between the Housing Authority of the City of Los Angeles, Jordan Downs Community Partners LLC, the Michaels Development Company I, L.P., Bridge Housing Corporation and Primestor Jordan Downs, LLC, Tenant’s Agent is required to comply with the provisions of Section 3 of the Housing & Urban Development (HUD) Act of 1968, as amended, to ensure that training, employment and other economic opportunities generated by select HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to the greatest extent possible to low and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low and very low-income persons.

It is the intent of Agent to meet or exceed the employment, training and economic goals that are required of Section 3 when feasible, including but not necessarily limited to the following (as applicable):

\begin{itemize}
  \item [a)] Contracting Goal, Construction-Related. Ten percent (10%) of the total dollar amount of all construction-related contracts shall be extended to Section 3 Business Concerns.
  \item [b)] Contracting Goal, Non-Construction. Three percent (3%) of the total dollar amount of all non-construction related contracts shall be extended to Section 3 Business Concerns.
  \item [c)] Training and Employment. Thirty percent (30%) of the aggregate number of new hires generated by the Development shall be extended to Section 3 Residents.
\end{itemize}
Section 3 Hiring

The Agent will make reasonable efforts to hire Section 3 eligibility residents for available positions at the project. Priority shall be given to Jordan Downs Residents first, using the resources and referrals from Watts/Los Angeles WorkSource Center (WSC). The Tenant shall strongly consider the qualifications of all interested WSC referrals and existing Landlord employees as it makes hiring decisions for the management and maintenance of the Project. To that end, Tenant shall cause the Management Agent give these applicants the first opportunity to interview for all available positions, before undertaking outreach activities or providing notice to the public for such opportunities.

Section 3 Contracting

To the greatest extent feasible, the Agent will award 10% of the property’s annual service, maintenance and repair contracts and 3% of other professional services contracts to Section 3 Businesses. The Agent’s good faith efforts to contract with Section 3 Businesses, will include, but not be limited to the use of Section 3 Business Registries, outreach to local businesses, and organizations and associations representing Section 3 Businesses.

REPORTING:

Ongoing Reporting: Section 3 Business subcontracting and Section 3 new hire activities will be reported to HACLA within seven (7) business days of Section 3 hiring or Section 3 business contract execution.

Annual Section 3 Reports: the Agent shall submit annual reports to HACLA’s Section 3 Compliance Administrator detailing the contract awards and total number of all new hires including, Section 3 Resident hires in the following categories: (i) Jordan Downs Residents, (ii) Watts Residents, (iii) HUD YouthBuild Participants, (iv) City of Los Angeles Residents who meet the Section 3 eligibility requirements and (v) all other non-Section 3 new hires.

The Agent shall make available to HACLA’s Section 3 Compliance Administrator documents, records and information requested that are relevant to contracts, recruitment, monitoring and compliance with this Section 3 Plan to demonstrate good faith efforts.

Reports shall be submitted using HACLA reporting forms no later than January 10th of each year.

Non Compliance:
Within thirty (30) business days of receipt of complete and accurate Post-Construction Section 3 Reports, the Section 3 Compliance Administrator shall notify the Agent of any perceived or actual deficiencies that could lead to a declaration of default to afford a reasonable opportunity to cure. In the event the Agent fails to cure following a reasonable opportunity to cure, which in no event shall exceed thirty (30) business days, the Authority will pursue remedies available to it pursuant to this Agreement or other agreements between the Authority and the Agent; provided, however, that the Agent shall be afforded first the opportunity to appeal a declaration of default to the Chief Executive Officer of the Authority.
EXHIBIT E-3

Local Hire and Section 3 Rider

1. **Local Hire and Section 3 Requirements.** With respect to hiring for construction and post-construction job opportunities, the Partnership shall fulfill the local hiring commitments made during the selection on Master Developer, as amended, which includes: (a) pursuant to Section 3 of the Housing and Urban Development Act of 1968, as amended by Section 915 of the Housing and Community Development Act of 1992 ("**Section 3**"), hiring Section 3-qualified residents, as more particularly described at 1.a below, and (b) hiring Disadvantaged Workers, as more particularly described at 1.b below. The Partnership agrees that thirty percent (30%) of the new construction and post-construction job opportunities generated by the Project shall be set aside, to the maximum extent feasible, to meet the Section 3 Hiring Requirements ("**Section 3 Hiring Requirements**"). In addition, the Partnership shall strive and use Good Faith Efforts (as defined in Article III.C of the Section 3 Guide and Compliance Plan) to set aside at least ten percent (10%) of the thirty percent (30%) Section 3 Hiring Requirements for Disadvantaged Workers, as defined below ("**Disadvantaged Worker Hiring Requirements**"). The Parties acknowledge that some hires may meet the requirements of both the Section 3 Hiring Requirements and the Disadvantaged Worker Hiring Requirements, and may therefore count Disadvantaged Worker hours towards the thirty percent Section 3 Hiring Requirements.

For purposes of this Rider, the term **"Local Hiring Requirements"** shall mean the Section 3 Hiring Requirements and the Disadvantaged Worker Requirements. Construction and post-construction job opportunities created as a result of the Project shall be interpreted consistent with the HUD Section 3 definitions of “Employment opportunities generated by Section 3 covered assistance” and “New Hire,” as set forth at 24 CFR 135.5, and may include, without limitation, employment opportunities, whether part-time or full-time, and/or training or apprenticeship opportunities, and are expected to be available in a range of fields from administration to construction. The Partnership shall develop a plan for Local Hiring and Section 3 Contracting in accordance with Section 3.2.11 of the Master Development Agreement. The parties acknowledge that some hires may meet the requirements of both the Section 3 Hiring Requirements and the Disadvantaged Worker Hiring Requirements.

a. **Section 3 Hiring Requirements.** The purpose of Section 3 is to “ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons,” as further described in HUD’s Section 3 implementing regulations at 24 CFR Part 135 ("**Section 3 Regulations**"). Pursuant to the Section 3 Regulations, specifically 24 CFR 135.34(a)(2), and notwithstanding the priorities set forth in Section III.D of the Authority’s Section 3 Guide and Compliance Plan attached hereto as Exhibit 1 (the “**Section 3 Guide**”) , the Partnership shall meet the Section 3 Hiring Requirements with the following priorities among eligible applicants: (1) residents of Jordan Downs, (2) qualified Section 3 residents of the Watts neighborhood, (3) participants in HUD’s Youthbuild programs in the City of Los Angeles;
and (4) residents of the City of Los Angeles (the “City”) who meet Section 3 eligibility requirements, all to the maximum extent feasible.

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

c. Section 3 Contracting Requirements. To meet Section 3 Business Concern Contracting Requirements, the Partnership shall to the “greatest extent feasible” award at least (i) ten percent (10%) of the total dollar amount of building trades work for all construction contracts and (ii) three percent (3%) of the total dollar amount of all non-construction contracts to Section 3 Business Concerns, as such term is defined in the Section 3 Regulations. Furthermore, the Partnership shall include the Section 3 Clause set forth in 24 CFR Part 135.38 and attached hereto as Exhibit 2 in all subcontracts and ensure compliance by its contractors, subcontractors and all parties under its authority performing work related to the Project. In addition, the Partnership shall comply with the Procurement Plan for Jordan Downs Redevelopment attached hereto as Exhibit 3 and the Assistance to Small, Minority, Women’s, Labor Surplus Area, Section 3, and Resident Business Enterprises required efforts attached here to as Exhibit 4. Collectively the requirements of this Section 1.c are referred to herein as the “Section 3 Contracting Requirements.”

2. Construction Local Hiring and Section 3 Contracting Plan. The Partnership shall prepare a plan for meeting the Section 3 Hiring Requirements, the Disadvantaged Worker Hiring Requirements and the Section 3 Business Concern Contracting Requirements described herein during the construction phase of the Project (“Construction Local Hiring and Section 3 Contracting Plan”) which will include a Compliance Schedule for meeting its employment requirements set forth in the MDA, as amended, including outreach, hiring and training, as well as Section 3 Business outreach and subcontracting.

a. Compliance. In order to provide a reasonable opportunity to cure any perceived or actual failures to meet its hiring and subcontracting commitments, the Partnership shall submit to the Authority’s Section 3 Compliance Administrator (the “Compliance Administrator”) the Section 3 reporting forms required under the Section 3 Guide, as may be amended from time to time, in accordance with the submission schedules set forth in Exhibit 5 attached hereto, unless mutually agreed to otherwise by the parties (the “Section 3 Reports”). Within thirty (30) business days of receipt of complete and accurate Section 3 Reports, the Compliance Administrator shall notify the Partnership of any perceived or actual deficiencies that could lead to a declaration of default to afford the Partnership a reasonable opportunity to cure. In the event the Partnership fails to cure following a reasonable opportunity to cure, which in no event shall exceed thirty (30) business days, in lieu of the penalties for noncompliance set forth in Article VIII.B of the Section 3 Guide, the Partnership shall be subject to default penalties calculated as follows:
i. Penalties in the amount of Forty-Five Dollars ($45.00) per person hour of the shortfall in Section 3 hiring (for example, if 3,000 person hours were expended on newly hired workers during the course of a given week for the project, then of those 3,000 hours, 900 must be worked by Section 3 residents; if Section 3 residents worked only 600 hours, and the contractor showed no good faith efforts, then penalties would be due in the amount of $45.00 multiplied by the 300-person-hour shortfall, or $13,500), assessed upon completion of the Project and payable to the Authority upon demand, or off set from amounts owed for work on the Project;

ii. In addition, penalties will be regarded by the Authority as poor past-performance and may be grounds for determining that a contractor is non-responsible and ineligible for award of future contracts.

HACLA has approved the Construction Local Hiring and Section 3 Contracting Plan. The General Contractor’s compliance with the Construction Local Hiring and Section 3 Contracting Plan will constitute good faith efforts and compliance with the applicable Local Hiring Requirements and Section 3 Contracting Requirements.

3. Post-Construction Local Hiring and Section 3 Plan. The Partnership shall submit pursuant to the Ground Lease a post-construction plan (the “Post-Construction Local Hiring and Section 3 Contracting Plan”) for approval by the Compliance Administrator. The Post-Construction Local Hiring and Section 3 Plan shall be in effect for the duration of the applicable Ground Lease and shall cover all post-construction employment and Section 3 Business contracting opportunities generated by the Project.

a. Compliance. In order to provide a reasonable opportunity to cure any perceived or actual failures to meet the post-construction Local Hiring Requirements, Section 3 Contracting Requirements and Good Faith Efforts, the Partnership shall submit to the Compliance Administrator on an annual basis the Section 3 reporting forms then-required and as applicable under the Section 3 Guide (the “Post-Construction Section 3 Reports”). Within thirty (30) business days of receipt of complete and accurate Post-Construction Section 3 Reports, the Compliance Administrator shall notify the Partnership of any perceived or actual deficiencies that could lead to a declaration of default to afford a reasonable opportunity to cure. In the event the Partnership fails to cure following a reasonable opportunity to cure, which in no event shall exceed thirty (30) business days, the Authority will pursue remedies available to it pursuant to this Agreement or other agreements between the Authority and the Partnership; provided, however, that the Partnership shall be afforded first the opportunity to appeal a declaration of default to the chief executive officer of the Authority.
EXHIBIT E-4

HACLA Section 3 Guide and Compliance Plan

[attached]
Let’s get to work!

Housing Authority of the City of Los Angeles

Section 3 Guide and Compliance Plan (V2)
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SECTION 3 GUIDE AND COMPLIANCE PLAN

I. INTRODUCTION

A. Section 3 Regulation

Section 3 of the Housing and Urban Development Act of 1968 (codified at 12 U.S.C. 1701u and implemented at 24 CFR Part 135, hereinafter, "Section 3"), as amended, requires that economic opportunities generated by the receipt of certain funding from the U.S. Department of Housing and Urban Development ("HUD") for housing and community development programs shall, to the greatest extent feasible, be given to low and very low income persons, particularly those who are recipients of government assistance for housing, and to businesses that provide economic opportunities for these persons (collectively, “Section 3 Beneficiaries”).

B. HACLA Policy

It is the intent and policy of the Housing Authority of the City of Los Angeles ("HACLA") to fully comply with Section 3 and to require its Contractors undertaking contracts to which Section 3 applies to demonstrate good faith effort to comply, to the greatest extent feasible, with Section 3 and the responsibilities described under this Section 3 Guide and Compliance Plan (this “Plan”) by providing economic opportunities to Section 3 Beneficiaries.

C. Applicability

The requirements set forth in this Plan arise when HACLA utilizes Section 3 Covered Assistance for a Section 3 Covered Project or Section 3 Covered Contract, as those terms are defined here. HACLA reserves the right to impose upon Contractors requirements that go beyond the requirements of Section 3 and this Plan when deemed in the best interest of HACLA.

D. Purposes of this Guide and Compliance Plan

The purpose of this Plan is to assist Contractors in understanding their Section 3 obligations so that they can be successful in meeting these responsibilities. This purpose is accomplished through the guidance and instruction provided in the Plan, in other Section 3 materials and publications provided by HACLA, and assistance provided by HACLA’s Section 3 Compliance Administrator. HACLA has developed and continues to develop programs and procedures, all as necessary to implement this Plan in order to realize the goals of Section 3. This Plan shall remain in effect for so long as it remains consistent with federal regulations or until changed by HACLA.

E. Part 135 Amendments and Conflicts

Amendments to 24 CFR Part 135 shall apply to this Plan as of the effective date of the updated regulation. Where provisions of this Plan conflict with 24 CFR Part 135, the latter shall prevail.
II. DEFINITIONS

The following terms used throughout this Plan have the following assigned meanings.

“Contractor” means any person or entity that enters into a contract with HACLA, and includes the plural form “Contractors.” When referred to collectively as Contractor/Subcontractor and its plural form, Contractors/Subcontractors, the term means both the Prime Contractor and any of its Subcontractors engaged under a Section 3 Covered Contract. Contractor also refers to service providers, vendors and developers.

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

“HUD” means the United States Department of Housing and Urban Development.

“IFB” means an Invitation for Bids, which is a procurement methodology that typically awards a contract to the lowest cost bidder, provided that the bidder meets certain minimum criteria.

“Los Angeles Metropolitan Area” means the metropolitan statistical area (MSA) established by the Office of Management and Budget as the Los Angeles-Long Beach-Glendale Metropolitan Area.

“Metropolitan Area” means a metropolitan statistical area established by the Office of Management and Budget, and includes its plural form “Metropolitan Areas.”

“New Hire” means a full-time employee hired on a permanent, temporary or seasonal basis as a direct result of a Contractor’s/Subcontractor’s contractual obligation in connection with a Section 3 Covered Project, and includes its plural form “New Hires.” An employee who was on a Contractor’s/Subcontractor’s payroll on or prior to award of the Section 3 Covered Contract shall not be counted towards the Contractor’s/Subcontractor’s numerical goals under Section III.B herein.

“Nonmetropolitan county” means any county outside of a Metropolitan Area.


“Section 3 Beneficiaries” refers, collectively, to Section 3 Business Concerns and Section 3 Residents.

“Section 3 Business Concern” means a business entity authorized to engage in the type of business activity for which it was formed, and which satisfies one or more of the following criteria: (i) at least fifty-one (51) percent of the business is owned by one or more Section 3 Residents; (ii) at least thirty (30) percent of its permanent, full-time employees include persons who are currently Section 3 Residents, or were Section 3 Residents within three (3) years of the date such persons were first employed with the business; or (iii) a business that provides HACLA sufficient evidence of its commitment to subcontract more than twenty-five (25) percent of the dollar award of all subcontracts awarded under a Section 3 Covered Contract to Section 3 Business Concerns.
“Section 3 Covered Assistance” means financial assistance received from HUD or any other federal agency, receipt of which triggers the obligations that arise under Section 3.

“Section 3 Covered Contract” means a contract entered into directly with HACLA or a subcontract (including a professional service contract) awarded to a Contractor for work generated by the expenditure of Section 3 Covered Assistance, or for work arising in connection with a Section 3 Covered Project, and includes its plural form, “Section 3 Covered Contracts.” It also includes contracts that HACLA has deemed subject to Section 3, as authorized herein.

“Section 3 Covered Project” means a project funded using Section 3 Covered Assistance and includes construction related projects involving the construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), and the construction and reconstruction of buildings and improvements and non-construction related projects. It also includes contracts that HACLA has deemed subject to Section 3, as authorized herein.

“Section 3 Resident” means: (i) public housing resident or (ii) a low or very low income person who lives in the Los Angeles Metropolitan Area of the Section 3 Covered Project and who has a household income that does not exceed HUD’s income limits, as described in the most current version of HUD’s Income Eligibility Guidelines. Includes its plural form, “Section 3 Residents.” Income limits are subject to change annually. Current income limits may be accessed on HACLA’s website at [www.hacla.org/s3residentresources](http://www.hacla.org/s3residentresources) and on HUD’s link at [http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/section3/section3](http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/section3/section3).

“Subcontractor” means any person or entity (other than a person who is an employee of the Contractor) that contracts with a Prime Contractor on a Section 3 Covered Project, and includes its plural form “Subcontractors.” When referred to collectively as Contractor/Subcontractor and its plural form, Contractors/Subcontractors, the term means both the Prime Contractor and any of its Subcontractors engaged under a Section 3 Covered Contract.

III. GOALS

The goals set forth in this section apply to all Section 3 Covered Contracts awarded by HACLA in any fiscal year.

A. HACLA’s Numerical Goals

1. HACLA shall, to the “greatest extent feasible,” provide economic opportunities to Section 3 Beneficiaries.

2. Under HUD regulations, HACLA may satisfy the “greatest extent feasible” requirement by meeting these numerical goals:

   a. At least 30% of the aggregate number of New Hires to be directed to Section 3 Residents.
b. At least ten percent (10%) of the total dollar amount of all contracts awarded by HACLA for building trades work for maintenance, repair, modernization or development of public housing, or for building trades work arising in connection with housing rehabilitation, housing construction and other public construction related Section 3 Covered Contracts should be awarded to Section 3 Business Concerns.

c. At least three percent (3%) of the total dollar amount of all nonbuilding trades work related Section 3 Covered Contracts awarded by HACLA should be awarded to Section 3 Business Concerns.

B. Contractor Numerical Goals

1. Contractors employed on Section 3 Contracts shall, to the greatest extent feasible, provide economic opportunities to Section 3 Beneficiaries.

2. In accordance with Section 3 regulations, Contractors may satisfy the “greatest extent feasible” requirement by meeting these numerical goals:

   a. Contractors employed under a Section 3 Covered Contract are expected to achieve an employment level of thirty percent (30%) of all New Hires to be Section 3 Residents and to maintain this percentage throughout the life of the contract. This is HACLA’s preferred method for Contractors to meet their Section 3 obligations. The employment should be meaningful, but it need not be related to the scope of services covered under the contract.

   b. At least ten percent (10%) of the total dollar amount of all Contractor subcontracts awarded by Contractor in connection with building trades work for maintenance, repair, modernization or development of public housing, or for building trades work arising in connection with housing rehabilitation, housing construction and other public construction related Section 3 Covered Contracts should be awarded to Section 3 Business Concerns.

   c. At least three percent (3%) of the total dollar amount of all Contractor subcontracts awarded by Contractor in connection with nonbuilding trade work related Section 3 Covered Contracts should be awarded to Section 3 Business Concerns.

C. Providing Other Economic Opportunities

1. Contractors who are unable to offer training and/or employment opportunities to Section 3 Residents may offer other economic opportunities directed at Section 3 Resident upward mobility and self-sufficiency, such as offering scholarships, and sponsoring enrollment into apprenticeship programs, mentorship programs, and internships.

2. Contractors who are unable to provide subcontracting opportunities to Section 3 Business Concerns may provide and promote mechanisms to create economic opportunities directed at Section 3 Business Concerns, such as scaling of work for purchase of supplies or materials, and/or providing Section 3 Business Concerns with tools to enable them to successfully compete for contracting opportunities, such as bonding and insurance assistance.
D. Contractor Good Faith Efforts

1. Contractors may demonstrate good faith efforts to offer training and employment opportunities to Section 3 Residents by taking such actions as:

   a. Promptly notifying HACLA about training opportunities and available employment positions, including job descriptions;

   b. Utilizing HACLA’s Section 3 Resident Registry to identify job ready Section 3 Residents and informing qualified residents of training opportunities and available employment positions;

   c. Advertising training opportunities, and available employment positions in local media outlets and on appropriate social media platforms;

   d. Prominently displaying a notice of Section 3 commitments and available employment opportunities at the project site and other appropriate places within the project site, such as where applications for training and employment are taken;

   e. Advertising available training opportunities and employment positions by distributing flyers that identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process, to every occupied dwelling unit in one or more of HACLA’s housing developments and posting copies of the flyer in the development’s common areas, including at the community center, the management office and the computer lab as applicable;

   f. Contacting Resident Advisory Councils (RACs) and other resident organizations to inform them of training and available employment positions;

   g. Contacting agencies administering Los Angeles County YouthBuild Programs, and requesting their assistance in recruiting LA County YouthBuild Program participants for training opportunities and employment positions;

   h. Consulting with state and local agencies administering training programs, such as those funded through Workforce Investment Act, unemployment compensation programs, community organizations and other officials or organizations to assist with training and recruiting Section 3 Residents for employment positions;

   i. Developing on the job training opportunities;

   j. Keeping a list of Section 3 Residents who apply directly or by referrals for the available jobs;

   k. Contacting local job training centers, worksource centers, and community organizations to inform them of training opportunities, available employment positions and subcontracting opportunities;

   l. Working with labor organizations to set up a Project Labor Agreement (PLA) if feasible, or making similar arrangements for dispatching and training of Section 3 Residents in
order of hiring priority;

m. Sending to labor organizations or representatives of workers with whom the Contractor/Subcontractor has a collective bargaining agreement or understanding, a notice of its Section 3 project commitments; and

n. Utilizing resources and methods identified in the Appendix to 24 CFR Part 135 I.

2. Contractors may demonstrate efforts to inform and award contracts to Section 3 Business Concerns by taking such steps as:

a. Contacting businesses listed in HACLA’s registry of certified Section 3 Business Concerns to inform them of subcontracting opportunities (see www.hacla.org/forms);

b. Contacting Metropolitan Area businesses listed in HUD’s registry of certified Section 3 Business Concerns to inform them of subcontracting opportunities (see https://portalapps.hud.gov/Sec3BusReg/BRegistry/SearchBusiness);

c. Advertising subcontracting opportunities through trade association publications, local media outlets, on appropriate social media platforms, and at the project site;

d. Notifying business associations, business assistance centers, and other community organizations of contracting opportunities and requesting their assistance in identifying Section 3 Business Concerns to solicit bids or proposals;

e. Establishing or sponsoring programs designed to assist Section 3 Business Concerns to enable them to participate in subcontracting opportunities; and

f. Utilizing resources and methods identified in the Appendix to 24 CFR Part 135 II.

3. Contractors who fail to meet these Section 3 numerical goals have the burden of demonstrating, to HACLA’s satisfaction, the reason why compliance was not feasible by providing HACLA with documentation of good faith efforts taken and barriers encountered.

E. Preference for Section 3 Residents in Training and Employment Opportunities

1. In accordance with the guidelines set forth at 24 CFR Part 135.34, unless otherwise provided therein, Contractors performing work under Section 3 Covered Contracts shall direct their efforts to provide, to the greatest extent feasible, new training and employment opportunities to Section 3 Residents in the following order of priority:

a. First priority (P1): Individuals residing in the HACLA owned or managed public housing development where the Section 3 Covered Project is being performed.

b. Second priority (P2): Individuals residing in other HACLA owned or managed public housing developments.
c. Third priority (P3): Other residents of Los Angeles County who are participants of HUD Youth Build Programs being carried out in within the Los Angeles Metropolitan Area or Nonmetropolitan county in which the Section 3 covered assistance is expended.

d. Fourth Priority (P4): Other Section 3 Residents.

IV. SECTION 3 FUND CONTRIBUTIONS

A. Purpose of Fund

HACLA has established a Section 3 Fund to permit Contractors to contribute funding for programs that generate economic and employment opportunities for Section 3 Residents, where the Contractor has demonstrated to HACLA’s satisfaction, that compliance with Section 3 requirements for hiring, subcontracting and providing other economic opportunities is not feasible. Contractor contributions to the Section 3 Fund are considered an option of last resort, as HACLA’s preferred method for Contractors to meet their Section 3 obligations is to satisfy their numerical goals, as expressed herein. HACLA does not accept Contractor contributions to the Section 3 Fund in lieu of compliance with Section 3 or this Plan.

B. Participation in Fund

1. Contractors who, prior to contract award, are unable to satisfy their numerical goals despite demonstrating good faith efforts as outlined above, may, at HACLA’s election, be required to contribute to the Section 3 Fund.

2. Contractors who, following contract award, are unable to satisfy their Section 3 commitments as set forth in their Economic Opportunity Plan (“EOP,” described below) may, at HACLA’s election, be permitted to contribute to the Section 3 Fund and avoid the penalties for default described in section X.B herein, provided the Section 3 Compliance Administrator finds Contractor’s lack of compliance is due to extraordinary circumstances and not due to the Contractor’s lack of good faith compliance efforts or Contractor’s failure to exhaust all feasible alternatives for compliance.

C. Contribution Requirements

1. For construction related Section 3 Covered Projects, Contractor contributions to the Section 3 Fund shall be equal to the lessor of three percent (3%) of (i) the total contract amount plus any modifications, or (ii) the actual dollar amount spent by HACLA under the contract.

2. For non-construction related Section 3 Covered Projects, Contractor contributions shall be equal to the lessor of three percent (3%) of (i) the total contract amount plus any modifications, or (ii) the actual dollar amount spent by HACLA under the contract.

3. Section 3 Fund contributions are based solely on net amount paid to Contractor, excluding shipping fees and taxes. All expenses authorized under the contract, including license fees, labor and materials costs, are subject to Section 3 Fund contribution calculations.
D. Payment Options

1. For construction related Section 3 Covered Projects with contracts of up to one (1) year, Contractors have the option of making contributions in a single up-front payment or making payments on a periodic basis following the receipt of contract payments from HACLA, provided such periodic payments must be in amounts of no less than three percent (3%) of the amount HACLA paid the Contractor for a particular installment.

2. For all contracts exceeding one (1) year, Contractors have the option of making contributions (i) in a single up-front payment at contract commencement based upon the subject year’s contract award value, (ii) in periodic payments of three percent (3%) or greater of each payment received from HACLA, or (iii) at the end of the contract year based upon the actual dollar amount spent by HACLA under the contract for that particular year.

3. Contractors making their Section 3 Fund contribution at the end of contract year shall submit payment in full within thirty (30) days after the receipt of HACLA’s final or year-end payment under the contract.

4. Section 3 Fund contributions for contracts terminated before the contract year end term shall be paid in full at the time of termination.

E. Voluntary Contributions

Contractors may contribute to the Section 3 Fund in discretionary amounts in addition to satisfying their Section 3 obligations.

F. Use of Section 3 Fund Proceeds

1. Section 3 Funds shall only be used by HACLA to further the purpose of Section 3, which are to provide economic and employment opportunities to Section 3 Residents.

2. In support of the purposes of Section 3 and in furtherance of this Plan, Section 3 Funds shall be used for job training, education and employment service programs that are specifically directed at assisting Section 3 Residents find meaningful employment. Such programs include, but are not limited to:

   a. Occupational/trade training programs that provide Section 3 Resident trainees with individualized support to enhance social, vocational and developmental skills; and

   b. HACLA-approved apprenticeship training programs and HACLA-approved pre-apprenticeship training programs designed to prepare Section 3 Resident trainees to enter into and succeed in an approved apprenticeship program.

3. Programs awarded Section 3 Funds will be carefully monitored to ensure effective use and quality of services.
V. SECTION 3 BUSINESS CONCERNS

A. Bid Preference

1. HACLA has adopted a bid preference for Section 3 Business Concerns when awarding Section 3 Covered Contracts utilizing the Invitation for Bids ("IFB") method of soliciting construction and maintenance activities. The bid preference does not apply to materials-only contracts, service contracts or contracts that are procured without the use of federal funds.

2. The bid preference requires that the IFB be awarded to the qualified Section 3 Business Concern with the lowest responsive and responsible bid and highest priority ranking if that bid meets the criteria set forth in the following Bid Preference Table:

<table>
<thead>
<tr>
<th>When the lowest responsive bid is:</th>
<th>Section 3 Business Concern bid is within lesser of:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $100,000:</td>
<td>10% of that bid or $9000</td>
</tr>
<tr>
<td>At least $100,000, but less than $200,000</td>
<td>9% of that bid, or $16,000</td>
</tr>
<tr>
<td>At least $200,000, but less than $300,000</td>
<td>8% of that bid, or $21,000</td>
</tr>
<tr>
<td>At least $300,000, but less than $400,000</td>
<td>7% of that bid, or $24,000</td>
</tr>
<tr>
<td>At least $400,000, but less than $500,000</td>
<td>6% of that bid, or $25,000</td>
</tr>
<tr>
<td>At least $500,000, but less than 1 million</td>
<td>5% of that bid, or $40,000</td>
</tr>
<tr>
<td>At least $1 million, but less than $2 million</td>
<td>4% of that bid, or $60,000</td>
</tr>
<tr>
<td>At least $2 million, but less than $4 million</td>
<td>3% of that bid, or $80,000</td>
</tr>
<tr>
<td>At least $4 million, but less than $7 million</td>
<td>2% of that bid, or $105,000</td>
</tr>
<tr>
<td>$7 million or more</td>
<td>1½% of the lowest responsive bid, with no dollar limit</td>
</tr>
</tbody>
</table>

B. Designation as a Section 3 Business Concern

1. Business owners seeking HACLA’s designation as a Section 3 Business Concern must submit a Section 3 Business Certification Form (to be provided by HACLA) in their bid/offer package, along with required supporting documentation.

2. Where a business entity is certified by HACLA as a Section 3 Business Concern based on its ownership interest (i.e., at least fifty-one percent (51%) of the business is owned by one or more Section 3 Residents) or the percentage of employees who are or were Section 3 Residents at the time of contract award (i.e., at the time of award, at least thirty percent (30%) of its permanent, full-time employees include persons who are currently Section 3 Residents, or were Section 3 Residents within three (3) years of the date such persons were first employment with the business), the certification is valid for three (3) years.

3. Where a business entity is certified by HACLA as a Section 3 Business Concern based on its commitment to subcontract more than twenty-five percent (25%) of the dollar award of all subcontracts awarded under a Section 3 Covered Contract to Section 3 Business Concerns, HACLA’s certification of the business is valid for the term of the business’ Section 3 Covered Contract.
4. HACLA reserves the right but is not compelled to accept a Contractor’s/Subcontractor’s certification as a Section 3 Business Concern approved by another governmental entity.

5. Certification as a Section 3 Business Concern does not relieve Contractors from their Section 3 obligations, including the achievement of their numerical goals. All Section 3 Business Concerns are required to demonstrate compliance with Section 3 and this Plan.

VI. SECTION 3 RECRUITMENT AND NEW HIRES

Contractors are expected to make good faith efforts to achieve the numerical goals outlined at Section III.B herein, following the Section 3 Resident priority preferences set forth at Section III.E herein. This section provides guidance for the recruitment of New Hires, including New Hires who are Section 3 Residents.

A. Recruitment Efforts

1. HACLA maintains a database of employment-ready Section 3 Residents who meet certain minimum qualifications for various categories of employment. Upon receipt of a completed Section 3 Job Order Form from Contractor/Subcontractor, HACLA will provide referrals of qualified candidates from the database. When reasonably possible, Contractors are expected to provide HACLA with the Section 3 Job Order Form well in advance of project commencement.

2. Upon receipt of a Section 3 Job Order Form, HACLA will refer qualified candidates for interviews for each available position. Contractors are expected to give each New Hire candidate full consideration for available positions.

3. Independent of HACLA’s efforts and referrals, Contractors shall engage in independent employment recruitment efforts following the Section 3 Resident priority preferences set forth at Section III.D herein using the methods and resources identified at Section III.C and others as applicable.

4. Contractors shall submit to HACLA their interview notes, including reasons for denial of employment or training opportunity and any follow up actions to be taken to assist the Section 3 Resident in the future, as applicable.

B. Section 3 Resident New Hires

1. All Section 3 Resident New Hires shall be employees of the Contractor and shall have all the protections afforded to employees under state, federal and local laws. Contractors are expected to impose the same hiring requirements and personnel rules and policies upon Section 3 Resident New Hires as are imposed upon their other employment candidates and employees.

2. Contractors are required to report to HACLA within two (2) business days of hiring Section 3 Residents and shall provide to HACLA a completed Section 3 Resident Certification Form (to be provided by HACLA) for each Section 3 Resident New Hire.
C. Apprenticeship Programs

1. Contractors who employ apprentices to satisfy their numerical goals are required to utilize appropriate apprenticeship programs approved by the federal Department of Labor (“DOL”).

2. Contractors who employ apprentices on construction projects that are subject to the Davis-Bacon Wage Act are required to adhere to all legal requirements for wage rates and ratios of apprentices to journeymen set forth therein.

3. For each apprentice employed on a project, Contractors shall, prior to contract commencement, submit to HACLA apprentice certificates issued by the Department of Labor.

D. Limitations

Contractors/Subcontractors retain the sole discretion and control over any hiring and personnel decisions. HACLA cannot and will not exercise any control over any of the Contractors' or Subcontractors’ employees, including New Hires, regardless of whether they were referred by HACLA or are Section 3 Residents.

E. Documented Efforts

Contractors shall document efforts taken to recruit and interview Section 3 Residents for hire and shall, upon reasonable request, provide HACLA with documentation that demonstrates such efforts, including interview notes, which shall include reasons for denial of employment or other actions as applicable.

F. Lack of Compliance

A Contractor’s failure to satisfy the requirements of this section may result in HACLA’s determination that the Contractor has failed to demonstrate good faith efforts to comply with the requirements of Section 3 and this Plan, and may subject Contractor to the penalties for default described in section XI.B herein, which include monetary fines and debarment.

VII. REQUIRED SUBMISSION DOCUMENTS

A. Section 3 Economic Opportunity Plans

1. All Contractors awarded a Section 3 Covered Contract and their Subcontractors shall prepare an Economic Opportunity Plan (“EOP”), which provides HACLA a “snapshot” of Contractors’ and Subcontractors’ current workforce, anticipated workforce to complete the project, subcontracting needs and efforts to generate economic opportunities in compliance with Section 3 and this Plan. The specific requirements of the EOP will be included in HACLA’s solicitation for the work.

2. Unless the solicitation specifies otherwise, a Contractor’s EOP shall be submitted to HACLA with Contractor’s bid/offer package. Bids/Offers submitted by Contractors without an EOP, when required, will be rejected as non-responsive and will not be considered for contract award.
3. Unless the solicitation specifies otherwise, a Subcontractor’s EOP shall be submitted to HACLA prior to commencement of the contract.

4. EOP commitments will be incorporated into the contract. Contractors are responsible for incorporating their EOP commitments in any subcontracts it awards for the contract work.

5. Failure on the part of Contractor/Subcontractors to meet the commitments set forth in Contractor’s EOP may subject Contractor to the penalties for default described in Section X.B herein, including a determination that the Contractor is in material default of the contract.

B. Declaration of Intent to Comply with Section 3 Regulations

1. In addition to the EOP, Contractors awarded a Section 3 Covered Contract and their Subcontractors shall complete a Declaration of Intent to Comply with Section 3 Regulations form (to be provided by HACLA), which shall be submitted with Contractor’s bid/offer package, unless the solicitation specifies otherwise.

2. Bids/Offers submitted by Contractors without completed Declarations, when required, may be rejected as non-responsive and will not be considered for contract award.

C. Section 3 Compliance Summary Report

1. Contractors shall, upon HACLA’s request, provide periodic reports using the Section 3 Compliance Summary Report form (to be provided by HACLA). The report shall include information about New Hires, business subcontracting and supporting documents that reflect Contractor/Subcontractor good faith efforts to satisfy Section 3 requirements and fulfill its Section 3 commitments.

2. HACLA reserves the right to request from Contractor additional compliance documents to support data reported in the Section 3 Compliance Summary Report, and to request such other documents as HACLA deems necessary for clarification and proof of efforts.

VIII. DEVELOPMENT AND REDEVELOPMENT PROJECTS

In recognition that large-scale development and redevelopment projects (i) present a unique opportunity to generate employment and job training opportunities for Section 3 Residents, and (ii) typically involve mixed funding which may impose hiring priorities that differ from those specified in this Plan, HACLA’s Board of Commissioners adopts the following exceptions and requirements for Section 3 Covered Projects that are procured in connection with large-scale development and redevelopment projects that are subject to the Board’s approval.

A. Priorities and Commitments

1. The project’s master development agreement, disposition and development agreement, or similar agreement between HACLA and the developer, may, consistent with 24 CFR Part 135.34, reflect priorities for training and employment opportunities that differ from those
2. The developer is responsible for submitting to HACLA a detailed Section 3 Economic Opportunity Plan that details its approach, methods and resources to be used to meet and/or exceed HUD numerical goals.

3. The developer’s specific, negotiated Section 3 commitments shall be made applicable to developer’s Contractors, Subcontractors and all other businesses employed on the project. The developer will be held responsible for enforcing Section 3 requirements and project commitments, and for monitoring its Subcontractors’ performance for compliance.

B. Penalties

In the event the developer fails to meet its commitments and cannot demonstrate to HACLA’s satisfaction that good faith efforts have been made to fulfill their commitments, it shall be subject to penalties for non-compliance as negotiated in its master development agreement, disposition and development agreement or similar agreement between HACLA and the developer. Shall no such penalty agreement exist, the penalties for non-compliance set forth at Section X.B herein shall apply to the project.

C. Conflicts

Except as expressly set forth herein, Section 3 requirements and this Plan shall apply to the project. In the event of any perceived or actual conflicts between developer’s specific, negotiated Section 3 commitments and the requirements of 24 CFR Part 135 and/or this Plan, HACLA’s determination shall be final and binding.

IX. REQUIREMENTS APPLICABLE TO HUD NOTICE OF FUNDING AVAILABILITY (NOFA) PROGRAMS

The Section 3 compliance requirements at 24 CFR Part 135.9 apply to all HUD Notices of Funding Availability (NOFAs) and shall be imposed in all HACLA NOFA solicitations.

X. COMPLIANCE

A. Reviews for Compliance

1. HACLA may periodically audit Contractors’/Subcontractors’ performance for compliance with the requirements of Section 3 and this Plan, and may conduct periodic project site visits to support such efforts.

2. In connection with an audit for compliance, HACLA reserves the right to request from Contractors/Subcontractors additional reports and information concerning its efforts to comply with requirements of Section 3 and this Plan, and the Section 3 related contract terms and conditions.
B. Penalties for Non-Compliance

1. Contractors who fail to comply with their EOPs or otherwise fail to meet their commitments and obligations arising under Section 3, this Plan or the Section 3 related contract terms and conditions, shall, following notice and a reasonable opportunity to cure (as determined by HACLA in its sole discretion based upon the circumstances), be deemed in material default of their contracts, and may be subject to administrative penalties and/or debarment as follows:

   a. 1st Violation: Administrative penalty of ten percent (10%) of the contract award amount including all amendments.

   b. 2nd Violation: Administrative penalty of additional ten percent (10%) of the contract award amount including all amendments.

   c. 3rd Violation: Debarment, suspension, denial of participation in HACLA contracting or HUD programs in accordance with 24 CFR § 135.74d.

XI. RECORDS RETENTION

HACLA and any of their duly authorized representatives shall, until three years after final payment under the Section 3 Covered Contract, have access to and the right to examine any Contractor or Subcontractor directly pertinent books, documents, papers, or other records concerning Section 3 outreach efforts and commitments for the purpose of making audit, examination, excerpts, and transcriptions.

XII. RESOURCES

A. General Information

HUD publishes general information concerning Section 3, including the federal regulations implementing Section 3 (24 CFR part 135), at www.hud.gov/section3.

HACLA has published its own Frequently Asked Questions concerning Section 3, which is available here: www.hacla.org/section3.

B. HACLA Forms

All HACLA forms referenced in this Plan are available online at www.hacla.org/forms or by contacting HACLA’s Section 3 Compliance Administrator at: section3@hacla.org.

C. Questions and Complaints

Questions or complaints concerning this Plan or HACLA’s Section 3 program should be directed to HACLA’s Section 3 Compliance Administrator:

Housing Authority of the City of Los Angeles
Section 3 Compliance Administrator
Consistent with 24 CFR §135.76, a Section 3 Resident or a Section 3 Business Concern may file a Section 3 related complaint directly with HUD using HUD form 958.

History:

10/30/14: Section 3 Guide and Compliance Plan adopted by Board Resolution No. 9167
11/28/17: Section 3 Guide and Compliance Plan (V2) adopted by Board Resolution No. 9693
EXHIBIT F

Feasibility Plan Requirements

Subject to the provisions of Section 3.8(d) and 3.9(b) of this Lease, any Feasibility Plan submitted by Tenant to Landlord shall, at a minimum, include the following:

(a) A statement describing the Tenant’s reasons for deviating from the affordability requirements of this Lease and the Regulatory Agreements.

(b) A demonstration that any deviation from the affordability requirements of this Lease and the Regulatory Agreements is only to the extent necessary to preserve the viability of the Project and the affected Residential Units while maintaining the affordability of the Residential Units to the maximum extent practicable.

(c) An explanation of the Tenant’s proposed remedies, including, but not limited to: (i) how the Tenant will select the units and families, including the number of units and income levels for such units that will be affected by rent increases; (ii) a timetable for the implementation of the Feasibility Plan; and (iii) the impact on existing residential tenants.

(d) A statement of all steps Tenant has taken with regard to the Project to offset the loss of any subsidy, including the use of other public and private development resources, the use of cash flow, and funds from other operating deficit reserves.

(e) An explanation of proposed Operating Expense reductions and modifications to Project operations to improve financial performance.

(f) A financial statement showing actual operating expenses and revenues over the past 5 years and the projected expenses and revenues over the next 10 years.

(g) A statement that Tenant has provided, or will provide, all affected residential tenants with at least ninety (90) days’ notice prior to the implementation of the approved Feasibility Plan or any rent increases.

(h) A certification that upon reinstatement of any terminated subsidies or the finding of alternative subsidies or financial structures that Tenant will reinstate the affordability restrictions of this Lease and the Regulatory Agreements proportionate to the reinstated subsidies.

(i) An update to the Feasibility Plan shall be submitted by Tenant to Landlord at least annually for Landlord’s review and approval to ensure that the provisions of the Feasibility Plan continue to be appropriate.
EXHIBIT G

Property Management and Re-Occupancy Plan

[attached]
MANAGEMENT & REOCCUPANCY PLAN
Jordan Downs Phase S2

MICHAELS MANAGEMENT-AFFORDABLE, LLC
(February 2021)
1. Management Plan
   1.1 Definitions
   1.2 Parties and Their Respective Roles
2. Management of the Property
   2.1 Management Plan Goals
   2.2 Management Operations
   2.3 Requirements of Governmental Entities
   2.4 Personnel Policy
   2.5 Resident Selection, Admission and Reoccupancy
   2.6 Resident Orientation and Inspections
   2.7 Rent Collection Policies and Procedures
   2.8 Lease Enforcement
   2.9 Maintenance and Repair
   2.10 Utilities and Services
   2.11 Operating Account
   2.12 Budgets
   2.13 Records and Reports
   2.14 Insurance and Fidelity Bond
3. Resident and Management Relations
   3.1 The Role of Residents in the Management Operations
   3.2 Grievance Procedures
   3.3 Social Services Program
   3.4 HUD Section 3
   3.5 Reoccupancy

Attachment A Property Summary
1. MANAGEMENT PLAN

The Property Management and Re-occupancy Plan (this “Plan”) is made as of the 11th day of February, 2021 by and between Jordan Downs Phase S2, LP, a California limited partnership (the “Owner”) and Michaels Management-Affordable, LLC, a New Jersey Corporation (the “Agent”) and is consented to by the Housing Authority of the City of Los Angeles (the “Authority” or “HACLA”). This Plan sets forth an outline of procedures and guidelines to follow in the management of Jordan Downs Phase S2 (the “Property”). It is the intent of this Plan and all parties involved to create a decent, safe and sanitary living environment for the residents of the Property and to operate the Property in accordance with the Applicable Regulatory and Operating Requirements.

The Property is a 81 unit multi-family development, along with other ancillary improvements including a community room located in the Watts section of Los Angeles as outlined in the Description of Site and Property attached as Attachment A to this Plan.

1.1 DEFINITIONS

Authority- means the Housing Authority of the City of Los Angeles

Applicable Regulatory and Operating Requirements- means the applicable regulatory requirements and standards outlined in the RAD Requirements, the PBV Requirements, the Tax Credit Requirements, the Authority’s Section 8 Administrative Plan as it applies to the Property, the law of the State of California, and such other regulatory requirements to which the Property is subject.

Disposition and Development Agreement- means that Disposition and Development Agreement entered into between the Authority and Owner outlining various plans and requirements related to development and operation of the Property.

Former Property - means the 700 unit Jordan Downs public housing community, located between Grape, Alameda, 97th and 103rd streets in the Watts section of Los Angeles.

Ground Lease- means that Ground Lease for the Property between the Authority and the Owner.

HAP Contract – means, collectively, the PBV HAP Contract and the RAD HAP Contract.

Marketing and Tenant Selection Plan- means that plan outlining the methods Agent will employ to market the Property, screen applicants for the Tax Credit-Only Units refer applicants for the PBV Units and RAD Units to the Authority for eligibility review and inclusion on the Site-Specific RAD/PBV Waiting List, and screen those applicants the
Authority has referred from the Site-Specific Waiting List all in accordance with the Applicable Regulatory and Operating Requirements. It is expressly noted that remaining (existing) Jordan Downs residents shall fill replacement units after initial occupancy and prior to being placed on the waiting list.

Operating Budget- means that operating budget for the Property which includes costs for marketing, lease-up, operation, repair, maintenance and improvement of the Property prepared by Agent and approved by both Owner and the Authority.

Partnership Agreement- means that Amended and Restated Agreement of Limited Partnership of Owner.

PBV HAP Contract - means the Housing Assistance Payments Contract between the Authority and the Owner for the PBV Units.

PBV Requirements- means all statutory, regulatory (24 CFR part 983) and programmatic requirements applicable to the PBV Units, including those requirements contained in the HAP Contract for the PBV Units, the Authority’s Section 8 Administrative Plan, and all applicable federal statutory, regulatory and executive order requirements, as those requirements may be amended from time to time.

PBV Units- means those sixty three (63) units that are subject to a HAP Contract and operated in accordance with the PBV Requirements.

Procurement Plan- means that Procurement Plan attached hereto at Attachment E for Jordan Downs Redevelopment, prepared by affiliates of Owner and Agent, and approved by the Authority, which outlines contracting procedures for construction and post-construction activities, including those undertaken by Agent, for the Property, and which is included in an attachment to the Disposition and Development Agreement.

RAD HAP Contract- means the Housing Assistance Payments Contract between the Authority and the Owner for the RAD Units.

RAD Requirements- means all applicable statutes, regulations and guidance and other requirements issued by HUD for the Rental Assistance Demonstration (RAD) program, as they become effective, including but not limited to (1) the Consolidated and Further Continuing Appropriations Act of 2012, all applicable statutes and any regulations issued by HUD for the RAD program, as they become effective and (2) all current requirements in HUD handbooks and guides, notices (including but not limited to, Notice PIH 2012-32, REV-3, as it may be amended from time to time), and Mortgagee letters (if any) for the RAD program, (3) the HAP Contract for the RAD Units and the RAD Use Agreement entered into between the Authority, Owner and HUD, and recorded against the Property, and (4) and all future updates, changes and amendments thereto, as they become effective.
RAD Units- means those seventeen (17) units which are subject to a HAP Contract and operated in accordance with the RAD Requirements.

Relocating Residents- means those residents relocating from the Former Property, which residents will be the initial occupants of the RAD Units and PBV Units.

Relocation Plan- means that Relocation Plan for Jordan Downs prepared by the Authority and dated December 2018, which provides for the relocation of residents from the Former Property and rehousing of residents of the Former Property in the redeveloped Jordan Downs development and which is an attachment to this Plan.

Replacement Units- means those forty nine (49) units at the Property which will be initially occupied by Relocating Residents from the Former Property, and which are comprised of seventeen (17) RAD Units and thirty two (32) PBV Units.

Section 3 Plan- means that plan developed by Owner and approved by the Authority which requires, among other things, that Agent use good faith efforts to set aside thirty percent (30%) of the jobs available at the Property be made available first to Jordan Downs residents, second to Watts residents, third to Youthbuild participants residing in the City of Los Angeles and fourth to City of Los Angeles residents as further outlined in the Authority’s Section 3 Guide and Compliance Plan (Authority Section 3 Requirements). The Section 3 Plan also requires that Agent use good faith efforts to hire Disadvantaged Workers for not less than ten percent (10%) of the jobs available at the Property and three percent (3%) of the service contracts available at the Property be made available to Section 3 Businesses, as such terms are defined in the Authority Section 3 Requirements and which is an attachment to the Disposition and Development Agreement.

Site-Specific RAD/PBV Waiting List- means that waiting list for the RAD Units and PBV Units held by the Authority, which will be utilized following initial lease up. Owner or Agent may refer applicants for inclusion on the waiting list held by the Authority. The Authority will screen applicants and ensure eligibility in accordance with the applicable HAP Contract and will forward applicable information for those applicants who satisfy the Authority’s eligibility screening requirements, to Agent for review of eligibility in accordance with the Applicable Regulatory and Operating Requirements.

Tax Credit Requirements- means those requirements in Section 42 of the Internal Revenue Code of 1986 (Code) and established by the California Tax Credit Allocation Committee (CTAC) with respect to development and operation of units funded pursuant to the Code and allocated by CTAC.

1.2 PARTIES AND THEIR RESPECTIVE ROLES

Jordan Downs S2, LP (Owner) recognizes its overall responsibility for the operation of the Property, ensuring it is maintained in good and safe order, condition and repair, maintaining its
financial viability in accordance with and ensuring it complies with Applicable Regulatory and Operating Requirements, the Ground Lease, the Partnership Agreement and all applicable funding requirements.

Owner has engaged Michaels Management-Affordable, LLC (Agent) through a management agreement (Management Agreement) which delegates day-to-day decisions concerning the marketing and management of the Property to Agent. The responsibilities of the Agent in managing the Property shall include:

a) Personnel – The Agent will hire all personnel necessary to effectively operate the Property in accordance with the Staffing Plan attached hereto at Attachment B.

b) Accounting – In a form acceptable to the Owner, the Agent will maintain books of accounts and records accurately reflecting the operation of the Property, Agent will ensure that all financial records are in accordance with prescribed governmental accounting standards.

c) Marketing – Subject to the approval of the Owner, the Agent shall develop and implement strategies for the marketing of rental units at the Property in accordance with the Marketing and Tenant Selection Plan attached hereto at Attachment C.

d) Leasing – The Agent shall accept applications at an on-site location and select and screen applications in accordance with applicable governmental regulations and the Marketing and Tenant Selection Plan. Agent shall enter into such leases with tenants (the Lease) which have been approved by Owner and the Authority, and which comply with all Applicable Regulatory and Operating Requirements.

e) Rent Collection and Lease Enforcement – Agent shall exercise diligence in collecting rents and other income generated by the Property and will enforce the provisions of all Leases in accordance with all Applicable Regulatory and Operating Requirements as well as all applicable state and local landlord-tenant laws, including providing such opportunities for redress prior to eviction, as outlined in this Plan. Agent shall institute any and all legal actions necessary for the collection of rents and other income and for the removal of tenants or other persons from the Property in accordance with Applicable Regulatory and Operating Requirements and all applicable state and local landlord-tenant laws.

f) Maintenance, Repairs and Utilities – The Agent shall maintain and repair the Property so that it is in good and safe condition and repair.

g) Social Services – The Agent shall provide for resident activities and social services in accordance with the service plan for the Property (Supportive Services Plan) attached hereto at Attachment F.

h) Regulatory Compliance- Agent shall ensure that the Property is operated in accordance with all Applicable Regulatory and Operating Requirements, and to the
extent additional services are required that fall outside those duties and responsibilities as prescribed in the Management Agreement, Agent will so notify Owner and Authority, unless those services are required to perform an emergency.

i) Other Services – The Agent shall perform any other services related to the Property as described in the Management Agreement, this Plan and as required by Applicable Regulatory and Operating Requirements.

j) As required by the Ground Lease, the Authority has the right to inspect, monitor, and audit the operations of the Property with respect to the operation and maintenance of the RAD Units and the PBV Units in its capacity as contract administrator for HUD of any PBV HAP Contract or RAD HAP Contract. Agent shall cooperate fully with respect to such activities by Authority (including, without limitation, providing Authority with such information regarding the operation and maintenance of the RAD Units and the PBV Units as may reasonably be requested by Authority). Any material changes to this Plan shall be approved by Owner, Agent, and the Authority.

2. MANAGEMENT OF THE PROPERTY

2.1 MANAGEMENT PLAN GOALS

a) To provide a desirable, well maintained and affordable place to live in compliance with all applicable federal, state, or local laws prohibiting discrimination in housing on the basis of age, race, religion, sex, color, familial status, handicap/disability, national origin, marital status, ancestry, gender identity or sexual orientation and in compliance with Applicable Regulatory and Operating Requirements.

b) To house eligible residents and maximize occupancy and rent collection.

c) To provide effective and timely services to the residents while responsibly maintaining the Property.

d) To maintain effective working relationships with resident association(s), federal, state and local government entities, lenders and investors.

2.2 MANAGEMENT OPERATIONS

The Agent will continually review the Plan and advise the Owner of changes deemed by the Agent to be necessary or desirable.

a) As provided in the Management Agreement, the Owner delegates authority for management of the Property on a day-to-day basis to the Agent. As provided in the Management Agreement, the Owner, and in limited circumstances the Authority, has the authority to remove the Agent. The Agent will be charged with specific performance of activities in accordance with this Plan and will, by means of the
Operating Budget, financial statements, monthly reports and personal conferences, advise the Owner on the operation of the Property.

b) The Agent has entered into a Management Agreement with the Owner and will be paid a fee for its services as provided therein. The Management Agreement outlines the general responsibilities of the Agent in part as follows:

1) The Agent will prepare the Operating Budget which is subject to review and approval by the Owner, Authority, and applicable lenders, investors, and as required or otherwise requested governmental entities. The Agent will set job standards and wage rates as approved by the Owner, investigate, hire, pay, supervise and discharge all Property personnel necessary to properly operate and maintain the Property.

2) The Agent will staff the Property in accordance with the highest standards achievable and consistent with this Plan and Management Agreement and in compliance with all governing documents, including the Section 3 Plan, such staffing shall be detailed in the Staffing Plan attached to this Plan.

3) The Agent will provide general maintenance of the Property. Maintenance will include, but not be limited to, exterior and interior cleaning, painting, decorating, plumbing, electrical, mechanical, carpeting and other normal maintenance and repair work necessary to maintain the Property in accordance with all Applicable Regulatory and Operating Requirements.

The Agent, subject to the availability of operating funds and approval of the Owner when required, shall maintain the Property in good and safe order, condition and repair, and with reasonable promptness, make all necessary and appropriate repairs.

All maintenance requests from residents and work orders will be recorded and will become part of the resident’s file. Specific timelines and standards for completion of regular maintenance and emergency requests are outlined in Section 2.10 of the Plan.

4) The Agent will collect all rents, legal charges, maintenance charges, and any other amounts due from the residents as well as all amounts due from concessionaires. All funds collected will be deposited into accounts established for the Property.

5) At the direction of the Owner with a copy to the Authority and any other applicable entities, the Agent will provide monthly reports on rental activity which shall include: expense statements, a budget variance summary, expense distribution, check registry, security deposit escrow, security deposit disposition, balance sheet, rent roll, and accounts payables listing.
6) The Agent will, at all times, attempt to keep the Property fully occupied by marketing the Property in accordance with the Tenant Selection Plan, including by referring applicable applicants for the PBV Units and RAD Units to the Authority for its waiting list and verifying eligibility of those referred by the Authority. Agent shall coordinate with the Authority as needed to get prospective residents from the Authority’s waiting list for the PBV Units and the RAD Units.

7) The Agent will maintain a comprehensive set of accounting records satisfactory to the Owner, HUD, the Authority and any other governmental regulatory agency.

8) All monies received by the Agent on behalf of the Owner, with the exception of security deposits, shall be deposited in a lockbox account established for the Property, used in accordance with the Applicable Regulatory and Operating Requirements.

9) The Agent will collect, deposit and disburse security deposits in accordance with HUD regulations, state law and the terms of each resident’s Lease. Security deposits will be deposited separate from all other accounts and funds, with a bank or other financial institution whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Security deposits may be placed in separate accounts in the name of each tenant or, if permitted by state law, in a custodial account. The accounts will be carried in the Agent’s name and designated of record as “Security Deposit Account.” The Agent will comply with all applicable Federal, state or local law regarding security deposits, including payment of interest thereon.

10) Agent will investigate and make a full written report of all incidents involving personal injury or property damage relating to the operation of the Property and will cooperate with the insurance carriers to facilitate any claim handling that may be required.

Expenses charged to the Property and not borne by the Agent from its fee will be consistent with the HAP Contract and all Applicable Regulatory and Operating Requirements and will include, but shall not be limited to, such items listed below:

a) Salaries and related compensation for the Site Manager and other staff members identified in the Staffing Plan attached hereto at Attachment B, provided that such salaries and related compensation shall be consistent with the approved Operating Budget.

b) Cost of on-site office and any apartment or apartments for on-site staff in accordance with the Operating Budget.

c) Other on-site staff, such as maintenance personnel, landscaping, custodial staff, leasing or office staff and social services staff, as outlined in the Staffing Plan
attached to this Plan, and training directly related to the applicable staff person’s job function at the Property.

d) Costs attributable to other employees of the Agent who perform “front line” functions, to the extent permitted by the above referenced Handbook, outlined in the Staffing Plan, and in accordance with the Operating Budget.

e) Maintenance and repair costs, utilities, taxes, insurance, fringe benefits related to on-site employees and other normal operating expenses in accordance with the Operating Budget.

f) Security personnel and/or contracted services where applicable, as outlined in the Staffing Plan, and in accordance with the Operating Budget.

g) Cost of preparing annual audited financial reports to regulatory agencies and tax information and applicable tax returns for the Owner in accordance with the Operating Budget.

h) Legal and related expenses attributable to lease enforcement and/or evictions in accordance with the Operating Budget.

i) Credit checks, criminal record checks, and all other costs attributable to screening prospective tenants in accordance with the Operating Budget.

j) All costs associated with verifying tenant information in compliance with the Applicable Regulatory and Operating Requirements and in accordance with the Operating Budget.

k) Bank charges associated with maintaining applicable accounts and conducting normal banking activity, in accordance with the Operating Budget.

2.3 REQUIREMENTS OF GOVERNMENTAL ENTITIES

a) The Agent will comply with all budgetary, approval and reporting procedures outlined in the Applicable Regulatory and Operating Requirements and the HAP Contract.

2.4 PERSONNEL AND STAFFING PLAN

a) Staffing for this Property will be done in conformance with the staffing plan attached to this Plan (Staffing Plan), which may be updated as necessary, subject to Owner and Authority approval, and subject to any necessary Operating Budget amendments, as site conditions dictate. The level of staffing will be adjusted to cover the extensive requirements for marketing and managing the Property with its various regulatory and paperwork requirements subject to the aforementioned approvals and amendments.
All on-site personnel shall be drug screened and have a criminal background check. The Agent shall hire, discharge and supervise the work of all employees in accordance with Applicable Regulatory and Operating Requirements.

b) As required by the Ground Lease, the Agent agrees that prior to hiring any management or maintenance employees for the Property, the Agent shall notify the Authority and the Watts/Los Angeles WorkSource Center (WSC) of its need for employees. The Agent shall strongly consider the qualifications of all interested WSC referrals and existing Authority employees as it makes hiring decisions for the management and maintenance of the Property. To that end, the Agent will provide these applicants the first opportunity to interview for all available positions, before undertaking outreach activities or providing notice to the public of such opportunities.

2.5 RESIDENT SELECTION, ADMISSION AND REOCCUPANCY

a) The Owner, Agent, and Authority will comply with the Property’s Tenant Selection Plan included at Attachment C. In the event of any conflict between a provision of this Plan or the Tenant Selection Plan and the requirements of the Applicable Regulatory and Operating Requirements, then the terms of the Applicable Regulatory and Operating Requirements shall in all instances prevail, except as such provision may have been expressly waived in writing by the U.S. Department of Housing and Urban Development (HUD) and/or the Authority, as applicable. It is expressly noted that remaining (existing) Jordan Downs residents shall fill replacement units after initial occupancy and prior to being placed on the waiting list.

2.6 RESIDENT ORIENTATION AND INSPECTIONS

a) Resident orientation will be conducted by on-site personnel and begin during the application stage and continue through the initial move-in inspection of the dwelling unit. As applicants are accepted for occupancy, an orientation session will be conducted with and documented for each family.

b) The orientation will cover both the resident’s responsibilities and the Agent’s responsibilities relating to the Lease, rules and regulations of the Property, including Lease termination, which shall comply with all Applicable Regulatory and Operating Requirements. Instruction on the operation of the unit will be provided during the joint move-in inspection. The resident will be informed that the purpose of the inspection is to record the condition of the unit prior to occupancy.

c) The Authority will conduct inspections of each PBV Unit and RAD Unit, prior to initial occupancy and at turnover, to ensure that each the unit meets HUD’s Housing Quality Standards (HQS). The Authority will coordinate with Agent regarding the timing of those inspections to make sure the HQS inspections are conducted at least five (5) days prior to the projected move-in date of the new resident. In addition, every two (2) years, the Authority will conduct additional inspection of
approximately twenty percent (20%) of the PBV Units and the RAD Units, in accordance with the HAP Contracts and the Applicable Regulatory and Operating Requirements.

d) Agent’s on-site staff will conduct a joint unit move-in inspection with each resident, and the report documenting such inspection will be signed by Agent and the resident. All copies such reports will be provided to the applicable resident. Any maintenance items identified during the move-in inspection will be documented by on-site staff in work orders and maintenance tickets to be addressed in accordance with Section 2.10 of this Plan.

e) Provided that a resident provides notice to Agent of resident’s intent to move out of a unit, then prior to that resident’s move, Agent’s on-site personnel shall inform resident of the date and time for a joint move-out inspection. A report documenting such inspection will be signed by Agent and, to the extent willing, the resident. All copies of such reports will be provided to the applicable resident. Should the report indicate the unit sustained damage, which is not attributable to normal wear and tear, Agent shall prepare a statement and furnish it to resident, documenting such charges.

2.7 INCOME AND RENT REVIEWS
The residents will be subject to annual and interim certifications by HACLA and annual certifications by the Agent as prescribed by the Applicable Regulatory and Operating Requirements. At each instance, and as provided for by the Applicable Regulatory and Operating Requirements and as governed by the tenant lease, the rent amounts and payment amounts will be reviewed and modified as necessary in accordance with the Applicable Regulatory and Operating Requirements. Appropriate notices for income verifications and any changes in rent will be consistent with the Applicable Regulatory and Operating Requirements and as provided for in the tenant lease.

2.8 RENT COLLECTION POLICIES AND PROCEDURES

a) Rent is due and payable, in advance, on the first (1st) calendar day of the month and is considered delinquent if not received by the fifth (5th) calendar day of the month. Late charges will not be assessed until the sixth (6th) day of the month if rent is not received by that date. Rent payments will be recorded on the date received at the site office presuming that is a business day and not a holiday or weekend. For RAD Units and PBV Units, rent amounts paid will be posted to “RENT” first, with any remaining amounts applied to the oldest balances owed on the resident ledger (i.e., damages, legal, etc.).

b) Rent payments must be made in the form of a money order, check, credit card or other electronic payment methods approved by the Agent and outlined in the Lease.

c) Partial payment of rent will not be accepted.
d) Residents who have not paid their rent by the close of business on the fifth (5th) day of the month will be assessed a late fee on the sixth (6th) day of the month. The amount of the fee will be $20.00 and shall be outlined in resident’s Lease.

e) All residents with rent delinquencies will be notified in writing of the delinquency and the amount of the late fee, to be hand delivered.

f) If a resident fails to make payment after notification of delinquency, a notice of termination will be issued after the sixth (6th) of the month. If rent is not received within fourteen (14) days of the date of the notice of termination, legal action may be commenced in accordance with the requirements contained in the HAP Contracts and the RAD and PBV and Resident Rights Addendum to the Management Agreement, and subject to the Grievance Rights outlined in Section 3.2 of this Plan.

g) As required under the Housing Opportunity through Modernization Act of 2016, the Agent understands that though participation in supportive services is not required as a condition of living in a PBV Unit, all families residing in PBV Units must be eligible to receive the supportive services being offered through the Property, and supportive services must be offered to each family. Accordingly, the Agent shall offer supportive services to each family, which the family is free to decline.

2.9 LEASE AND LEASE ENFORCEMENT

a) The Lease shall comply with Applicable Regulatory and Operating Requirements, and is subject to approval by Owner and the Authority. The initial Lease approved by Owner and Authority, which includes all applicable exhibits and attachments, including those which apply to the Tax Credit Units, the RAD Units and the PBV Units, is attached to this Plan. Any material changes to the Lease shall be approved by Owner and the Authority.

b) The Agent will ensure full compliance with the terms of the Lease for all residents and will lawfully terminate any tenancy when there is sufficient cause for such termination under the terms of the resident’s Lease and in accordance with the Applicable Regulatory and Operating Requirements, and subject to resident Grievance Rights outlined in Section 3.2 of this Plan.

c) The Agent will consult with legal counsel, as necessary, prior to bringing actions for eviction and executing notices to vacate and judicial pleadings incident to such action. Attorneys’ fees and other necessary costs incurred in connection with such actions will be paid out of the Property’s Operating Account.

d) The Agent will provide written notice of Lease termination in accordance with the provisions of the Lease, the RAD, PBV and Resident Rights Addendum, all Applicable Regulatory and Operating Requirements, and other applicable federal, state and local laws.
2.10 MAINTENANCE AND REPAIR

The Agent will maintain the Property in good and safe order, condition and repair in accordance with Applicable Regulatory and Operating Requirements, local codes, and in a condition acceptable to the Owner.

a) The Agent will complete routine and preventive maintenance activities in the most cost effective and efficient manner as possible.

b) The Agent will contract with qualified independent contractors for extraordinary repairs beyond the capability of regular maintenance employees in accordance with the Management Agreement, the Procurement Plan, and the Section 3 Plan.

c) The Agent will investigate all service requests from residents, take appropriate action and maintain records of same. Best efforts will be made to service routine work requests within one (1) business day of receipt of the request, and no more than three (3) business days following receipt of the request, and emergency work requests within 24 hours of receipt of the request.

d) The Agent is authorized to purchase all material, equipment, tools, appliances, supplies and services necessary for proper maintenance and repair in accordance with the Management Agreement, Procurement Plan, and Section 3 Plan. The Agent will credit to the Owner any discounts, commissions or rebates obtained as a result of such purchases.

e) Prior approval of the Owner will be required for any expenditures which exceed $5,000 in any one instance in connection with the maintenance and repairs of the Property, except for recurring expenses within the limits of the approved annual budget or emergency repairs involving manifest danger to persons, the Property or required to avoid suspension of any necessary service to the Property. As it applies, any such purchases or contracts shall be made in accordance with the Procurement Plan and the Section 3 Plan. To the extent necessary to preserve the health and safety of residents, and to limit damage to the Property, emergency repairs will be exempt from the foregoing approval and contracting requirements. Emergency repairs will be reported to the Owner as promptly as possible, but in no event later than twenty-four (24) hours from the point at which Agent was made aware of the need for the repair.

2.11 UTILITIES AND SERVICES

Agent will make site arrangements for water, electricity, trash disposal, exterminating services, cable television and telephone service. Agent will enter into such contracts as may be necessary to secure such utilities and services, acting as Agent for Owner and shall comply with the
procurement and contracting requirements outlined in the Management Agreement, the Procurement Plan, and the Section 3 Plan, to the maximum extent applicable.

2.12 OPERATING ACCOUNT AND RESERVE ACCOUNTS

Agent shall make disbursements from the Property Operating Account in accordance with the Management Agreement. Agent shall make disbursements from the Property reserve accounts as directed by Owner in accordance with the Management Agreement.

2.13 BUDGETS

Agent will prepare and submit to the Owner, the Authority and any other applicable governmental entities a draft operating budget no later than September 30th of each year. When such draft operating budget is approved by Owner, Authority and any other applicable entities, it shall be the approved Operating Budget for the Property. Should governmental entities require different submission dates, Agent will comply with said dates. Should Agent not receive an approved budget by December 31st of any year, the Property will operate under the prior year budget until a new budget is approved.

2.14 RECORDS AND REPORTS

Agent will prepare those records and reports as detailed herein and as outlined in the Management Agreement. Agent shall keep all records as a fiduciary of Owner and preserve the confidentiality of resident’s information in accordance with all Applicable Regulatory and Operating Requirements.

2.15 INSURANCE AND FIDELITY BOND

Agent shall furnish fidelity bonds to Owner which protect Owner from misappropriation of Property funds in accordance with the requirements of the Management Agreement. Agent shall also furnish such insurance in the amount, form and terms outlined in the Management Agreement.

3. RESIDENT AND MANAGEMENT RELATIONS

3.1 THE ROLE OF RESIDENTS IN THE MANAGEMENT OPERATIONS

Resident participation in management operations can be used as an effective tool. Owner and Agent shall encourage resident establishment and participation in a resident organization as outlined in the RAD and PBV and Resident Rights Addendum. In addition, Owner shall cause Agent to provide funding for resident activities in accordance with the RAD.

3.2 GRIEVANCE PROCEDURES
The Agent shall strictly enforce compliance with the Lease and rules and regulations at the Property. In order to ensure that, prior to more formal action, residents have an opportunity to address issues more informally, all residents shall have an opportunity for an informal grievance hearing for certain issues, as outlined in the RAD, PBV and Resident Rights Addendum. Process for registering the grievance and adjudication for same for residents shall be as follows:

a) Grievances and/or complaints shall be presented in writing to the Property site manager who will review the grievance and, if applicable, refer it to the Authority.

b) If a resident has a grievance or complaint which he/she feels, has not been adequately addressed following the informal hearing, the grievance or complaint may be referred, as applicable, to Agent’s Regional Property Manager or the Authority’s designee.

c) Should the issue remain unresolved, the resident may appeal to parties designated by the Owner and the Authority and as outlined in the Lease.

3.3 SOCIAL SERVICES PROGRAM

The Agent will work with the provider of supportive services selected by the Owner and approved by the Authority (the “Supportive Services Provider”) in ensuring that the Supportive Services Plan is implemented and carried out in a manner that provides residents with the kinds of services that are helpful to support and nurture residents’ life skills, education and job readiness. To that end, Agent, through its social services coordinator, will maintain a list of resources that address the varying needs of the resident population. Where feasible, the Agent, through the social services coordinator will enlist the support of residents and community organizations to help serve the needs of the residents.

3.4 HUD SECTION 3

Whenever possible, residents will be considered for temporary and permanent positions in the site management staff in accordance with the Section 3 Plan. In addition, Agent shall comply, to the maximum extent feasible, with the hiring, contracting and training goals and requirements outlined in the Section 3 Plan and the Procurement Plan.

In accordance with Attachment 2, Exhibit 2A of the 2nd Amendment to the Master Development Agreement between the Housing Authority of the City of Los Angeles, Jordan Downs Community Partners LLC, the Michaels Development Company I, L.P., Bridge Housing Corporation and Primestor Jordan Downs, LLC, Michaels Management-Affordable, LLC (MMA) is required to comply with the provisions of Section 3 of the Housing & Urban Development (HUD) Act of 1968, as amended, to ensure that training, employment and other economic opportunities generated by select HUD financial assistance shall, to the greatest extent feasible and consistent with existing Federal, State and local laws and regulations, be directed to the greatest extent possible to low and very low-income persons, particularly those who are recipients of
government assistance for housing, and to business concerns which provide economic opportunities to low and very low-income persons.

It is the intent of MMA to meet or exceed the employment, training and economic goals that are required of Section 3 when feasible, including but not necessarily limited to the following (as applicable):

a) Contracting Goal, Construction-Related. Ten percent (10%) of the total dollar amount of all construction-related contracts shall be extended to Section 3 Business Concerns.

b) Contracting Goal, Non-Construction. Three percent (3%) of the total dollar amount of all non-construction related contracts shall be extended to Section 3 Business Concerns.

c) Training and Employment. Thirty percent (30%) of the aggregate number of new hires generated by the Development shall be extended to Section 3 Residents.

In order to meet the goals outlined in the Section 3 Plan, Agent shall use its reasonable best efforts and resources to:

a) Advertise opportunities in local media and informational notices posted at the Property and at other areas targeted in the Section 3 Plan;

b) Coordinate efforts for recruitment with the Authority, Michaels Development Company I, LP;

c) Develop or collaborate with an existing job training program offering workforce readiness curriculum and providing training accommodations to help reduce workforce barriers;

d) Create and maintain a schedule of qualified Section 3 residents to be contacted for future training and employment opportunities.

Agent shall prepare and submit to the Authority all applicable information required to complete, FORM HUD 60002, Section 3 Summary Report, not later than January 10th of each year for the preceding calendar year.

3.5 REOCCUPANCY

In addition to the provisions otherwise set forth in this Plan, Agent shall work with the relocation consultant selected by and designated as such by the Authority (Relocation Consultant), to assist, coordinate and collaborate with as to the following in accordance with the Relocation Plan:

a) Review and advise as to the schedule of unit demolition and construction of the Property.

b) Review plans for implementation of the Rental Assistance Demonstration program (RAD) as promulgated by the Department of Housing & Urban Development (HUD) as pertaining to the RAD Units, and the PBV Requirements as pertaining to the PBV Units and provide input as appropriate.

c) Assist with the scheduling, coordination and venues of meetings, and participate insofar as circumstances permit, with heads of households so as to determine needs, preferences, reasonable accommodation/modification requests, etc.
d) In accordance with the Relocation Plan (particularly Tables 6 & 7), and any updated information provided by the Relocation Consultant, Owner or the Authority, ascertain available units and identify households best accommodated by the number of bedrooms, floor plans and amenities offered by each unit and provide such recommendations to the Relocation Consultant, the Authority, and the Owner. In this effort, it is understood that over-housed households will be eligible for RAD Unit or PBV Unit, as appropriate, based on the size of the unit that the household qualifies for under the PBV Requirements, not the size of the unit that the household previously occupied. Similarly, households that are or were under-housed at the Former Property will be eligible for a RAD Unit or a PBV Unit based on the size of the unit that the household qualifies for under the PBV Requirements, not the size of the unit the household previously occupied. To the greatest degree possible, both over-housed and under-housed households will be placed in units appropriate to their household size in accordance with the Applicable Regulatory and Operating Requirements. In other words, all reasonable attempts will be made to “right-size” households. If a household cannot be immediately right-sized at the time of their relocation, the Authority may provide the household with the option to be temporarily over-housed in an on-site unit, to the extent permitted by the Applicable Regulatory and Operating Requirements, at no additional cost to the household. If a new unit becomes available in that phase or a future phase, the household will required to move into a right-sized unit.

e) The incomes and other qualifications of Relocating Residents moving into units subject to Tax Credit Requirements will comply with the Tax Credit Requirements.

f) As may be agreed, assist the Relocation Consultant and the Authority with resident communications pertaining to the scheduling of moves, moving contractors, building contractors, utility service connects/disconnects, date/time requirements, deadlines, packing instructions, stipend remittances (as applicable) and other notices. Maintain records of the same insofar as legible copies are provided by the Relocation Consultant.

g) Identify households or residents for which social-service barriers to relocation may present challenges, and/or for which Limited English Proficiency (LEP) may present obstructions, and notify the Relocation Consultant and the Supportive Services Provider of the same. In the cases of LEP, help select and coordinate the services of translators.

h) Assist with the coordination, as necessary, of the translation and publication of required notices and other written materials into the household preferred language. It is expressly understood and agreed that the costs of such translation & publication shall be property expenses.

4. EXHIBITS

The Attachments referred to in this Plan and attached hereto are expressly made a part of this Plan as if fully set forth herein:

Attachment A – Description of Site and Property
Attachment B – Staffing Plan
Attachment C – Tenant Selection Plan
Attachment D – Section 3 Plan
Attachment E – Procurement Plan
Attachment F – Supportive Services Plan
In witness whereof, the parties hereto have caused their duly authorized representatives to execute this Plan as of February 11, 2021.

Owner:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

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

By: _______________________________
    Kenneth P. Crawford
    Vice President

AGENT:

MICHAELS MANAGEMENT-AFFORDABLE, LLC,
a New Jersey limited liability corporation

By: _______________________________
    Name: Roger Williams
    Title:  Senior Vice President
CONSENTED TO BY AUTHORITY:

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

By: ___________________________________
Douglas Guthrie
President and Chief Executive Officer
ATTACHMENT A
JORDAN DOWNS S2 – DESCRIPTION OF SITE AND PROPERTY

LEGAL DESCRIPTION:

The land referred to herein is situated in the State of California, County of Los Angeles and 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 filed in Book 1425, Pages 61 to 63 inclusive of Maps, in the office of the County Recorders 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.

Note: The above legal description is tentative and made subject to the recordation of said Tract Map.

APN: 6046-019-926, 6046-021-908 and 6046-021-917
(End of Legal Description)

**Note, APNs refer to existing parcels to be replaced with the APNs of Tract 82633-01 when issued.

BUILDINGS AND APARTMENT TYPES:

Jordan Downs S2 is a 81-unit Affordable Housing Community in Los Angeles, California that serves a family population. Jordan Downs S2 offers 1, 2, 3, and 4-bedroom stacked flat and townhome style units.

OFFICE HOURS:

The office will be open Monday through Friday from the hours of 9:00 a.m. to 12:00 noon and 1:00 p.m. until 5:00 p.m. The office will be closed on weekends and holidays; however, a 24-hour answering service will be maintained seven days a week to handle emergencies which occur after regular hours.
STAFFING:

Jordan Downs S2 will employ one (1) full-time Community Manager, one (1) full-time Maintenance Superintendent, and one (1) part-time Assistant Rental Manager.
ATTACHMENT C
TENANT SELECTION PLAN

NOTE: Sent separately
Jordan Downs S2 Tenant Selection Plan

Jordan Downs S2 is a 81-unit Affordable Housing Community in Los Angeles California that serves a family population. Jordan Downs S2 offers 1, 2, 3, and 4-bedroom stacked flat and townhome style units. Income Limits are established by HUD and adjusted annually and are attached to this plan. The household’s annual income (federal exclusions such as foster care/KinGap payments and income of live-in aides not included) may not exceed the applicable income limit for this property or for the household size. Our Partner, the Housing Authority of the City of Los Angeles (HACLA), will qualify applicants for PBV in accordance with their established resident selection guidelines for those programs, Jordan Downs S2 will qualify the voucher holder’s household for the unit.

The following topics are covered in these resident selection guidelines as follows:

| 1. Fair Housing and Equal Opportunity | 16. Applicants with Disabilities |
| 2. Privacy Policy | 17. Rejection of Application of Ineligible or Unqualified Applicants |
| 3. Qualifying for Admission-Eligibility Requirements | 18. Acceptance and Move-In of Eligible and Qualified Applicants |
| 4. Application Intake and Processing | 19. Offering an Apartment |
| 5. Priorities for Accessible or Adaptable Apartments | 20. Prior to Move-In – Tenant Interview |
| 7. Changes to Waiting List(s) | 22. At Move-in |
| 8. Interviews and Verification Process | 23. Failure to Move-In On Time |
| 9. Verification Requirements including EIV | 24. Apartment Inspections |
| 10. Attempted Fraud | 25. Annual Recertifications/Interim Recertifications |
| 11. Determination of Applicant Eligibility | 26. Reasonable Accommodations and Modifications |
| 12. Determination of Applicant Qualification | 27. Apply Screening Criteria Uniformly to All Applicants |
| 13. How Applicant’s History Will Be Checked | 28. The Violence Against Women’s Act (VAWA) |
| 14. Obtaining Applicant Releases | 29. Use of EIV During Application Processing |
| 15. Review of Application for Acceptance or Rejection | 30. Grievance Procedure |

1. FAIR HOUSING AND EQUAL OPPORTUNITY REQUIREMENTS STATEMENTS OF NONDISCRIMINATION

It is the policy of Jordan Downs S2 to comply fully with Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, Executive Order 11063, Section 504 of the Rehabilitation Act of 1973, Fair Housing Amendments Act of 1988, Equal Access to Housing in HUD Programs - Regardless of Sexual Orientation, Marital Status or Gender Identity Final Rule, California Fair Housing Laws, and any legislation protecting the individual rights of residents, applicants, or staff which may subsequently be enacted.

We are pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, disability, familial status, national origin and regardless of sexual orientation or gender identity or marital status of applicants and residents.

Jordan Downs S2 shall not discriminate because of race, color, sex, familial status, religion, disability, or national origin in the leasing, rental, or other disposition of housing regardless of sexual orientation or gender identity or marital status of applicants and residents in any of the following:
a. deny to any household the opportunity to apply for housing, or deny to any eligible applicant the opportunity to lease housing suitable to their needs,  
b. provide housing which is different than that provided to others,  
c. subject a person to segregation or disparate treatment,  
d. restrict a person's access to any benefit enjoyed by others in connection with the housing program,  
e. treat a person differently in determining eligibility or other requirements for admission,  
f. deny a person access to the same level of services, or  
g. deny a person the opportunity to participate in a planning or advisory group which is an integral part of the housing program.

Jordan Downs S2 will seek to identify and eliminate situations or procedures which create a barrier to equal housing opportunity for all. Please see the property’s Limited English Proficiency (LEP) Policy for specific details on language barriers. In accordance with Section 504, Jordan Downs S2 will make reasonable accommodations and physical modifications for individuals with disabilities (applicants or residents). Such accommodations may include changes in the method of administering policies, procedures, services and making physical modifications when necessary and reasonable.

2. PRIVACY POLICY

It is the policy of Jordan Downs S2 to guard the privacy of individuals conferred by the Federal Privacy Act of 1974, the Health Insurance Portability & Accountability Act of 1996 (HIPAA), Enterprise Income Verification (EIV) System and the Violence Against Women and Justice Department Reauthorization Act of 2005 (VAWA) to ensure the protection of such individuals' records maintained by Jordan Downs S2.

Therefore, neither Jordan Downs S2 nor its agents shall disclose any personal information contained in its records to any person or agency other than HACLA and/or HUD or its contractors unless the individual about whom information is requested shall give written consent to such disclosure or information is being subpoenaed by a court of law.

This Privacy Policy in no way limits Jordan Downs S2's ability to collect such information as it may need to determine eligibility, compute rent, or determine an applicant's suitability for tenancy. Consistent with the intent of Section 504 of the Rehabilitation Act of 1973, any information obtained on disability will be treated in a confidential manner.

3. QUALIFYING FOR ADMISSION – ELIGIBILITY REQUIREMENTS

Based on Federal Regulations, Jordan Downs S2 may not admit ineligible applicants. In the selection of applicants for admission, Eligibility Criteria has been established in accordance with HUD, Low- Income Housing Tax Credit (LIHTC), and subject to California HCD guidelines. All information reported by the household is subject to verification. Existing Jordan Downs public housing residents in good standing who possess Right to Return Certificates will not be subject to any rescreening. All other applicants will be screened carefully and the following eligibility standards will be applied:

In order to be ELIGIBLE, a household must meet these tests:

a. As this property was financed using both HUD and Low Income Housing Tax Credits, the annual income for an applicant’s household must not exceed the lower of either the HUD published income limits or the income limits established with Section 42 of the Internal Revenue Codes;

b. Applicants whose household, in its entirety, consists of full-time students of whom do not meet one of the exemptions listed below will not be considered eligible for housing. For the purpose of Section 42 of the Internal Revenue Code, a full-time student is one who attends, or plans to attend during the next twelve (12) months, an educational organization which normally maintains a regular facility and curriculum for a minimum of five (5) months per calendar year and is considered a full time student by the institution. Exemptions include:

1. Any one of the students filing a joint federal income tax return. A copy of the joint federal income tax return must be included in the applicant’s file;
2. A household consisting of a single parent (with custody) and a school age a child or children, both of whom are not dependents of a third party;

3. A household receiving assistance under Title IV of the Social Security Act;

4. A household receiving Aid to Families with Dependent Children; or

5. A member of the household enrolled in and receiving assistance under the Job Training Partnership Act or similar governmental job training program.

c. All applicants must disclose valid social security numbers (SSNs) with verification for all non-exempt household members to receive assistance. Assistance will not be provided until all household members have disclosed valid SSNs with verification unless the SSN is not required. This includes live-in aides, adult and foster children.

d. For eligibility purposes, applicants do not need to provide verification of a SSNs for household members to be placed on the waiting list; however, applicants must provide adequate documentation to verify each SSNs for all non-exempt household members before they can be housed.

e. The applicant who has not disclosed and provided verification of SSNs for all household members must disclose and provide verification of SSNs for all household members to the owner within 90 days from the date they are first offered a unit.

f. If management determines that the applicant is otherwise eligible to participate in the RAD, PBV, or LIHTC programs, the applicant may retain its place on the waiting list for the 90 day period from the date they are first offered and available unit for but cannot become a tenant until it can provide the documentation referred to above.

g. After 90 days, if the applicant has been unable to supply the required SSN and verification documentation, the applicant should be determined ineligible and removed from the waiting list; the application will be rejected for failure to provide SSNs for all nonexempt household members.

h. Once an application is denied, a new application must be submitted and added to the waiting list based on the date and time it is received.

**Exemptions**

Documentation of SSNs is not required for:

1). Applicants age 62 and older as of January 31, 2010, whose initial determination of eligibility was begun prior to January 31, 2010; or

2). Applicants who do not contend eligible immigration status or a child under the age of 6 years added to the applicant household within the 6-month period prior to the household’s date of admission.

The household will have a maximum of 90-days after the date of admission to provide the SSN for members under the age of six-years old added to the household and adequate documentation that the SSN is valid. An additional 90 days may be granted under certain circumstances. If the household does not provide the SSN and adequate documentation to verify the SSN within the prescribed timeframe, HUD requires that the owner/agent terminate tenancy.

**Adding a New Household Member:**

a. Age Six or Older or Under the Age of Six with an Assigned SSN.

When adding a new household member who is age six or older, or is under the age of six and has a SSN, the tenant must disclose and provide verification of the SSN of the individual to be added to the household. This SSN must be provided to the owner at:
1) The time of the request, or
2) At the time the recertification that includes the new household member is processed.

b. Under the Age of Six without an Assigned SSN.

1) The tenant must disclose and provide verification of the new household member’s SSN within 90 calendar days of the child being added to the household.

2) The owner must grant an extension of one additional 90-day period, if the owner, in its discretion, determines that the tenant’s failure to comply is due to circumstances that could not have been foreseen and were outside the control of the tenant (e.g., delay in processing by SSA, natural disaster, fire, death in family, etc.)

3) During the period that the owner is awaiting disclosure and verification of the SSN, the child is included as part of the household and shall be entitled to all of the benefits of being a household member, including the dependent deduction.

4) A PIC ID will be assigned to the child until the time the SSN is provided. At the time of the disclosure of the SSN, an interim recertification must be processed changing the child’s PIC ID to the child’s verified SSN.

i. All adults, age 18 and older, in each applicant household must sign all consent forms required including but not limited to the HUD 9887, HUD 9887A, any other owner consent forms and verifications prior to receiving assistance and annually thereafter;

j. The unit for which the household is applying must be the household’s only residence;

k. An applicant must agree to pay the rent required by the program under which the applicant will receive assistance;

l. Citizenship, Naturalization, and/or Eligible Immigration status:

By law, only U.S. citizens and eligible noncitizens may benefit from federal rental assistance. Compliance with these rules ensures that only eligible households receive subsidy. Mixed Family Households (with both legally and non-legally present persons in the United States) will pay more than 30% of their adjusted monthly income towards rent. These requirements apply to households making application, households on the wait list, and residents. Applicants must prove U.S. Citizenship, naturalization or legal non-citizen status for each household member claiming such status in accordance with HUD.

Households that have no members with citizenship, naturalization or legal non-citizen status do not qualify for assistance. Assistance is available to households which include at least one member with citizenship, naturalization or legal non-citizen status that has been verified through the DHS (Department of Homeland Security) through the Systematic Alien Verification for Entitlements (SAVE) Program. The Owner/agents will not delay the family’s assistance if the family submitted its immigration documentation in a timely manner but the DHS verification or appeals process has not been completed and, if assistance, is denied then the applicant may appeal the determination.

Noncitizens under the age of 62 claiming eligible status must provide:

1. a signed declaration of eligible immigration status;
2. a signed consent form; and
3. one of the DHS-approved documents.

Non-citizens age 62 and older must sign a declaration of eligible immigration status and provide a proof of age document.
Noncitizens not claiming eligible immigration status may elect to sign a statement that they acknowledge their ineligibility for assistance.

Once the determination of non-citizen status of a household assisted prior to completion of the verification or appeal process, the management will do as follows:

1. Provide assistance for each household member with eligible noncitizen status verified by SAVE; or
2. Terminate assistance of any household member whose immigration status of any noncitizen family verified by SAVE to be ineligible; then
3. Offer prorated assistance to the mixed household.

NOTE: Noncitizen students and their noncitizen spouse and children may not receive assistance. Noncitizen students are not eligible for continuation of assistance, prorated assistance, or temporary deferral of termination of assistance.

A noncitizen student is defined as an individual who is as follows:
1. A resident of another country to which the individual intends to return;
2. A bona fide student pursuing a course of study in the United States; and
3. A person admitted to the United States solely for the purpose of pursuing a course of study as indicated on an F-1 or M-1 student visa.

However, spouses and children who are citizens may receive assistance. For example, a family that includes a noncitizen student married to a U.S. citizen is a mixed family. Mixed Family Households (with both legally and non-legally present persons in the United States will pay more than 30% of their adjusted monthly income).

Student Eligibility: The most restrictive rules will apply.

LIHTC- Applicants whose household, in its entirety, consists of full-time students of whom do not meet one of the exemptions listed below will not be considered eligible for housing. For the purpose of Section 42 of the Internal Revenue Code, a full-time student is one who attends, or plans to attend during the next twelve (12) months, an educational organization which normally maintains a regular facility and curriculum for a minimum of five (5) months per calendar year and is considered a full time student by the institution. Exemptions include:

1. Any one of the students filing a joint federal income tax return. A copy of the joint federal income tax return must be included in the applicant’s file;
2. A household consisting of a single parent (with custody) and a school age child or children, both of whom are not dependents of a third party;
3. A household receiving assistance under Title IV of the Social Security Act;
4. A household receiving Aid to Families with Dependent Children; or
5. A member of the household enrolled in and receiving assistance under the Job Training Partnership Act or similar governmental job training program.

Section 8/RAD- Student eligibility is determined at move-in/initial certification and at each annual certification. Student eligibility may also be reviewed at interim certification if student status has changed since the last certification.

A student who is otherwise eligible and meets screening requirements is eligible for assistance if the student meets the criteria indicated below. Section 8 assistance shall be provided to any individual who is enrolled as either a part-time or full-time student at an institution of higher education for the purpose of obtaining a degree, certificate, or other program leading to a recognized educational credential; when the student is:
1. Is living with his or her parents who are receiving Section 8 assistance
2. Is individually eligible to receive Section 8 assistance and has parents who are income eligible to receive Section 8 assistance.
3. Is a veteran of the United States military;
4. Is married;
5. Has a dependent other than a spouse (e.g. dependent child);
6. Is at least 24 years of age;
7. Is a person with disabilities, as such term is defined in section 3(b)(3)(E) of the 1937 Act and was receiving assistance under section 8 of the 1937 Act as of November 30, 2005;
8. Is classified as Vulnerable Youth; A student meets HUD’s definition of a vulnerable youth when:
   A. The individual is an orphan, in foster care, or a ward of the court or was an orphan, in foster care, or a ward of the court at any time when the individual was 13 years of age of older;
   B. The individual is, or was immediately prior to attaining the age of majority, an emancipated minor or in legal guardianship as determined by a court of competent jurisdiction in the individual’s State of legal residence;
   C. The individual has been verified during the school year in which the application is submitted as either an unaccompanied youth who is a homeless child or youth (as such terms are defined in section 725 of the McKinney-Vento Homeless Assistance Act) (42 U.S.C. 11431 et seq.), or as unaccompanied, at risk of homelessness, and self-supporting, by
      (i). A local educational agency homeless liaison, designated pursuant to the McKinney-Vento Homeless Assistance Act;
      (ii). The director of a program funded under the Runaway and Homeless Youth Act or a designee of the director;
      (iii). The director of a program funded under subtitle B of title IV of the McKinney-Vento Homeless Assistance Act (relating to emergency shelter grants) or a designee of the director; or
      (iv). A financial aid administrator; or
9. The individual is a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances

If a student does not meet the eligibility criteria above, but can prove independence from parents under HUD rules, then the student would meet HUD’s student eligibility criteria.

Please see management staff if you need additional information about proving independence from parents.

If an ineligible student applies for or is a member of an existing household receiving Section 8 assistance, the assistance for the household will not be prorated but will be terminated.

Any financial assistance a student receives from the following sources: (1) under the Higher Education Act of 1965, (2) from private sources, or (3) from an institution of higher education that is in excess of amounts received for tuition and other fees is included in annual income, except:

1. If the student is over the age of 23 with dependent children or
2. If the student is living with his or her parents who are receiving section 8 assistance

Financial assistance that is provided by persons not living in the unit is not part of annual income if the student meets the Department of Education’s definition of “vulnerable youth”.

Financial assistance that is provided by persons not living in the unit is not part of annual income if the student meets the Department of Education’s definition of “vulnerable youth”.
Prohibition of Assistance to Noncitizen Students

Noncitizen students and their noncitizen families may not receive assistance. Noncitizen students are not eligible for continuation of assistance or temporary deferral of termination of assistance. A noncitizen student is defined as an individual who is as follows:

1. A resident of another country to which the individual intends to return;
2. A bona fide student pursuing a course of study in the United States; and
3. A person admitted to the United States solely for the purpose of pursuing a course of study as indicated on an F-1 or M-1 student visa.

This prohibition applies to the noncitizen student’s noncitizen spouse and noncitizen children. However, spouses and children who are U.S. citizens may receive assistance. For example, a family that includes a noncitizen student married to a U.S. citizen is a mixed family.

m. Occupancy Standards: The household size must be appropriate for the available apartments.

Applicants must meet the established occupancy standards. As a general policy there should be a minimum of one person per bedroom and no more than two persons per bedroom. Management shall take into consideration mitigating circumstances in cases where applicants or residents have a verifiable need for a larger unit.

Children who are away at school who have established residency at another address or location as evidenced by a lease agreement are not counted in occupancy.

Any household placed in a unit size different than that defined in these occupancy standards shall agree to transfer to an appropriate size unit when one becomes available at their own expense (in accordance with the Transfer Policy Paragraph 21).

Dwelling units will be assigned in accordance with the following standards:

<table>
<thead>
<tr>
<th>Size of Family</th>
<th>Number of Bedrooms to be subsidized (Family Unit Size)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2</td>
<td>1</td>
</tr>
<tr>
<td>3-4</td>
<td>2</td>
</tr>
<tr>
<td>5-6</td>
<td>3</td>
</tr>
<tr>
<td>7-8</td>
<td>4</td>
</tr>
</tbody>
</table>

n. Criminal History:

It is the policy of Jordan Downs S2 to screen applicants, residents and household members for criminal past health, history, and to reject applicants, or terminate the leases of residents, if it is determined that current or criminal activity of an applicant, resident or household member may indicate a present threat to the safety, or right to peaceful enjoyment by other residents, property management staff or persons residing in the immediate vicinity of the facility. Neither HACLA nor the Owner may screen any returning Jordan Downs household or family in good standing with a Declaration of Right to Retain Tenancy. Households displaced by the Jordan Downs Redevelopment, whether pursuant to the RAD Program or otherwise, have the right to return to the redeveloped site.

The Controlled Substances Act (CSA), Title II of the Comprehensive Drug Abuse Prevention and Control Act of 1970, as enacted and effective October 27, 1970, classifies marijuana as a Schedule I
drug, placing it into a category reserved for those substances which have “a high potential for abuse” and for which there is “no currently accepted medical use…”

In spite of ongoing efforts to reclassify or otherwise decriminalize marijuana use, it remains illegal in the Schedule I classification under federal law. Notwithstanding, California voters passed via a November 1996 ballot initiative the Compassionate Use Act (Proposition 215) allowing “seriously ill residents of the state, who have the oral or written approval or recommendation of a physician, to use marijuana for medical purposes without fear of criminal liability under…the [California] Health and Safety Code.” The Medical Marijuana Program (MMP) was established under the California Department of Public Health to provide a system of registered identification cards for qualified patients to “possess, grow, transport and/or use Medical Marijuana…”.

Interstate Realty Management Co. (MMA), obeys and abides by federal law, to this end, the use of so-called “medical marijuana”, as well as the illegal use of all other controlled substances is not permitted at Jordan Downs S2. MMA reserves the right to notice, serve and evict, if necessary, any household determined in violation of the drug use (as well as any other material) provisions of the lease agreement and occupancy rules.

Jordan Downs S2 may deny admission to applicants or terminate the lease of any resident or household member who is or has been engaged in criminal activity that could reasonably indicate a present threat to the health, safety or welfare of others. All applicants, not holding a Right to Return Certificate from HACLA intended for relocation to Jordan Downs Phase S2, will be screened using Jordan Downs S2 Criminal History Policy:

<table>
<thead>
<tr>
<th>Grounds and Terms of Terminations and Denials</th>
<th>Criminal, Drug, Alcohol Grounds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior drug related eviction from federally assisted housing (Drug related now includes illegal use or possession.)</td>
<td>3 years Family cannot merely withdraw the member from its application.</td>
</tr>
<tr>
<td>Illegal use of a Drug (personal use)</td>
<td>1 year (admit if completed or enrolled in rehab)</td>
</tr>
<tr>
<td>Methamphetamine production/manufacture (Any conviction anywhere)</td>
<td>Lifetime (Self admission or crim. hist.)</td>
</tr>
</tbody>
</table>

Prior Violent Criminal Activity

| Registered sex offender (in any state) | Lifetime (Self admission or crim. hist.) |
| Alcohol abuse | 1 year (admit if completed or enrolled in rehab.) |

Other Grounds

| Damages to Assisted Unit | 5 years (Damage exceeds $2000) |
| Income consent forms, Citizenship, Social Sec. Info | Always. Follow 24 CFR Part 5 (esp. re citizenship denials) |
| Abusive or violent behavior or threat of (toward any staff) | 10 years |
| Fraud | 10 years (from termination of HAP contract) |
| Termination from S8 for cause (skips, tenant HQS violation, other program violations) | 5 years (from public housing authority programs only), 2nd time = permanent ban |
| Eviction from Assisted Housing | 3 years (from public housing authority programs only)  
2nd time = permanent ban |
|-------------------------------|--------------------------------------------------|
| Owes money to any public housing authority  
(includes live-in aide) | Always (applicants can repay within 30 days, participants can enter into repayment agreement) |
| Refusal to sign Crim. Hist. Request or be fingerprinted | Always (Includes live-in aide) |
| Refuses assistance with conditions or any adult in family does not sign conditions. | Always (Only family members, not live-in aide) |

### Exceptions and Reasonable Accommodations

**Mitigating Circumstances & Reasonable Accommodations**

HACLA may make reasonable accommodations to its terminations and denial policy (in accordance with 24 CFR Part 8)

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**o. Jordan Downs S2 is a smoke free property. See page 24 for the property policy.**

NOTE: The tenant is expected to pay a security deposit from his/her own resources, and/or other public or private sources at the time of the initial lease execution. The amount of the security deposit to be will be the greater of the tenant portion of monthly rent due under the applicable program or $50 and will also be subject to any applicable state and local laws governing the security deposit. The security deposit is refundable.

NOTE: Being eligible, however, is not an entitlement to housing. In addition, every applicant must meet the Tenant Selection Plan. The Tenant Selection Plan is used to demonstrate the applicant's suitability as a resident using verified information on past behavior, to document the applicant's ability, either alone or with assistance, and to comply with essential lease provisions and any other rules and regulations governing residency.

### 4. APPLICATION INTAKE AND PROCESSING

**Right to Return Certificates:** 49 units have been reserved for existing Jordan Downs public housing residents in good standing who possess Right to Return Certificates. These households will fill available units, unit size is determined by eligibility at move-in. Such returning residents will not be subject to any rescreening.

It is **Jordan Downs S2’s policy** to accept and process new applications in accordance with HACLA’s Section 8 Administrative Plan, all applicable HUD regulations as well as Section 42 of the IRS Code.

All written communications with applicants will be by First Class Mail. Failure to respond to the application notices may result in withdrawal of an application from further processing. Management may make exceptions to the procedures described herein to take into account circumstances beyond the applicant's control (for example, medical emergencies or extreme weather conditions or reasonable accommodation for a disability).

Every application must be completed and signed by the head of the household, co-head, spouse, and every adult household member 18 years and older. All members of the household must be listed on the application.

Assistance from the management might take the form of answering questions about the application, helping applicants who might have literacy, vision, or language challenges, and, in general, make it possible for interested parties to apply for assisted housing. Applicants with disabilities may be provided an alternative method of having their application processed as a result of their disability.

An application must be completed by every applicant who wishes to be considered for an apartment. If an apartment is not immediately available, a pre-application (brief form of application), which provides the
minimum information needed to determine if the applicant is eligible be put on the waiting list, will be used. If the pre-application is used to place an applicant on the waiting list, then a full application must be completed at the time a unit is available. Applicants on the waiting list are not guaranteed an apartment. All applicants must complete a full application then the application must be processed according to the tenant selection plan which will determine the applicant’s eligibility.

5. PRIORITIES FOR ACCESSIBLE OR ADAPTABLE APARTMENTS

When applicable, all apartments accessible to, or adaptable for, persons with mobility, visual, or hearing impairments, households containing at least one person with such impairment will have first priority (as applicable for a particular apartment feature). NOTE: Current residents requiring accessible/adaptable apartments shall be given priority over applicants requiring the same type apartment. Where persons without disabilities are moved into physically accessible apartments, they shall do so only after agreeing to move to an apartment with no such design features at their expense should an applicant or current resident require an accessible apartment of the type currently occupied by the persons without disabilities.

6. WAITING LIST SELECTION PRIORITIES

A waiting list is necessary to provide a fair and equitable means of tracking applicants who have applied for an apartment. It helps assure that each applicant is offered an apartment in the proper order, thus preventing claims of discrimination or favoritism, and allows for the most efficient turnover of vacant apartments. If an applicant qualifies for a preference or priority then it is possible to move up the waiting list based on the circumstances. The waiting list will be managed in accordance with HACLA’s Section 8 Administrative Plan.

The need for an accessible unit or accessible features is a priority.

NOTE: Current residents who meet the qualifications listed in the Transfer Policy (paragraph 21) shall be given priority over applicants. It is likely that there will be more applicants for housing than can be assisted. In order to select those households most in need of housing, the following categories will be the basis of selecting residents from among all applicants:

Households with one or more, members with a disability, when accessible units or features are designated for the disability.

7. CHANGES TO WAITING LIST(S)

It is the policy of HACLA to administer its waiting list as required by its Section 8 Administrative Plan, HUD handbooks and regulations.

a. Opening and Closing Waiting Lists

In order to maintain a balanced application pool, HACLA may, in accordance with the procedures set forth in the HACLA Section 8 Administrative Plan, restrict application taking, suspend application taking, and close waiting lists in whole or in part as allowed by HUD regulations and HACLA’s Section 8 Administrative Plan. Jordan Downs S2’s waiting list will be updated by removing the names of those who are no longer interested in or no longer qualify for housing.

If Jordan Downs S2 has sufficient applications, HACLA may, subject to HUD regulations and its Section 8 Administrative Plan, elect to close the waiting list if the waiting list contains more applicants than can be housed in a one-year period. When the waiting list is closed, an announcement of the closure will be posted in Jordan Downs S2’s rental office. During the period when the waiting list is closed, Jordan Downs S2 will not maintain a list of individuals who wish to be notified when the waiting list reopens.
When the waiting list is to be opened due to a lack of applications, an announcement will be made in compliance with HACLA’s Section 8 Administrative Plan.

b. Change in Priority While on the Waiting List

Occasionally households on the waiting list who did not qualify for a priority when they applied will experience a change in circumstances that qualifies them for a priority. In such cases, it will be the household’s duty to contact HACLA so that their change in status may be verified to reflect the priority. Such changes will be processed in accordance with HACLA’s Section 8 Administrative Plan.

c. Removal of Applications from the waiting list

Any removals of an applicant/co-applicant’s name from the waiting list will be processed in accordance with HACLA’s Section 8 Administrative Plan.

8. INTERVIEWS AND VERIFICATION PROCESS

As applicants approach the top of the waiting list, they will be contacted to schedule an application interview. The interview shall be conducted in accordance with HACLA’s Section 8 Administrative Plan.

No decisions to accept or reject applications shall be made until all information presented by the applicant on the application has been verified.

9. VERIFICATION REQUIREMENTS

Jordan Downs S2 shall obtain verifications in compliance with requirements set forth in HACLA’s Section 8 Administrative Plan and this Tenant Selection Plan. No decision to accept or reject an application shall be made until verifications triggered by the application form have been collected and any necessary follow-up interviews have been performed.

a. Types of Verification Required

All information relative to the following items must be verified as described in these procedures:

1) Eligibility for Admission, such as
   i. income, assets, and asset income
   ii. household composition
   iii. Social Security Numbers (SSNs)
   iv. citizenship, naturalization and/or eligible non-citizen status
   v. student status – full or part-time

2) Allowances, such as
   i. age, disability, or disability of household members
   ii. full time student status
   iii. child care costs
   iv. disability expenses
   v. medical costs (for elderly/disabled households only)

3) Priorities or preferences, such as
   i. Income less than 30% of median income limits
   ii. mobility accessible apartments

4) Compliance with Tenant Selection Plan such as
   i. positive prior landlord reference, rent paying, caring for a home
   ii. history of criminal activity including sex offender registry of any household member

5) Credit checks will be processed through approved credit bureaus.
   i. Applicants are to have a consistent record of timely rent payments during the immediate three years prior to the evaluation.
   ii. Applicants who have had 2 or more evictions for non-payment of rent in the immediate three years prior to the evaluation will be denied admission.
iii. Not have a consumer debt balance (excludes medical bills and student loans) such that the minimum monthly payments exceed 60% of the gross income of the household.

iv. Lack of credit does not necessarily mean bad credit

Exceptions may include:
1. medical collections
2. proof of satisfactory dispute of credit rating
3. applicant shows period of credit problems which have been corrected
4. applicant has proof of repayment of debt (Proof must be a statement of satisfaction from creditor, court, or other legal proof)

6. Reasonable accommodations/modifications based on disability

All the above information must be documented and appropriate verification forms or letters placed in the applicant file.

b. Period for Verification

Only verified information that is less than 120 days old may be used for certification or recertification. Verified information not subject to change (such as a person's date of birth) need not be re-verified.

c. Forms of Verification - documentation required, as part of the verification process, may include:

1. checklists completed as part of the interview process (signed by the applicant)
2. verification forms completed and signed by third parties
3. reports of interviews
4. documentation, ie, award letters, pay stubs, bank statements, IRS 1040, etc
5. notes of telephone conversations with reliable sources
6. facsimile, email and internet
7. copies of local government condemnation or displacement notices
8. IRS tax returns
9. EIV Existing Tenant Search – to determine is applicant is currently receiving HUD assistance and EIV Bad Debt Search to determine past balances.

At a minimum, such reports will indicate the date and time of the conversation, source of the information, name and job title of the individual contacted, and a written summary of the information received.

Management will be the final judge of the credibility of any verification submitted by an applicant. If the documentation is considered to be doubtful, it will be reviewed by Management, who will make a ruling about its acceptability. Management will continue to pursue credible documentation until it is obtained or the applicant’s application is rejected for failing to produce it.

d. Sources of Information - Sources of information to be checked may include, but are not limited to:

1. the applicant by means of interviews
2. present and former housing providers
3. present and former employers
4. credit checks and management record services
5. social workers, parole officers, court records, drug treatment centers, physician, clergy
6. The Department of Health and Human Services (HHS)
7. Database of Wage, New Hires, and Unemployment Compensation
8. The Social Security Administration (SSA)
9. Medicare/Medicaid
10. “institutes of higher learning” for student status
11. law enforcement – federal, state, or local
12. Dru Sjodin National Sex Offender Public Website
13. SAVE System for noncitizen status
14. Enterprise Income Verification (EIV) Existing Tenant Search and Bad Debt Search
e. Owner/Agents must verify all income, expenses, assets, family characteristics, and circumstances that affect family eligibility, order of applicant selection, or level of assistance. Four methods of verification are acceptable to HUD. Verifications shall be attempted in the following order:

Methods of verification acceptable to HUD listed in the order of priority:

1. Up-front Income Verification (UIV)
   a. Using HUD’s EIV system for tenants (not available for applicants) (Mandatory)
   b. UIV using non-EIV system (Optional)
2. Third-party verification from source (written);
3. Third-party verification from source (oral); or
4. Family certification.

NOTE: If third party verification is not available, then the file will be documented to show that the management attempted to obtain third-party written documentation before relying on some less acceptable form of information.

10. ATTEMPTED FRAUD

Any information provided by the applicant that verification proves to be untrue may be used to disqualify the applicant for admission on the basis of attempted fraud. HUD regulations consider false information discovered during the application process on any of the following to be grounds for rejecting an application:

a. Income, assets, household composition
b. Social Security Numbers (SSNs)
c. Preferences and/or priorities
d. Allowances
e. Previous residence history
f. Criminal history
g. Citizenship, naturalization, and/or eligible non-citizen status
h. Student status, full or part time

If the applicant or any member of the applicant household fails to fully and accurately disclose rental history, the application may be denied based on the applicant's “misrepresentation” of information.

Unintentional errors that do not cause preferential treatment will not be used as a basis to reject the application.

11. DETERMINATION OF APPLICANT ELIGIBILITY

Information needed to determine applicant eligibility shall be obtained, verified, then the determination of applicant eligibility will be performed, in accordance with HUD and property eligibility regulations. HACLA shall be responsible for determining an applicant’s initial eligibility and qualification for preferences in accordance with the policies set forth in HACLA’s Section 8 Administrative Plan. If the family satisfies HACLA’s eligibility screening requirements, the applicant will be referred to the Owner who may then conduct further screening in accordance with this Tenant Selection Plan and all applicable HUD and LIHTC requirements. The Owner will then make a final determination as to whether the family is suitable for occupancy.

12. DETERMINATION OF APPLICANT QUALIFICATION

The Applicant Screening Policy:

All applications will be screened according to the criteria set forth in this Tenant Selection Plan. These guidelines, relate to the individual behavior of each applicant household.

a. Past performance in meeting financial obligations, especially rent.
b. A record of disturbance of neighbors, destruction of property, or housekeeping habits at prior residences which may adversely affect the health, safety, or welfare of other residents or cause damage to the apartment or community.

c. Involvement in criminal activity on the part of any applicant household member which would adversely affect the health, safety, or welfare of other residents.

d. A record of eviction from housing or termination from residential programs.

e. An applicant's ability and willingness to comply with the terms of the Jordan Downs S2's Lease and community’s policies.

f. An applicant's misrepresentation of any information related to eligibility, allowances, household composition, or rent.

13. HOW APPLICANT’S HISTORY WILL BE CHECKED

Listed below are the methods by which every applicant's performance, relative to each of the following criteria, will be verified:

a. Past performance meeting financial obligations, especially rent:
   1. Credit check with Credit Bureau.
   2. Where possible, contacting the current landlord and at least one prior landlord.

NOTE: Applications from households which owe any outstanding balance to any other landlord or rental housing provider will be immediately rejected.

b. Disturbance of neighbors, destruction of property, living or housekeeping habits that would pose a threat to other residents:
   1. Management will check for these potential problems with the current management and at least one former manager.
   2. If the applicant is not currently living under a lease with a management, the housing provider will be asked to verify the applicant's ability to comply with Jordan Downs S2 lease terms as it relates to these guidelines.

   NOTE: An applicant's behavior toward management will be considered in relation to future behavior toward neighbors. Physical or verbal abuse or threats by an applicant toward management will be noted in the file and the application will be rejected.

c. Involvement in criminal activity on the part of any applicant household member which would adversely affect the health, safety, or welfare of other residents.

d. Criminal history checks of convictions and outstanding warrants with local, state or Federal authorities including sex offender registry by state. If the criminal background investigation results indicate that the applicant does not meet the criminal screening criteria, management will reject the applicant in accordance with HUD guidance and management’s standards for applicant rejection. Before rejecting the household, management will compare the information provided by the applicant with the criminal history report. If the information conflicts, management will: 1) Notify the household of the proposed action based on the information; 2) Provide the content of the criminal record and information about how to obtain a copy of the information; 3) Provide the applicant with an opportunity to dispute the accuracy and relevance of the information obtained from any law enforcement agency; 4) Allow the household the opportunity to remove the household member. In this situation, applicants will have ten (10) business days to resolve the discrepancy. If the applicant fails to contact management or indicates that he/she cannot provide documentation to refute the criminal discovery, management will reject the application and remove the household from the waiting list.

e. A record of eviction from housing or termination from residential programs will be considered:
1. Manager will check HACLA and Michaels Management-Affordable, LLC (MMA) records, management records, and other records to determine whether the applicants have been evicted from HACLA or MMA properties or any assisted housing in the past.

2. Records of evictions from residential programs will be checked with service agencies and with any housing providers referred by the applicant.

3. Circumstances of any past eviction or termination in determining its relevance to Jordan Downs S2 tenancy.

f. Ability and willingness to comply with the terms of the lease & occupancy rules. An applicant household must be able to document that they have complied with lease terms and community policies (house rules), in current and former residences.

g. An applicant's misrepresentation of any information related to eligibility, award of priority for admission, allowances, household composition, or rent.

1. The EIV Existing Tenant Search to determine if the applicant or any applicant household members are currently being assisted at another Multifamily Housing or Public and Indian Housing (PIH) location.

If, during the course of processing an application, it becomes evident that an applicant has falsified or otherwise misrepresented any facts about their current situation, criminal history, or behavior in a manner that would affect eligibility, preferences, priorities, application selection criteria qualification, allowances, or rent, the application shall be rejected.

14. OBTAINING APPLICANT and TENANT RELEASES

All members of an applicant or tenant family who are at least 18 years of age and each family head, spouse or co-head, regardless of age, must sign and date the HUD-required consent forms (form HUD-9887, Notice and Consent for the Release of Information to HUD and to a PHA and form HUD-9887-A, Applicant’s/Tenant’s Consent to the Release of Information Verification by Owners of Information Supplied by Individuals Who Apply for Housing Assistance) at the initial certification and each recertification. All adults regardless whether they report income must sign and date these forms.

A current form HUD-9887:

a. Must be on file before owner/agents access the EIV employment and income information for a tenant.

b. Does not have to be on file to use the EIV Verification Reports. This includes the Existing Tenant Search for applicants.

If the applicant or tenant, or any adult member of the applicant’s or tenant’s family, does not sign and submit the consent form as required in 24 CFR 5.230, the following statements apply:

1. The owner must deny assistance and admission to the applicant; or

2. The owner must terminate assistance to the family not the individual.

15. REVIEW OF APPLICATIONS FOR ACCEPTANCE OR REJECTION

a. If the applicant requests an appeal interview to determine whether mitigating circumstances or reasonable accommodations due to their disability would make it possible to accept their application, management will do so according to HUD regulations and Section 504 of the Rehabilitation Act of 1973.

b. A person with a disability or disabilities has the right to request reasonable accommodations to participate in the informal hearing process.
c. If an applicant is clearly eligible and passes the screening guidelines, admission shall be authorized. Likewise, if the applicant is ineligible, rejection of the application shall be authorized.

d. Management will follow the grievance process set forth in the applicable program regulations and HACLA’s Section 8 Administrative Plan which is the applicant’s right to respond to the owner in writing or request a meeting within 30 calendar days to dispute the rejection.

16. **APPLICANTS WITH DISABILITIES**

Management will consider the appeal of an application rejection; if the applicant has a disability and the reasons for the rejection could be overcome by management’s reasonable accommodation of the applicant’s disability. For reasonable accommodations to apply there are several requirements. First, the applicant must make the request and have a verifiable disability [mental or physical impairment that substantially limits one or more major life activities] unless the disability is readily apparent. To not reject the application, the disability must have a direct nexus to the reason the application would be rejected. The applicant must request the reasonable accommodation and, if required, provide verification of the disability and the need for the accommodation. Finally, for the accommodation to be reasonable it cannot result in an undue financial and administrative burden to Jordan Downs S2 nor a fundamental alteration to the program.

In some situations, even with reasonable accommodations, applicants with disabilities cannot meet essential program requirements. In these situations, the applicant is not eligible and the application will be rejected. Examples of such situations are where the behavior or performance in past housing caused a direct threat to the health or safety of persons or property; past history or other information that shows the applicant’s inability to comply with the terms of Jordan Downs S2’s lease; or an objective determination that the applicant would require services from management that represent an alteration in the fundamental nature of Jordan Downs S2’s program.

17. **REJECTION OF APPLICATION OF INELIGIBLE OR UNQUALIFIED APPLICANTS**

Jordan Downs S2 complies with application rejection requirements set forth in this Tenant Selection Plan, HACLA’s Section 8 Administrative Plan, HUD requirements, and LIHTC requirements. Applications will be rejected if it is determined that the applicant or any member of the household falls within the following categories, including but not limited to:

a. **Misrepresentation:** Willful or serious misrepresentation in the application procedure for the apartment or certification process for any government assisted dwelling unit.

   NOTE: Incomplete applications will be rejected.

b. **Records of Disturbance of Neighbors, Destruction of Property or Other Disruptive or Dangerous Behavior:** Includes behavior or conduct which adversely affects the safety or welfare of other persons by physical violence, gross negligence or irresponsibility, which damages the equipment or premises in which the household resides; or which is disturbing or dangerous to neighbors or disrupts sound family and community life.

c. **Violent Behavior:** Includes evidence of acts of violence or of any other conduct, which would constitute a danger or disruption to the peaceful occupancy of neighbors.

d. **Non-compliance with Rental Agreement:** Includes evidence of any failure to comply with the terms of rental agreements at prior residences, such as failure to recertify as required, providing shelter to unauthorized persons, keeping pets, or other acts in violation of rules and regulations.

e. **Owing Prior Landlords:** Applicants who owe a balance to present or prior landlords will not be considered for admission until the account is paid in full and reasonable assurance is obtained that the contributing causes for nonpayment of rent or damages have changed sufficiently to enable the household to pay rent and other charges when due.

f. **Owing Utility Providers:** Applicants who owe a balance to the local utility provider for present or prior residences will not be considered for admission until the account is paid in full and reasonable assurance is obtained that the contributing causes for failure to pay the utility bill have changed sufficiently to enable the household to pay and maintain utilities in the name of the head of household.
g. **Unsanitary or Hazardous Care of Unit:** Includes generally creating any health or safety hazard through acts of neglect, including but not limited to: causing or permitting any damage to or misuse of premises and equipment, if the household is responsible for such hazard, damage or misuse; causing or permitting infestation, foul odors or other problems injurious to other persons' health, welfare or enjoyment of the premises; depositing garbage improperly; failing to use in a reasonable and proper manner all utilities, facilities, services, appliances and equipment within the dwelling unit or failing to maintain them in a clean condition; or any other conduct or neglect which could result in health or safety problems or in damage to the premises.

h. **Credit History:** Have a consistent record of timely rent payments during the immediate three years prior to the evaluation. Applicants who have had 2 or more evictions for non-payment of rent in the immediate three years prior to the evaluation will be denied admission. Not have a consumer debt balance (excludes medical bills and student loans) such that the minimum monthly payments exceed 60% of the gross income of the household. A consistent, severe or recent history of deficiencies in overall credit or rent payment which indicate the household will be unable or would otherwise fail to pay when due rent for the apartment and other expenses relating to occupancy of the apartment.

i. **Failure** to provide SSN documentation for all family/household members that are not exempt.

j. **Student status** does not meet the HUD/IRS Student eligibility requirements.

k. **Criminal Activity:** Management has established a policy to reject all applications where the applicant or any household member has engaged in certain criminal activity as outline in section 3

   It is the policy of Jordan Downs S2 to screen applicants prior to Move-In, residents and household members for criminal history upon report of such activity, and to reject applications or terminate the leases of residents, if it is determined that current or past criminal activity of an applicant, resident or household member may indicate a present threat to the health, safety, or right to peaceful enjoyment by other residents, property management staff or persons residing in the immediate vicinity of the facility.

   Management will work with law enforcement to follow-up on any criminal reports received for all criminal activity that threatens the health, safety, or right to peaceful enjoyment of the premises by other residents (including property management staff); or any criminal activity that threatens the health, safety, or right to peaceful enjoyment of their residences by persons residing in the immediate vicinity of the premises. If the criminal police reports indicate criminal activity, which allows for the termination of tenancy, then eviction proceedings will be started.

18. **OFFERING AN APARTMENT**

When an apartment becomes available for occupancy, it will be offered to the applicant at the top of the waiting list for that apartment type. If the applicant family fails to respond or appear for an appointment, the HACLA notifies the family that it is being withdrawn from the waiting list and offers the family an opportunity for an informal review. If there is no request for an informal review within the time frame described in the notice, the application is withdrawn.

In that event, the first applicant will be sent a letter requesting confirmation of its interest in remaining on the waiting list. If the applicant replies affirmatively, its application will retain its position on the waiting list. If the reply is negative, the application will be removed from the waiting list.

If an applicant rejects the offer of an apartment twice, the applicant will be removed from the waiting list.

19. **PRIOR TO MOVE-IN / TENANT INTERVIEW**

The Manager must meet with all residents of the apartment. Management will explain the HUD/IRS regulations regarding the following:
a. security deposits— applicant must pay before moving in and refunds upon move-out
b. use of the HUD EIV System for all recertifications after move-in and upon move-out to report debt owed or evictions
c. annual recertifications
d. interim recertifications
e. unit inspections
f. community policies (house rules)
g. transfer policy
h. Section 8 & IRS Section 42 student eligibility
i. charges for facilities and services
j. VAWA – Violence Against Women Act
k. reporting required when the household composition changes, or there is a change in employment status or income increases of $200 or more per month
l. apartment must be the family’s only residence; therefore; residents are not allowed an unexplained and/or extended absence from the premises for sixty (60) continuous days or for longer than 180 continuous days for medical reason
m. all adult members of the household, 18 years and older will sign the lease, community policies (house rules), and related documents
n. applicant and management will inspect the apartment and sign the Move-In Inspection form
o. applicant will pay the rent for the first month, as set forth in the Lease
p. applicant will be given a copy of the Lease, the Move-In Inspection form, Community Policies, and the receipt for the Security Deposit and first month’s rent
q. if applicable, applicant must have receipt of proof that the utilities have been transferred into their name
r. All household members will be screened, at minimum, during the annual recertification process using “The Dru Sjodin National Sex Offender Public Website”

20. TRANSFER POLICY

Residents who wish to transfer to another unit must complete a Unit Transfer Request. This request must be completed and signed by the head of household, co-head, and spouse who wish to transfer. Security Deposits will be transferred when a household transfers from one apartment to another.

Transfers will be reviewed and may be granted, based on, but not limited to the following:

a. Household size;
b. Changes in family composition;
c. Medical reason or a need for an accessible unit because of a Reasonable Accommodation due to the disability of a household member;
d. If the household member needing the accessible features moves out of the accessible apartment, then the remaining household members will be required to move to a non accessible unit; or
e. If no household member needs the accessible features of their current apartment and the accessible apartment is needed by a household with person(s) with disabilities.

Transfers will not be made due to household size or a change in household composition if all of the apartments are the same size or if the household still meets the property occupancy policy.

Residents, who either request a transfer or are required to transfer for any of the above reasons, will be placed on a transfer waiting list based on the apartment size requested.

Residents, with disabilities, currently residing in a non-accessible apartment, and need accessible features will be given first priority for an apartment with accessible features over other residents and applicants.

Residents, without disabilities, currently residing in an accessible apartment will be given a 30 day notice to transfer to a non-accessible apartment as agreed to when an applicant and/or resident household needs an apartment with accessible features.
Residents may be required to transfer in any situation which may arise that is due to reasons beyond anyone’s control, including, but not limited to, natural disasters or extensive repairs to be completed in, or around, the unit which cannot be completed while the unit in question is occupied.

NOTE: Current residents that have been required to transfer due to reasons beyond anyone’s control, (noted in previous paragraph) will be given priority over applicants.

NOTE: Current residents, who may qualify for rental assistance, or who meet the qualifications listed in the above Transfer Policy for transfer to a different unit shall be given priority over applicants.

NOTE: Depending upon the circumstances of the transfer, a resident may be obligated to pay all costs associated with the move. However, if a resident is transferred as a reasonable accommodation to a household member’s disability, then the owner must pay the costs of moving the resident’s belongings, unless doing so would be an undue financial and administrative burden.

NOTE: Transfers will not take place if the resident is not in compliance with their Lease, this includes but is not limited to the lease violations for “decent, safe and sanitary care of apartment that have not been “cured”, unpaid rent, late fees, damage charges and any other outstanding lease violations. The transfer request will remain on the transfer waiting list until resident is in compliance with their lease and transfer takes place or resident moves out.

VAWA Emergency Transfers-

In accordance with HUD policies, MMA allows survivors of domestic violence, sexual assault, dating violence, and stalking to transfer to another available dwelling unit. The ability to request a transfer is available regardless of sex, gender identity, or sexual orientation. The ability of this site to honor such request for household members currently receiving assistance, however, may depend upon a preliminary determination that the household member is or has been a victim of domestic violence, dating violence, sexual assault, or stalking, and on whether this site has another dwelling unit that is available and is safe to offer the tenant for temporary or more permanent occupancy. This plan identifies household members who are eligible for an emergency transfer, the documentation needed to request an emergency transfer, confidentiality protections, how an emergency transfer may occur, and guidance to tenants on safety and security. This plan is based on a model emergency transfer plan published by the U.S. Department of Housing and Urban Development (HUD), the Federal agency that oversees that this site is in compliance with VAWA.

Eligibility for Emergency Transfers – VAWA Related Transfers
A tenant who is a victim of domestic violence, dating violence, sexual assault, or stalking, as provided in HUD’s regulations at 24 CFR part 5, subpart L is eligible for an emergency transfer, if: the tenant reasonably believes that there is a threat of imminent harm from further violence if the tenant remains within the same unit. If the tenant is a victim of sexual assault, the tenant may also be eligible to transfer if the sexual assault occurred on the premises within the 90-calendar-day period preceding a request for an emergency transfer.
A tenant requesting an emergency transfer must expressly request the transfer in accordance with the procedures described in this plan.
Tenants who are not in good standing may still request an emergency transfer if they meet the eligibility requirements in this section.

Emergency Transfer Request Documentation – VAWA Related Transfers
1. To request an emergency transfer, the tenant shall notify the management office and submit a written request for a transfer to the Rental Office using form HUD-5383.
2. MMA will provide reasonable accommodations to this policy for individuals with disabilities. The tenant’s written request for an emergency transfer should include either: A statement expressing that the tenant reasonably believes that there is a threat of imminent harm from further violence if the tenant were to remain in the same dwelling unit assisted under this site’s program; OR
3. A statement that the tenant was a sexual assault victim and that the sexual assault occurred on the premises during the 90-calendar-day period preceding the tenant’s request for an emergency transfer.
a. MMA will follow all reasonable confidentiality measures to help protect the new dwelling unit’s identification and location from the perpetrator of the violence or assault.

21. **AT MOVE-IN**

Keys to the apartment will be issued to the household. After move-in, periodic inspections will be completed as well as annual and interim certifications will be completed.

22. **FAILURE TO MOVE-IN ON TIME**

If a household fails to move in on the agreed date, the application will be declined and the apartment will be offered to the next household on the waiting list unless there are extenuating circumstances.

23. **APARTMENT INSPECTIONS**

All apartments must undergo a move-in and move-out inspection by the on-site management team. These inspections include not only interior but also exterior inspections. There will be an annual inspection. From time to time, HUD and/or the Contract Administrator will conduct an inspection.

24. **ANNUAL RECERTIFICATIONS/INTERIM RECERTIFICATIONS**

HUD/IRS SECTION 42 regulations require an annual recertification of income and expenses for rent determination. Only HUD requires interim recertification depending upon certain resident changes such as adding another person to your household, change in income, increase or decrease. This policy will be discussed during the tenant interview prior to move-in, which shall be conducted in accordance with the requirements of Paragraph 19 – “Prior to Move-In / Tenant Interview.”

25. **REASONABLE ACCOMMODATION AND MODIFICATIONS**

It is our policy, pursuant to Section 504 of the Rehabilitation Act (if applicable) and the Federal Fair Housing Act, to provide reasonable accommodations and modifications upon request to all applicants, residents, and employees with disabilities. Jordan Downs S2 will seek to identify and eliminate situations or procedures which create a barrier to equal housing opportunity for all. In accordance with Section 504, Jordan Downs S2 will make reasonable accommodations for individuals with disabilities (applicants or residents). Such accommodations may include changes in the method of administering policies, procedures, or services.

When an otherwise qualified applicant requests a reasonable accommodation or modification, management is not required to:

- make structural alterations that require the removal or altering of a load-bearing structure,
- provide support services that are not already part of its housing programs,
- take any action that would result in a fundamental alteration in the nature of the program or service, or
- take any action that would result in an undue financial and administrative burden on the Jordan Downs S2, including structural impracticality as defined in the Uniform Federal Accessibility Standards (UFAS).

26. **APPLY SCREENING CRITERIA UNIFORMLY TO ALL APPLICANTS**

Screening is used to help ensure that households admitted to a property will abide by the terms of the lease, pay rent on time, take care of the unit and common property, and allow all other residents to peacefully enjoy their homes. Anyone who wishes to live on the property must be screened prior to moving in. This includes, but is not limited to, live-in aides, security/police officers or additional household members wishing to move-in after the initial move-in.
Should an application be approved and move-in has occurred, any addition to the household must be approved by Management. The same screening completed to approve the original application will be used for future household members.

27. **THE VIOLENCE AGAINST WOMEN REAUTHORIZATION ACT OF 2013**

The “Violence Against Women Act” (VAWA) and the Justice Department Reauthorization Act of 2013 protects qualified applicants including their household members who are victims of domestic violence including dating violence, sexual assault, and stalking, from having their application rejected based on acts of such violence against them.

An application cannot be rejected if the applicant or a member of the household is a victim of domestic violence, dating violence, sexual assault or stalking, and if the applicant otherwise qualifies for admission. (NOTE: Application rejection will be issued but the applicant has the right to appeal then files will be documented as to why application was accepted.)

If your application is rejected, as a victim of domestic violence, you have the right to an appeal based on the domestic violence. Certification of domestic violence will be required of victim status which includes the names of the abuser. You may request a HUD certification form from management or the victim service providers, medical professionals, or attorneys who have counseled you as a victim can provide third-party verification, signed under penalty of perjury, of your status as a domestic violence victim.

VAWA also, protects residents including any household members who are victims of domestic violence including dating violence, sexual assault or stalking, from being evicted or terminated from housing assistance based on acts of such violence against them.

The tenant “victim” cannot be evicted because of incident(s) of actual or threatened domestic violence, dating violence, sexual assault or stalking which otherwise would be considered as serious or repeated violations of the lease or other “good cause”. (NOTE: These incidents are still lease violations and will be documented as such.) If you receive a lease violation and/or an eviction notice, as a victim of domestic violence, you have the right to an appeal the lease violation and/or eviction notice based on the domestic violence. Certification of domestic violence will be required of victim status which includes the names of the abuser. You may request a HUD certification form from management or the victim service providers, medical professionals, or attorneys who have counseled you as a victim can provide third-party verification of your status as a domestic violence victim.

The VAWA Emergency Plan is posted in the Rental Office.

28. **USE OF EIV EXISTING TENANT SEARCH AND DEBT OWED**

The Existing Tenant Search report identifies applicants applying for assisted housing that may be receiving rental assistance at the time of application processing at another location.

The Existing Tenant Search will be used during the processing of an applicant for admission to determine if the applicant or any applicant household members are currently being assisted at another Multifamily Housing or Public and Indian Housing (PIH) location.

If the applicant or a member of the applicant’s household is identified as residing at another property receiving HUD assistance, they will be given the opportunity to explain any circumstances relative to their receiving assistance at the other property.

Before the applicant(s) can move-in, management will use the EIV Coordination of Section 8 from Property to Property form to follow up with the respective PHA or O/A to confirm the applicant’s move-out status before admission. Use of the EIV Existing Tenant Search report and the EIV Coordination of Section 8 form gives management the ability to coordinate move-out and move-in dates with the PHA or O/A of the other property, thus helping to reduce “double subsidy”.


The EIV Existing Tenant Search report and the EIV Coordination of Section 8 from Property to Property along with any documentation obtained as a result of contacts with the applicant and the PHA and/or O/A at the other property will be printed and kept with the application.

An EIV Income Report will be pulled on all new move-ins within ninety (90) days after move-in information has been transmitted to PIC to confirm and validate the income reported by the new resident household.

Any discrepancies found in the reported income of the resident household will be resolved within 30 days of the EIV Income Report date. A copy of this Income Report will be kept with the applicable move-in income verifications.

Due to the prohibition of use of EIV for LIHTC properties, Jordan Downs will maintain two files: one for RAD/HUD auditing and one for CTCAC auditing.

29. GRIEVANCE PROCEDURE – WHEN REJECTING AN APPLICATION, MANAGEMENT WILL COMPLY WITH CHAPTERS 14 AND 17 OF HACLA’S SECTION 8 ADMINISTRATIVE PLAN AND ALL APPLICABLE HUD REQUIREMENTS.

This property does not discriminate on the basis of disability status in the admission or access to, or treatment or employment in, its federally assisted programs and activities. The person named below has been designated to coordinate compliance with the nondiscrimination requirements against persons with disabilities.

Aaron Richards
504 Coordinator
Michaels Management-Affordable, LLC
3 East Stowe Road
Marlton, NJ 08053
856-596-0500
FAX 856-596-2636
TDD-711

PENALTIES FOR MISUSING THIS CONSENT: Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony for knowingly and willingly making false or fraudulent statements to any department of the United States Government. HUD and any owner (or any employee of HUD or the owner) may be subject to penalties for unauthorized disclosures or improper uses of information collected based on the consent form. Use of the information collected based on this verification form is restricted to the purposes cited above. Any person who knowingly or willingly requests, obtains, or discloses any information under false pretenses concerning an applicant or participant may be subject to a misdemeanor and fined not more than $5,000. Any applicant or participant affected by negligent disclosure of information may bring civil action for damages and seek other relief, as may be appropriate, against the officer or employee of HUD or the owner responsible for the unauthorized disclosure or improper use. Penalty provisions for misusing the social security number are contained in the Social Security Act at 42 USC 208 a(6)(7) and (8). Violations of these provisions are cited as violations of 42 USC 408 a(6)(7) and (8).
California Smoke-Free Lease Addendum – Jordan Downs S2

Tenant and all members of Tenant's family or household are parties to a written lease with Landlord (the Lease). This Addendum states the following additional terms, conditions and rules which are hereby incorporated into the Lease. A breach of this Lease Addendum shall give each party all the rights contained herein, as well as the rights in the Lease.

1. Purpose of No-Smoking Policy. The parties desire to mitigate (i) the irritation and known health effects of secondhand smoke; (ii) the increased maintenance, cleaning, and redecorating costs from smoking; (iii) the increased risk of fire from smoking; and (iv) the higher costs of fire insurance for a non-smoke-free building;

2. Definition of Smoking. The term “smoking” means inhaling, exhaling, breathing, or carrying any lighted cigar, cigarette, or other tobacco product or similar lighted product in any manner or in any form.

3. Smoke-Free Apartment Community. Tenant agrees and acknowledges that the premises to be occupied by Tenant and members of Tenant's household have been designated as a smoke-free living environment. Tenant and members of Tenant's household shall not smoke anywhere in the unit rented by Tenant, or the building where the Tenant's dwelling is located or in any of the common areas or adjoining grounds of such building or other parts of the rental community, nor shall Tenant permit any guests or visitors under the control of Tenant to do so.

4. Tenant to Promote No-Smoking Policy and to Alert Landlord of Violations. Tenant shall inform Tenant's guests of the no-smoking policy. Further, Tenant shall promptly give Landlord a written statement of any incident where tobacco smoke is migrating into the Tenant's unit from sources outside of the Tenant's apartment unit.

5. Landlord to Promote No-Smoking Policy. Landlord shall post no-smoking signs at entrances and exits, common areas, hallways, and in conspicuous places adjoining the grounds of the apartment community.

6. Landlord Not a Guarantor of Smoke-Free Environment. Tenant acknowledges that Landlord’s adoption of a smoke-free living environment, and the efforts to designate the apartment community as smoke-free, do not make the Landlord or any of its managing agents the guarantor of Tenant’s health or of the smoke-free condition of the Tenant’s unit and the common areas. However,
Landlord shall take reasonable steps to enforce the smoke-free terms of its leases and to make the apartment community smoke-free. Landlord is not required to take steps in response to smoking unless Landlord has actual knowledge of said smoking or has been given written notice of said smoking.

7. Other Tenants are Third-Party Beneficiaries of Tenant's Agreement. Tenant agrees that the other Tenants at the apartment community are the third-party beneficiaries of IR-COSF Tenant's smoke-free addendum agreements with Landlord. (In layman’s terms, this means that Tenant's commitments in this Addendum are made to the other Tenants as well as to Landlord.) A Tenant may sue another Tenant for an injunction to prohibit smoking or for damages, but does not have the right to evict another Tenant. Any suit between Tenants herein shall not create a presumption that the Landlord breached this Addendum.

8. Effect of Breach and Right to Terminate Lease. A breach of this Lease Addendum shall give each party all the rights contained herein, as well as the rights in the Lease. A material breach of this Addendum shall be a material breach of the lease and grounds for immediate termination of the Lease by the Landlord.

9. Disclaimer by Landlord. Tenant acknowledges that Landlord's adoption of a smoke free living environment, and the efforts to designate the apartment community as smoke-free, does not in any way change the standard of care that the Landlord or managing agent would have to a Tenant household to render buildings and premises designated as smoke-free any safer, more habitable, or improved in terms of air quality standards than any other rental premises. Landlord specifically disclaims any implied or express warranties that the building, common areas, or Tenant's premises will have any higher or improved air quality standards than any other rental property. Landlord cannot and does not warranty or promise that the rental premises or common areas will be free from secondhand smoke. Tenant acknowledges that Landlord's ability to police, monitor, or enforce the agreements of this Addendum is dependent in significant part on voluntary compliance by Tenant and Tenant's guests. Tenants with respiratory ailments, allergies, or any other physical or mental condition relating to smoke are put on notice that Landlord does not assume any higher duty of care to enforce this Addendum than any other landlord obligation under the Lease.

10. Effect on Current Tenants. Tenant acknowledges that current tenants residing in the apartment community under a prior lease will not be immediately subject to the No Smoking Policy. As current tenants move out, or enter into new leases, the smoke-free policy will become effective for their unit or new lease.

Community Manager

Resident

Resident

Resident

Resident
ATTACHMENT D

SECTION 3 PLAN (PERMANENT HIRES)
POST-CONSTRUCTION LOCAL HIRING AND SECTION 3 CONTRACTING PLAN
ECONOMIC OPPORTUNITY PLAN
JORDAN DOWNS PHASE S2

Definitions:

Post-construction Section 3 Plan - means that plan developed by Tenant and approved by the Landlord (or “Authority”) which requires, among other things, that Tenant or Tenant’s Agent use best efforts to set aside thirty percent (30%) of the jobs available at the Property be made available first to Jordan Downs residents, second to Watts residents, third to Youthbuild participants residing in the City of Los Angeles and fourth to Section 3 income qualified City of Los Angeles residents. The Section 3 Plan also requires that Agent use best efforts to hire Disadvantaged Workers for not less than ten percent (10%) of the jobs available at the Property. Additionally, to satisfy the Section 3 Business contracting goals, three percent (3%) of the service contracts and ten percent (10%) of the construction contracts available at the Project will be made available to Section 3 Businesses, as such terms are defined in the Authority Section 3 Requirements and which is an attachment to the Disposition and Development Agreement.

PLAN:

Whenever possible, residents will be considered for temporary and permanent positions in the site management and maintenance staff in accordance with the Post-Construction Section 3 Plan. In addition, Agent shall comply, to the maximum extent feasible, with the hiring, contracting and training goals and requirements outlined in the Section 3 Plan and the Procurement Plan.

In accordance with Attachment 2, Exhibit 2A of the 2nd Amendment to the Master Development Agreement between the Housing Authority of the City of Los Angeles, Jordan Downs Community Partners LLC, the Michaels Development Company I, L.P., Bridge Housing Corporation and Primestor Jordan Downs, LLC, Tenant’s Agent is required to comply with the provisions of Section 3 of the Housing & Urban Development (HUD) Act of 1968, as amended, to ensure that training, employment and other economic opportunities generated by select HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to the greatest extent possible to low and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low and very low-income persons.

It is the intent of Agent to meet or exceed the employment, training and economic goals that are required of Section 3 when feasible, including but not necessarily limited to the following (as applicable):

a) Contracting Goal, Construction-Related. Ten percent (10%) of the total dollar amount of all construction-related contracts shall be extended to Section 3 Business Concerns.

b) Contracting Goal, Non-Construction. Three percent (3%) of the total dollar amount of all non-construction related contracts shall be extended to Section 3 Business Concerns.

c) Training and Employment. Thirty percent (30%) of the aggregate number of new hires generated by the Development shall be extended to Section 3 Residents.
Section 3 Hiring

The Agent will make reasonable efforts to hire Section 3 eligibility residents for available positions at the project. Priority shall be given to Jordan Downs Residents first, using the resources and referrals from Watts/Los Angeles WorkSource Center (WSC). The Tenant shall strongly consider the qualifications of all interested WSC referrals and existing Landlord employees as it makes hiring decisions for the management and maintenance of the Project. To that end, Tenant shall cause the Management Agent give these applicants the first opportunity to interview for all available positions, before undertaking outreach activities or providing notice to the public for such opportunities.

Section 3 Contracting

To the greatest extent feasible, the Agent will award 10% of the property’s annual service, maintenance and repair contracts and 3% of other professional services contracts to Section 3 Businesses. The Agent’s good faith efforts to contract with Section 3 Businesses, will include, but not be limited to the use of Section 3 Business Registries, outreach to local businesses, and organizations and associations representing Section 3 Businesses.

REPORTING:

Ongoing Reporting: Section 3 Business subcontracting and Section 3 new hire activities will be reported to HACLA within seven (7) business days of Section 3 hiring or Section 3 business contract execution.

Annual Section 3 Reports: the Agent shall submit annual reports to HACLA’s Section 3 Compliance Administrator detailing the contract awards and total number of all new hires including, Section 3 Resident hires in the following categories: (i) Jordan Downs Residents, (ii) Watts Residents, (iii) HUD YouthBuild Participants, (iv) City of Los Angeles Residents who meet the Section 3 eligibility requirements and (v) all other non-Section 3 new hires.

The Agent shall make available to HACLA’s Section 3 Compliance Administrator documents, records and information requested that are relevant to contracts, recruitment, monitoring and compliance with this Section 3 Plan to demonstrate good faith efforts.

Reports shall be submitted using HACLA reporting forms no later than January 10th of each year.

Non Compliance:
Within thirty (30) business days of receipt of complete and accurate Post-Construction Section 3 Reports, the Section 3 Compliance Administrator shall notify the Agent of any perceived or actual deficiencies that could lead to a declaration of default to afford a reasonable opportunity to cure. In the event the Agent fails to cure following a reasonable opportunity to cure, which in no event shall exceed thirty (30) business days, the Authority will pursue remedies available to it pursuant to this Agreement or other agreements between the Authority and the Agent; provided, however, that the Agent shall be afforded first the opportunity to appeal a declaration of default to the Chief Executive Officer of the Authority.
ATTACHMENT 1

EXHIBIT 1A. Master Developer Procurement Policy and Procedures

PROCUREMENT PLAN FOR JORDAN DOWNS REDEVELOPMENT

Project: Jordan Downs, Los Angeles, CA

Master Developer: Jordan Downs Community Partners LLC

Owner: To-be formed for each phase of the Project, with an affiliate of one or both Guarantors as general partner(s) or member(s)

Guarantors: The Michaels Development Company I, L.P.

BRIDGE Housing Corporation

Housing Authority: Housing Authority of the City of Los Angeles

GENERAL PROVISIONS

General

The Master Developer is a private entity developing the Project for private ownership in phases by Owners, and in general is not bound by procurement laws applicable to public agencies or publicly-owned projects. Nonetheless, the Master Developer is cognizant of the public and community interest in the Project and wishes to provide for a procurement system of quality and integrity; provide for the fair and equitable treatment of all persons or firms involved in purchasing by the Master Developer; ensure that supplies and services (including construction) are procured efficiently, effectively, and are the most advantageous to the Master Developer and Project, taking into consideration price, quality and other factors; utilize small and disadvantaged businesses and local residents in the Project so as to strengthen the social and economic fabric of the surrounding community; promote to the maximum extent practical open and free competition in contracting; and assure that Master Developer’s purchasing actions are in full compliance with applicable Federal standards, HUD regulations, and State and local laws.

To the extent that any purchasing actions are performed by Owners and not Master Developer, Master Developer will nonetheless ensure compliance with this Procurement Plan in such Owner purchasing actions.

Definition

The term “procurement,” as used in this Plan, includes the procuring, purchasing, leasing, or renting of: (1) goods, supplies, equipment, and materials, (2) construction services; (3) architectural and engineering services, (4) maintenance; (5) social services and (6) other services.

ETHICS IN CONTRACTING

General

The Master Developer hereby establishes this code of conduct regarding procurement issues and actions. This code of conduct is consistent with applicable Federal, State, or local law.
Conflicts of Interest

No employee, officer, Board member, or agent of the Master Developer shall participate directly or indirectly in the selection, award, or administration of any contract if a conflict of interest, either real or apparent, would be involved. Such a conflict would arise when one of the persons listed below has a financial or any other type of interest in a firm competing for the award:

A. An employee, officer, Board member, or agent involved in making the award;

B. His/her relative (including father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepsdaughter, stepbrother, stepsister, half brother, or half sister);

C. His/her partner; or

D. An organization which employs or is negotiating to employ, or has an arrangement concerning prospective employment of any of the above.

Gratuities, Kickbacks, and Use of Confidential Information

No officer, employee, Board member, or agent shall ask for or accept gratuities, favors, or items of value from any contractor, potential contractor, or party to any subcontract involved in the Project, except a gift or unsolicited item in which the financial interest is not substantial, and shall not knowingly use confidential information for actual or anticipated personal gain. Any gift, meal or entertainment with a cost of less than $50 is presumed to have an insubstantial financial interest.

PURCHASING METHODS

With respect to each procurement activity, one of the following purchasing methods will be employed by the Master Developer as deemed appropriate by the Master Developer:

Petty Cash Purchases

Purchases under $1,000 may be handled through the use of a petty cash account. Petty Cash Accounts may be established in an amount sufficient to cover small purchases made during a reasonable period, e.g., one month. For all Petty Cash Accounts, the Master Developer shall ensure that security is maintained and only authorized individuals have access to the account. These accounts should be reconciled and replenished periodically.

Small Purchase Procedures
For any amounts above the Petty Cash ceiling, but not exceeding $100,000, the Master Developer may use small purchase procedures. Under small purchase procedures, the Master Developer shall obtain a reasonable number of quotes (preferably three); however, for purchases of less than $5,000, also known as Micro Purchases, only one quote is required provided the quote is considered reasonable. To the greatest extent feasible, and to promote competition, small purchases should be distributed among qualified sources. Quotes may be obtained orally (either in person or by phone), by fax, in writing, or through e-procurement. An award shall be made to the qualified vendor whose offer or bid is the most advantageous to the Master Developer, considering price, quality and other factors. If an award is to be made for reasons other than lowest price, documentation shall be provided in the contract file. The Master Developer shall not break down requirements aggregating more than the small purchase threshold (or the Micro Purchase threshold) into several purchases that are less than the applicable threshold merely to: (1) permit use of the small purchase procedures or (2) avoid any requirements that applies to purchases that exceed the Micro Purchase threshold.

**Sealed Bids**

Sealed bidding may be used for all contracts that exceed the small purchase threshold and that are not competitive proposals or non-competitive proposals, as these terms are defined in this document. Under sealed bids, the Master Developer publicly solicits bids and awards a firm fixed-price or time and materials with a not to exceed contract (lump sum or unit price) to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bid (IFB), is the lowest in price.

A. **Conditions for Using Sealed Bids.** The Master Developer may use the sealed bid method if the following conditions are present: a complete, adequate, and realistic statement of work, final plans and specifications, or accurate purchase description is available; two or more responsible bidders are willing and able to compete effectively for the work; the contract can be awarded based on a firm fixed or time and materials with a not to exceed price; and the selection of the successful bidder can be made principally on the lowest price.

B. **Solicitation and Receipt of Bids.** An IFB is issued which includes the specifications and all contractual terms and conditions applicable to the procurement, and a statement that an award will be made to the lowest responsible and responsive bidder whose bid meets the requirements of the solicitation. The IFB must state the time and place for both receiving the bids and the public bid opening. All bids received will be date and time-stamped and stored unopened in a secure place until the bid opening. A bidder may withdraw the bid at any time prior to the bid opening.

C. **Bid Opening and Award.** All bids received shall be recorded on an abstract (tabulation) of bids, and then made available for inspection by bidders and/or by governmental agencies, lenders, investors, or other properly interested parties. If equal low bids are received from responsible bidders, selection shall be made by drawing lots or other similar random method. The method for doing this shall be stated in the IFB. If only one responsive bid is received from a responsible bidder, award shall not be made unless the price can be determined to be reasonable, based on a cost or price analysis.
D. **Mistakes in Bids.** Correction or withdrawal of bids may be permitted, where appropriate, before bid opening by written or telegraphic notice received in the office designated in the IFB prior to the time set for bid opening. After bid opening, corrections in bids may be permitted only if the bidder can show by clear and convincing evidence that a mistake of a nonjudgmental character was made, the nature of the mistake, and the bid price actually intended. A low bidder alleging a nonjudgmental mistake may be permitted to withdraw its bid if the mistake is clearly evident on the face of the bid document but the intended bid is unclear or the bidder submits convincing evidence that a mistake was made. All decisions to allow correction or withdrawal of a bid shall be supported by a written determination signed by the Master Developer’s contracting officer. After bid opening, changes in bid prices or other provisions of bids prejudicial to the interest of the Master Developer or fair competition shall not be permitted.

**Competitive Proposals**

Unlike sealed bidding, the competitive proposal method permits: consideration of technical factors other than price; discussion with offerors concerning offers submitted; negotiation of contract price or estimated cost and other contract terms and conditions; revision of proposals before the final contractor selection; and the withdrawal of an offer at any time up until the point of award. An award is normally made on the basis of the proposal that represents the best overall value to the Master Developer, considering price and other factors, e.g., technical expertise, past experience, quality and capacity of proposed bidder, schedule to execute scope of work, etc., and not solely the lowest price.

A. **Conditions for Use.** Where conditions are not appropriate for the use of sealed bidding or where other factors exist that make the use of sealed bidding less advantageous to the Master Developer, competitive proposals may be used. Such other factors include a determination by the Master Developer that it is in the Master Developer’s best interests to engage a Contractor prior to finishing a complete, adequate, and realistic statement of work, final plans and specifications, or accurate purchase description so to use the Contractor’s knowledge and experience to develop the statement of work, plans and specifications or purchase description or to value engineer the products or services, in accordance with best practices in the private sector for similar projects. Competitive proposals are the preferred method for procuring professional services that will exceed the small purchase threshold.

B. **Form of Solicitation.** Competitive proposals shall be solicited through the issuance of an RFP or RFQ (where price is not an element of the selection). A mechanism for fairly and thoroughly evaluating the technical and price proposals shall be established before the solicitation is issued. Proposals shall be handled so as to prevent disclosure of the number of offerors, identity of the offerors, and the contents of their proposals until after award. The Master Developer may assign price a specific weight in the evaluation criteria or the Master Developer may consider price in conjunction with technical and other factors.

C. **Evaluation.** The proposals shall be evaluated by an employee or employees of the Master Developer who have the appropriate skills and experience to evaluate the proposal. Such employees shall be required to disclose any potential conflicts of interest. An Evaluation Report, summarizing the results of the evaluation, shall be prepared prior to award of a contract. One employee shall be deemed to be the contracting officer and shall have primary contact with each offeror.
D. **Negotiations.** Negotiations shall be conducted with all offerors who submit a proposal determined to have a reasonable chance of being selected for award, unless it is determined that negotiations are not needed with any of the offerors. This determination is based on the technical, price and other factors used to evaluate the proposals. These offerors shall be treated fairly and equally with respect to any opportunity for negotiation and revision of their proposals. No offeror shall be given any information about any other offeror’s proposal, and no offeror shall be assisted in bringing its proposal up to the level of any other proposal. A common deadline shall be established for receipt of proposal revisions based on negotiations. Negotiations are exchanges (in either competitive or sole source environment) between the Master Developer and offerors that are undertaken with the intent of allowing the offeror to revise its proposal. These negotiations may include bargaining. Bargaining includes persuasion, alteration of assumptions and positions, give-and-take, and may apply to price, schedule, technical requirements, type of contract or other terms of a proposed contract. The primary object of the negotiations is to maximize the Master Developer’s ability to obtain best value. The contracting officer shall indicate to, or discuss with, each offeror still being considered for award, significant weaknesses, deficiencies, and other aspects of its proposal (such as cost, price, technical approach, past performance, and terms and conditions) that could, in the opinion of the contracting officer, be altered or explained to enhance materially the proposer’s potential for award. The scope and extent of discussions are a matter of the contracting officer’s judgment. The contracting officer may inform an offeror that its price is considered by the Master Developer to be too high, or too low, and reveal the results of the analysis supporting that conclusion. It is also permissible to indicate to all offerors the cost or price that the price analysis, market research, and other reviews have identified as reasonable. “Auctioning” (revealing one offeror’s price in an attempt to get another offeror to lower their price) is prohibited.

E. **Award.** After evaluation of the revised proposals, if any, the contract shall be awarded to the responsible firm whose technical approach to the project, qualifications, price and/or any other factors considered, are most advantageous to the Master Developer provided that the price is within the maximum total project budgeted amount established for the specific property or activity.

**Noncompetitive Proposals**

A. **Conditions for Use.** Procurement by noncompetitive proposals (sole-source) may be used when the award of a contract is not feasible using small purchase procedures, sealed bids or competitive proposals, and if one of the following factors applies:

1. The item or service is available only from a single source, based on a good faith review of available sources;

2. An emergency exists that seriously threatens the public health, welfare, or safety, or endangers property, or would otherwise cause serious injury to the Master Developer or the Project, as may arise by reason of a flood, earthquake, epidemic, riot, equipment failure, or similar event. In such cases, there must be an immediate and serious need for supplies, services or construction such that the need cannot be met through any of the other procurement methods, and the emergency procurement shall be limited to those supplies, services or construction necessary simply to meet the emergency;

3. A public exigency circumstance; or

4. After solicitation of a number of sources, competition is determined inadequate by the Master Developer.
B. **Justification.** Each procurement based on noncompetitive proposals shall be supported by a written justification by the responsible contracting officer for the selection of this method.

**SOLICITATION AND ADVERTISING**

**Method of Solicitation**

A. **Petty Cash and Micro Purchases.** The Master Developer may contact only one source if the price is considered reasonable.

B. **Small Purchases.** Quotes may be solicited orally, through fax, or by any other reasonable method.

C. **Sealed Bidding and Competitive Proposals.** Solicitation must be done either publicly or by contacting at least three potential bidders/offerors. If the public solicitation method is used, the Master Developer must use one or more of the following solicitation methods, provided that the method employed provides for meaningful competition.

   1. Advertising in newspapers or other print mediums of local or general circulations.
   2. Advertising in various trade journals or publications (for construction).
   3. E-Procurement. The Master Developer may conduct its public procurements through the Internet using e-procurement systems. However, all e-procurements must otherwise be in compliance with Federal, State and local requirements.

**Time Frame**

For purchases of more than $100,000 in which public solicitation is used, the public notice should run at least once for a reasonable amount of time.

**Form**

Notices/advertisements should state, at a minimum, the place, date, and time that the bids or proposals are due, the solicitation number or other identifying name for the solicitation, a contact who can provide a copy of, and information about, the solicitation, and a brief description of the needed items(s) and/or service(s).

**Time Period for Submission of Bids and Proposals**

A minimum of 15 days shall generally be provided for preparation and submission of bids or proposals. However, the Master Developer may allow for a shorter period under extraordinary circumstances.

**Cancellation of Solicitations**

A. An IFB, RFP, RFQ or other solicitation may be cancelled before bids/offers are due if:

   1. The supplies, services or construction is no longer required;
   2. The funds are no longer available;
   3. Proposed amendments to the solicitation are of such magnitude that a new solicitation would be best; or
   4. Other similar reasons.
B. A solicitation may be cancelled and all bids or proposals that have already been received may be rejected if:
   1. The supplies or services (including construction) are no longer required;
   2. Ambiguous or otherwise inadequate specifications were part of the solicitation;
   3. All factors of significance to the Master Developer were not considered;
   4. Prices exceed available funds and it would not be appropriate to adjust quantities or services to come within available funds;
   5. There is reason to believe that bids or proposals may not have been independently determined in open competition, may have been collusive, or may have been submitted in bad faith; or
   6. For good cause of a similar nature when it is in the best interest of the Master Developer.

C. The reasons for cancellation shall be documented in the procurement file and the reasons for cancellation and/or rejection shall be provided upon request.

D. A notice of cancellation shall be sent to all bidders/offerors solicited and, if appropriate, shall explain that they will be given an opportunity to compete on any resolicitation or future procurement of similar items.

E. If problems are found with the specifications, the Master Developer should cancel the solicitation, revise the specifications and resolicit.

**BONDING REQUIREMENTS**

The standards under this section apply to construction contracts that exceed $100,000. There are no bonding requirements for small purchases or for other competitive proposals. The Master Developer may require bonds in these latter circumstances when deemed appropriate; however, non-construction contracts should generally not require bid bonds. For construction contracts exceeding $100,000, the successful bidder shall furnish an assurance of completion which would typically be in the form of a performance and payment bond in a penal sum of 100% of the contract price, obtained from a guarantee or surety company acceptable to the U. S. Government and authorized to do business in the State where the work is to be performed.

**MDA AND LEGAL REQUIREMENTS**

Local Hiring and HUD Section 3 Requirements. The Master Developer shall structure any solicitation or procurement decision and any resulting contract with the intent of fulfilling Local Hire and HUD Section 3 Requirements contained in the Master Development Agreement with the Housing Authority.

Davis-Bacon and Prevailing Wage Requirements. The Master Developer shall structure any solicitation or procurement decision and any resulting contract to require contractors to comply with all applicable labor standards, including but not limited to the Davis-Bacon Act (40 U.S.C. § 276a et seq.), State prevailing wage laws, and City of Los Angeles “living wage” laws, as applicable. Pursuant to 24 C.F.R. § 965.101, if State prevailing wage rates (including basic hourly rate and fringe benefits) determined under State law to be prevailing with respect to an employee in any trade exceed the applicable wage rate as determined by the Secretary of Labor pursuant to the Davis-Bacon Act, such State prevailing wage rate shall preempt the Davis-Bacon wage rates and shall apply to the work to be performed pursuant to this Agreement. Master Developer and its contractors shall be responsible for determining the applicability of prevailing wages.
The Master Developer shall, to the “greatest extent feasible,” award at least ten (10) percent of the total dollar amount of building trades work in all construction contracts and three (3) percent of the total dollar amount of all non-construction contracts to Section 3 Businesses to satisfy HUD’s Section 3 numerical goals for contracting as set forth in 24 CFR Part 135.30. Furthermore, the Master Developer shall include the Section 3 Clause set forth in 24 CFR Part 135.38 and attached hereto as Exhibit 2 in all subcontracts and ensure compliance by its contractors, subcontractors and all parties under its authority doing work related to the Redevelopment.

CONTRACTOR QUALIFICATIONS AND DUTIES

Contractor Responsibility

The Master Developer shall not award any contract until the prospective contractor, i.e., low responsive bidder or successful offeror, has been determined to be responsible. A responsible bidder/offeror must:

A. Have adequate financial resources to perform the contract, or the ability to obtain them;
B. Be able to comply with the required or proposed delivery or performance schedule, taking into consideration all the bidder’s/offeror’s existing commercial and governmental business commitments;
C. Have a satisfactory performance record;
D. Have a satisfactory record of integrity and business ethics;
E. Have the necessary organization, experience, accounting and operational controls, and technical skills, or the ability to obtain them;
F. Have the necessary production, construction, and technical equipment and facilities, or the ability to obtain them; and
G. Have any required business and professional licensing, including a City of Los Angeles business license if required; and
H. Be otherwise qualified and eligible to receive an award under applicable laws and regulations.

Suspension and Debarment

Contracts shall not be awarded to debarred, suspended, or ineligible contractors. Contractors may be suspended, debarred, or determined to be ineligible by HUD in accordance with HUD regulations (24 CFR Part 24) or by other Federal agencies, e.g., Dept of Labor for violation of labor regulations. Master Developer will confirm, prior to award of a contract, that the proposed Additional Team Member has not been debarred, or otherwise declared ineligible for award, by an applicable regulatory agency. The following non-exclusive sources shall be reviewed when required:

(a.) U.S. General Services Administration’s “List of Parties Excluded From Federal Procurement and Non-procurement Programs”
(b.) U.S. Department of Housing and Urban Development’s “Limited Denial of Participation” List
(c.) Office of State Purchasing (OSP) Quasi Agencies Notification List
**Excluded Contractors.** Master Developer will not contract with any sole proprietor or any bidding entity if any individual partner, incorporator, director, manager, officer, organizer, or member, who has at least 10% ownership in the bidding entity, under the following circumstances:

1. A conviction of or plea of guilty or no contest to the following state crimes or equivalent federal crimes shall permanently bar any person or the bidding entity from bidding on the Project:

   (a.) Public bribery

   (b.) Corrupt Influencing

   (c.) Extortion

   (d.) Money laundering

2. A conviction of or plea of guilty or no contest to the following state crimes or equivalent federal crimes shall bar any person or the bidding entity from bidding on the Project for a period of five years from the date of conviction or from the date of the entrance of the plea of guilty or no contest:

   (a.) Theft

   (b.) Identity theft

   (c.) Theft of a business record

   (d.) False accounting

   (e.) Issuing worthless checks

   (f.) Bank fraud

   (g.) Forgery

   (h.) Contractors; misapplication of payments

   (i.) Malfeasance in office

Master Developer is not required to perform criminal background checks on contractors, vendors, or subcontractors. Each bidder shall be required to attest that it/he/she has not, nor has any individual partner, incorporator, director, manager, officer, organizer, or member, who has at least 10% ownership in the bidding entity been convicted of, or has not entered a plea of guilty or nolo contender to any of the crimes or equivalent crimes listed in the preceding paragraph. It shall be the responsibility of any person, company, or entity making an allegation of false attestation to present prima facie proof to Master Developer supporting their claim.

**CONTRACT PRICING ARRANGEMENTS**

**Contract Types**

Any type of contract that is appropriate to the procurement and that will promote the best interests of the Master Developer may be used. All solicitations and contracts shall include the clauses and provisions necessary to define the rights and responsibilities of both the contractor and the Master Developer.
For all contracts based on cost-reimbursement plus an amount or percentage for profit, the contract must include a ceiling price that the contractor exceeds at its own risk, or other appropriate mechanism to contain costs.

**CONTRACT CLAUSES**

All contracts should identify the contract pricing arrangement as well as other pertinent terms and conditions, as determined by the Master Developer. All contracts entered into shall contain all standard provisions required by HUD and Housing Authority and shall conform to the requirements of this Plan.

**SPECIFICATIONS**

**General**

All specifications shall be drafted so as to promote overall economy for the purpose intended and to encourage competition in satisfying the Master Developer’s needs. Specifications shall be reviewed prior to issuing any solicitation to ensure that they are not unduly restrictive or represent unnecessary or duplicative items. Function or performance specifications are preferred. Consideration shall be given to consolidating or breaking out procurements to obtain a more economical purchase.

**Limitation**

The following types of specifications shall be avoided:

- A. geographic restrictions not mandated or encouraged by applicable Federal law (except for A/E and general contractor contracts, which may include geographic location as a selection factor if adequate competition is available);

Nothing in this procurement policy shall preempt any State licensing laws. Specifications shall be reviewed to ensure that organizational conflicts of interest do not occur.

**ASSISTANCE TO SMALL AND DISADVANTAGED BUSINESSES**

**Required Efforts**

Consistent with Presidential Executive Orders 13170, and Section 3 of the HUD Act of 1968, all feasible efforts shall be made to ensure that small and disadvantaged businesses, and other individuals or firms located in or owned in substantial part by persons residing in the area of the Project are used when possible. Such efforts shall include, but shall not be limited to:

- A. Including such firms, when qualified, on solicitation mailing lists;
- B. Encouraging their participation through direct solicitation of bids or proposals whenever they are potential sources;
- C. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by such firms;
- D. Establishing delivery schedules, where the requirement permits, which encourage participation by such firms;
- E. Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce;
F. Including in contracts, to the greatest extent feasible, a clause requiring contractors, to provide opportunities for training and employment for lower income residents of the Project area and to award subcontracts for work in connection with the Project to business concerns which provide opportunities to low-income residents, as described in 24 CFR Part 135 (so-called Section 3 businesses);

G. Granting preferences in contract award to Section 3 businesses; and

H. Requiring prime contractors, when subcontracting is anticipated, to take the positive steps listed above.

Definitions

1. A **small business** is defined as a business that is: independently owned; not dominant in its field of operation; and not an affiliate or subsidiary of a business dominant in its field of operation. The size standards in 13 CFR Part 121 should be used to determine business size.

2. A **disadvantaged business** is a business entity \( \geq 51\% \) owned or controlled by “socially and economically disadvantaged” persons.
   a. “Socially disadvantaged” = those who have been subject to racial or ethnic prejudice or cultural bias within American society because of their identification as members of certain groups. Persons of color are presumed to qualify; others can demonstrate by preponderance of evidence.
   b. “Economically disadvantaged” = impaired ability to compete due to lack of access to capital and credit opportunities (all applicants must demonstrate)

3. A **minority-owned business** is defined as a business which is at least 51% owned by one or more minority group members; or, in the case of a publicly-owned business, one in which at least 51% of its voting stock is owned by one or more minority group members, and whose management and daily business operations are controlled by one or more such individuals. Minority group members include, but are not limited to Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, Asian Indian Americans, and Hasidic Jewish Americans.

4. **Women’s business enterprise** is defined as a business that is at least 51% owned by a woman or women who are U.S. citizens and who control and operate the business.

5. A “**Section 3 business concern**” is as defined under 24 CFR Part 135.

6. A **labor surplus area business** is defined as a business which, together with its immediate subcontractors, will incur more than 50% of the cost of performing the contract in an area of concentrated unemployment or underemployment, as defined by the DOL in 20 CFR Part 654, Subpart A, and in the list of labor surplus areas published by the Employment and Training Administration.
MEMORANDUM OF UNDERSTANDING

SECTION I – BACKGROUND AND INTENT

This Memorandum of Understanding (MOU) is entered into between Michaels Community Services Corporation dba Better Tomorrows (“BT”) a Social Service provider with offices located at 2 Cooper St., 15th floor P O Box 90708, Camden, New Jersey and Jordan Downs Phase S2, LP (“Client”) with offices located at 2 Cooper St., PO Box 90708, Camden, NJ 08101 to provide access to supportive services (as defined in Section II) to the targeted population residing at the Jordan Downs Phase S2 project to be located at 2045 East 101st Street, Los Angeles, CA 90002.

WHEREAS, this sole purpose of this MOU is to encourage complete cooperation between the Client and BT and to further detail the separate and distinct roles and responsibilities of each party; and

WHEREAS, Client will make available 81 units of affordable low-income housing to families who are also able to live independently with supportive services, but do not require any type of supervised living setting; and

WHEREAS, BT agrees to provide supportive services to the Clients residents and has trained and experienced staff, who will work with the targeted populations.

NOW, THEREFORE, the following represents the understanding of both parties regarding their respective roles and responsibilities to this MOU.

SECTION II – DESCRIPTION OF (BT) SERVICES TO CLIENT

1. Scope of Services: In accordance with the Social Services Plan (Attachment A), a single BT employed Social Service Coordinator or a 3rd party contracted by BT (“Social Service Lead”) will be responsible for coordinating the delivery of social services for the Client’s residents. The Social Service Coordinator or Social Service Lead shall work or provide services for a minimum of 12 hours per week. This value is based upon the property containing 175 bedrooms and the ratio of FTE hours needed based on TCAC and CDLAC requirements. Upon BT contract engagement, it will provide the services to residents of the community free of charge. The social services plan will include the following:

   A. The Social Service Coordinator or Social Service Lead shall find partnerships and work with residents to provide resources to facilitate self-sufficiency, with resident education, community strengthening, cultural programs and skill building services. These resources would include GED preparation classes, job readiness coordination, healthy family classes, and financial literacy classes further detailed in the Social Services Plan attached hereto;

   B. Providing community and social service linkages to residents
C. Assist the Michaels Management team’s efforts to screen each potential tenant and their ability to live independently.

D. Perform the following program support services functions:

1. Provide case referral services, which may include:
   a. Mental health and physical counseling and services
   b. Rehabilitation, vocational and employment assistance
   c. General health and dental services
   d. Income support and benefits
   e. Substance abuse (alcohol, drugs) treatment

2. Conduct an initial needs assessment and develop an individual self-sufficiency plan for each person with special needs, including a periodic evaluation and update of the service plan as resident needs change.

3. Refer residents, upon need or request, to treatment services or other appropriate social services.

4. Provide crisis intervention as needed and when requested by the Michaels Management team or provide consultation when there are disputes or differences between residents and property management.

5. Assist the Michaels Management team to resolve household disputes and resident conflicts.

6. Assist residents in understanding their rights and responsibilities under a tenant lease arrangement. This includes the explanation of the evictions and appeal process.

7. Consistent with individuals’ rights and principles, as well as, the principles of Supportive Housing, it is understood that referrals and other services will be made available to all residents. BT will take no action in making referrals or providing services without the agreement of the individual except when it appears, in their judgment, it is necessary to do so to protect the individual or others form serious harm.

Other Expected support services that are likely to be required through BT or their partners:

- Social service coordination/Case management of program services designed to assist residents to maintain their housing opportunity
- Linkages to mainstream resources including entitlement programs
- Linkages to healthcare, treatment programs and substance abuse counseling
- Clinical counseling and health care advocacy
- Mental health counseling
- Meals on Wheels
- Nutritional/dietary counseling
- Housekeeping Assistance
- Additional support services to be arranged as needed, including but not limited to assistance with activities of daily living, meals preparation, housekeeping, and employment counseling.

E. Provide the following administrative services:

1. Maintain program service records for a minimum period of five (5) years or the length of time required by Federal, State, and funding regulations, whichever is greater.
2. Cooperate with Client in monitoring and/or conducting audits or other reporting requirements with respect to project funders.

SECTION III. – DESCRIPTION OF THE ROLES AND RESPONSIBILITIES OF THE CLIENT

The Client, through its owners, will be responsible for the asset management and overseeing the ongoing duties of repair, maintenance, management, and operation of the Client’s project.

The Client will directly:

A. Ensure that all regulatory and funding requirements are met.
B. Prepare all budgets and cost estimates related to Jordan Downs Phase S2 housing development.
C. Arrange for all required liability and property insurance for the housing development;
D. Pay all taxes associated with the housing development.
E. Oversee the contract and duties of the management company.

SECTION V – General Terms

1) **This Agreement** is dependent upon project completion. It is understood by both (BT) and the Client that any marketing and services provided are in conjunction with the full funding, development and completion of the housing development. If, for any reason, the project is not completed, aside from reimbursing BT for all realized preliminary contract expenses, neither party will be responsible for meeting the obligations of this Agreement.

2) **TERMS** – This Agreement is effective as of the last date recorded on the signature page of this Agreement between the parties and will automatically be renewed each January 1st on an annual basis, with the same terms and conditions unless amended by the parties or terminated under the termination section as outlined below, BT is committed to providing the services to residents for 15 years or longer as is mutually agreeable.

3) **Fees / Costs** – The contract cost and any budgeted social service supplies will be the only direct expense. Any services provided by BT or Social Service Lead to the residents are
to be provided at no resident cost. At each annual renewal, the contract cost will increase by 2.5% to offset annual expense increases.

4) **Termination** – Either party may terminate this Agreement by giving the other party three (3) months prior written notice. It will be the responsibility of the Client to find a new service provider, with the understanding that this Agreement will not terminate between either party until such time as a replacement provider is found and established under contract. Any party wishing to terminate this Agreement for cause must provide a written intent to terminate notice to the party in breach or default. The notice will provide thirty (30) days for the party in breach or default to respond with an acceptable plan to cure. With the exemption of a financial default for lack of payment which must be cured within thirty (30) days, all other contractual breaches or defaults must be cured within ninety (90) days of receipt of an intent to terminate notice.

5) **Confidentiality** – The Client and BT agree that by virtue of entering into this Agreement they will have access to certain confidential information regarding the other party’s operations related to this project. The Client agrees that it and their agent will not at any time, disclose confidential information and/or material without the consent of that party unless such disclosure is authorized by this Agreement or required by law. Unauthorized disclosure of confidential information shall be considered a breach of this Agreement. Where appropriate, resident release forms will be secured before confidential client information is exchanged. Confidential client information will be handled with the utmost discretion and judgment.

6) **Amendments**: This Agreement may be amended only in writing and authorized by the designated representatives of the parties.

**Jordan Downs Phase S2, LP**

Signed [Signature] Date: 5/5/20
Milton R Pratt
Vice President, Jordan S2-Michaels, LLC, general partner

**Michaels Community Service Corporation dba Better Tomorrows**

Signed [Signature] Date: 4/24/2020
Howard Tucker
President and CEO
Community Room space for use by service provider Better Tomorrows
Better Tomorrows
Proposed Jordan Downs (Phase S2)
Social Services Coordination
(Attachment A)

Better Tomorrows ("BT") is pleased to present this summary of proposed services. Upon project completion, BT is ready and will partner with Jordan Downs Phase 2, LP to implement the following services at the Jordan Downs (Phase S2) development. Our efforts at Jordan Downs will be focused on service navigation and helping relocating households from the existing Jordan Downs community to stabilize and thrive. In addition, for all families in the development, we will coordinate, manage, or directly implement programs and services to improve the resident's lives. BT's Core Programs provide a focus on proven methods that measure our impact towards our mission to mobilize resources to magnify opportunities for individual, community, and generational transformation.

BT has a proven track record providing services to properties operated by Michaels across the country inclusive of California. BT is excited to expand this partnership to include the Jordan Downs affordable housing community.

The services proposed below may be implemented by an on-site Social Service Coordinator or by a 3rd party contracted by BT ("Social Service Lead"). The Social Service Lead shall find partnerships and work with residents to provide resources to facilitate self-sufficiency, as well as adult education, community strengthening, resident education, cultural programs and activities for residents. At the Jordan Downs community, our services will focus on service navigation connecting families and individuals to resources in their community to help create and sustain housing and financial stability. BT will tailor its approach at Jordan Downs S2 based on the needs of the residents in the community. Pursuant to this Memorandum of Understanding, all programs will be provided at no cost to residents. BT's work is intended to empower our residents for a happy and healthy quality of life.
Social services to be provided:

- **Resident Education**
  - Give out new resident welcome packet from Property Management to all new residents
    - Packets will include information about:
      - **Renter responsibilities**
        - Pay rent on time
        - How to contact maintenance
        - Being responsible for guests
        - Noise control
        - Housekeeping - how to maintain a clean home
          - Oven
          - Bathroom
          - Floors
          - Refrigerator
          - Pest prevention/control
          - Trash removal
          - Maintaining the exterior of your home (where to put trash)
  - **Better Tomorrows/Social Service resources**
    - Provide resident with information about referral services in the community
    - Assist residents with gaining access to services through referral and advocacy
    - Assist with developing resident organization and provide Technical support

- **Emergency numbers and other helpful phone numbers and resources**

- **Food banks or other supplemental food distribution programs**
  - Partner with local food banks for monthly food bank distribution, monthly Senior food boxes
  - Partner with local grocery stores and local partners for perishable distribution as often as possible (ideally weekly)

- **Neighborhood Watch** Support/develop crime watch or other appropriate crime prevention programs
  - Possibly include:
    - Working with the resident association to create a crime watch program
    - Bring in police officers and other public officials working with crime prevention and safety
    - Working with local police department to implement Multi-Family Crime Free Housing Program
  - Once established, hold a monthly meeting with Crime Watch/Neighborhood Watch group members
• **Michaels Scholarship Assistance**  
  o Assist residents with annual Michaels educational scholarship applications

• **Community Strengthening Events**  
  o Required Events (all activities need to be education-focused):  
    ▪ National Night Out  
    ▪ Holiday Events (limit of 4)  
    ▪ Cultural Events (Black history month, MLK day, Cinco de Mayo, etc.)  
    ▪ Provide support to the Resident Association  
    ▪ Engage resident volunteers

• **NAHMA Poster Contest (Family and Senior)**  
  o Work with residents annually to submit to the contest

### Additional Enrichment Services Proposed with Community partners or referrals

#### I. Adult educational, health & wellness, or skill building classes

• **GED Preparation**  
  o Hold GED preparation classes or work with residents one-on-one to coordinate referrals to area programs  
  o Use computer program in lab if available or curriculum guide  
    ▪ Focus on the following topics:  
      • Social Studies  
      • Science  
      • Language Arts, Reading  
      • Math  
      • Language Arts, Writing  
      • Essay Writing

• **Job Readiness**  
  o Hold an annual job fair (either an annual job fair or an annual health fair)  
  o Hold a quarterly introductory class to introduce residents/community members to the job readiness program  
    ▪ Topics to include:  
      • Job searches  
      • Interview skills and mock interviews  
      • Resume writing  
      • Dressing for success  
      • Typing program (if computer lab is available)  
      • Microsoft Office training (if computer lab is available)  
      • Workforce development training program options (referrals or engaging a partner to come on-site)  
  o Work with residents individually on an on-going basis
- Job search bulletin board with available jobs and other resources for employment

- **Healthy Family Class (Family- for parents)**
  - Hold health/wellness sessions including at least 3 health-related educational seminars and health screenings
    - Educational seminar topics can include:
      - Nutrition, healthy meals
      - Parenting (choose among some of the following topics: communicating with children, keeping children away from gangs, proper discipline, parenting for new babies, being a role model, how to select good childcare, additional topics of your choice)
      - Exercise, physical activity- how to have an active home
      - Substance abuse prevention
      - Cleaning supplies to use
      - Adolescent hygiene
      - Teen pregnancy prevention
      - Safe sex/HIV prevention
      - Smoking cessation
      - Safe driving practices (seat belts, car seats)
      - Grand-Parenting
      - Additional Topics
    - Health screenings can include screenings for:
      - General health
      - Diabetes
      - Vision
      - Blood pressure
      - Dental
      - Podiatry
      - Additional screenings
  - Hold an annual health fair- engage local providers to come on-site and offer screenings/provide information

- **Financial Literacy**
  - Hold biannual seminars, engaging local banks and small business resources to lead the seminars whenever possible:
  - Modules from the Money Smart Curriculum for adults
    - Bank on It- An introduction to bank services
    - Borrowing Basics- An introduction to credit
    - Keep It Safe- Your rights as a consumer
    - Check it Out- How to choose and keep a checking account
    - Money Matters- How to keep track of your money
    - Pay Yourself First- Why you should save, save, save
- Financial Recovery- How to recover financially and rebuild your credit after a financial setback
- To Your Credit- How your credit history will affect your credit future
- Charge It Right- How to make a credit card work for you
- Loan To Own- Know what you're borrowing before you buy
- Your Own Home- What home ownership is all
- Credit score repair
- Budgeting
- Homeownership
- Local banks, banking resources
- Entitlement program overview (Medicare, Medicaid, social security, etc.)
- Additional topics with BT Manager's approval

Additional Support Provided through Referrals

Case Management Minimum Referral/Service Requirements (could be done by social service coordinator/ social service lead, through a partner coming on-site, or through a referral to an external program):
1. Entitlement programs
2. Adult Literacy
3. ESL
4. Transportation
5. Scholarship program assistance
6. Parenting Class
7. GED Preparation
8. Housekeeping assistance
Family Site Calendar (Detail is provided above):

<table>
<thead>
<tr>
<th>Better Tomorrows Core Programs</th>
<th>On-going, Sporadic</th>
<th>Monthly</th>
<th>Quarterly</th>
<th>Annually</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Educational Success</strong></td>
<td>-New resident orientation -Housekeeping</td>
<td>-Food bank distribution</td>
<td>-Resident Education Seminar -GED Program</td>
<td></td>
</tr>
<tr>
<td><strong>Economic Stability</strong></td>
<td></td>
<td></td>
<td>-Financial Stability seminars (Money Smart counts as one quarterly session) -Job Readiness program introduction</td>
<td>-Money Smart program -Job Fair</td>
</tr>
<tr>
<td><strong>Health and Wellness</strong></td>
<td></td>
<td>-Healthy Family Workshop</td>
<td></td>
<td>-Health Fair</td>
</tr>
<tr>
<td><strong>Community Strengthening</strong></td>
<td>-Neighborhood Watch -Cultural Events</td>
<td>-Neighborhood Watch Meetings</td>
<td>-Limit of Quarterly Holiday Events</td>
<td>-National Night Out -NAHMA Poster Contest</td>
</tr>
</tbody>
</table>
Coordination Contract Costs:
$56,000

Better Tomorrow Social Services Coordinator/ Social Service Lead cost is all-inclusive including:
- On Site Coordinator Salaries(s), & Benefits & Taxes (as applicable)
- 3rd Party Contracts
- Administration Fee
- Programming Expenses
- Insurance, Misc. Fees, and Administrative Costs

*Please note that the Contract Cost will increase 2.5% per year*
EXHIBIT H

Supportive Services Plan

[attached]
MEMORANDUM OF UNDERSTANDING

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2. Conduct an initial needs assessment and develop an individual self-sufficiency plan for each person with special needs, including a periodic evaluation and update of the service plan as resident needs change.

3. Refer residents, upon need or request, to treatment services or other appropriate social services.

4. Provide crisis intervention as needed and when requested by the Michaels Management team or provide consultation when there are disputes or differences between residents and property management.

5. Assist the Michaels Management team to resolve household disputes and resident conflicts.

6. Assist residents in understanding their rights and responsibilities under a tenant lease arrangement. This includes the explanation of the evictions and appeal process.

7. Consistent with individuals' rights and principles, as well as, the principles of Supportive Housing, it is understood that referrals and other services will be made available to all residents. BT will take no action in making referrals or providing services without the agreement of the individual except when it appears, in their judgment, it is necessary to do so to protect the individual or others from serious harm.

Other Expected support services that are likely to be required through BT or their partners:

- Social service coordination/Case management of program services designed to assist residents to maintain their housing opportunity
- Linkages to mainstream resources including entitlement programs
- Linkages to healthcare, treatment programs and substance abuse counseling
- Clinical counseling and health care advocacy
- Mental health counseling
- Meals on Wheels
- Nutritional/dietary counseling
- Housekeeping Assistance
- Additional support services to be arranged as needed, including but not limited to assistance with activities of daily living, meals preparation, housekeeping, and employment counseling.

E. Provide the following administrative services:

1. Maintain program service records for a minimum period of five (5) years or the length of time required by Federal, State, and funding regulations, whichever is greater.
2. Cooperate with Client in monitoring and/or conducting audits or other reporting requirements with respect to project funders.

SECTION III. DESCRIPTION OF THE ROLES AND RESPONSIBILITIES OF THE CLIENT

The Client, through its owners, will be responsible for the asset management and overseeing the ongoing duties of repair, maintenance, management, and operation of the Client's project.

The Client will directly:

A. Ensure that all regulatory and funding requirements are met.
B. Prepare all budgets and cost estimates related to Jordan Downs Phase S2 housing development.
C. Arrange for all required liability and property insurance for the housing development;
D. Pay all taxes associated with the housing development.
E. Oversee the contract and duties of the management company.

SECTION V – General Terms

1) **This Agreement** is dependent upon project completion. It is understood by both (BT) and the Client that any marketing and services provided are in conjunction with the full funding, development and completion of the housing development. If, for any reason, the project is not completed, aside from reimbursing BT for all realized preliminary contract expenses, neither party will be responsible for meeting the obligations of this Agreement.

2) **TERMS** – This Agreement is effective as of the last date recorded on the signature page of this Agreement between the parties and will automatically be renewed each January 1st on an annual basis, with the same terms and conditions unless amended by the parties or terminated under the termination section as outlined below, BT is committed to providing the services to residents for 15 years or longer as is mutually agreeable.

3) **Fees / Costs** – The contract cost and any budgeted social service supplies will be the only direct expense. Any services provided by BT or Social Service Lead to the residents are
to be provided at no resident cost. At each annual renewal, the contract cost will increase by 2.5% to offset annual expense increases.

4) **Termination** – Either party may terminate this Agreement by giving the other party three (3) months prior written notice. It will be the responsibility of the Client to find a new service provider, with the understanding that this Agreement will not terminate between either party until such time as a replacement provider is found and established under contract. Any party wishing to terminate this Agreement for cause must provide a written intent to terminate notice to the party in breach or default. The notice will provide thirty (30) days for the party in breach or default to respond with an acceptable plan to cure. With the exemption of a financial default for lack of payment which must be cured within thirty (30) days, all other contractual breaches or defaults must be cured within ninety (90) days of receipt of an intent to terminate notice.

5) **Confidentiality** – The Client and BT agree that by virtue of entering into this Agreement they will have access to certain confidential information regarding the other party’s operations related to this project. The Client agrees that it and their agent will not at any time, disclose confidential information and/or material without the consent of that party unless such disclosure is authorized by this Agreement or required by law. Unauthorized disclosure of confidential information shall be considered a breach of this Agreement. Where appropriate, resident release forms will be secured before confidential client information is exchanged. Confidential client information will be handled with the utmost discretion and judgment.

6) **Amendments:** This Agreement may be amended only in writing and authorized by the designated representatives of the parties.

**Jordan Downs Phase S2, LP**

Signed

Milton R Pratt
Vice President, Jordan S2-Michaels, LLC, general partner

**Michaels Community Service Corporation dba Better Tomorrows**

Signed

Howard Tucker
President and CEO
Better Tomorrows
Proposed Jordan Downs (Phase S2)
Social Services Coordination
(Attachment A)

Better Tomorrows ("BT") is pleased to present this summary of proposed services. Upon project completion, BT is ready and will partner with Jordan Downs Phase 2, LP to implement the following services at the Jordan Downs (Phase S2) development. Our efforts at Jordan Downs will be focused on service navigation and helping relocating households from the existing Jordan Downs community to stabilize and thrive. In addition, for all families in the development, we will coordinate, manage, or directly implement programs and services to improve the resident’s lives. BT’s Core Programs provide a focus on proven methods that measure our impact towards our mission to mobilize resources to magnify opportunities for individual, community, and generational transformation.

BT has a proven track record providing services to properties operated by Michaels across the country inclusive of California. BT is excited to expand this partnership to include the Jordan Downs affordable housing community.

The services proposed below may be implemented by an on-site Social Service Coordinator or by a 3rd party contracted by BT (“Social Service Lead”). The Social Service Lead shall find partnerships and work with residents to provide resources to facilitate self-sufficiency, as well as adult education, community strengthening, resident education, cultural programs and activities for residents. At the Jordan Downs community, our services will focus on service navigation connecting families and individuals to resources in their community to help create and sustain housing and financial stability. BT will tailor its approach at Jordan Downs S2 based on the needs of the residents in the community. Pursuant to this Memorandum of Understanding, all programs will be provided at no cost to residents. BT’s work is intended to empower our residents for a happy and healthy quality of life.
Social services to be provided:

- **Resident Education**
  - Give out new resident welcome packet from Property Management to all new residents
    - Packets will include information about:
      - Renter responsibilities
        - Pay rent on time
        - How to contact maintenance
        - Being responsible for guests
        - Noise control
        - Housekeeping - how to maintain a clean home
          - Oven
          - Bathroom
          - Floors
          - Refrigerator
          - Pest prevention/control
          - Trash removal
          - Maintaining the exterior of your home (where to put trash)
  - Better Tomorrows/Social Service resources
    - Provide resident with information about referral services in the community
    - Assist residents with gaining access to services through referral and advocacy
    - Assist with developing resident organization and provide Technical support

- **Food banks or other supplemental food distribution programs**
  - Partner with local food banks for monthly food bank distribution, monthly Senior food boxes
  - Partner with local grocery stores and local partners for perishable distribution as often as possible (ideally weekly)

- **Neighborhood Watch** Support/develop crime watch or other appropriate crime prevention programs
  - Possibly include:
    - Working with the resident association to create a crime watch program
    - Bring in police officers and other public officials working with crime prevention and safety
    - Working with local police department to implement Multi-Family Crime Free Housing Program
  - Once established, hold a monthly meeting with Crime Watch/Neighborhood Watch group members
• Michaels Scholarship Assistance
  o Assist residents with annual Michaels educational scholarship applications

• Community Strengthening Events
  o Required Events (all activities need to be education-focused):
    ▪ National Night Out
    ▪ Holiday Events (limit of 4)
    ▪ Cultural Events (Black history month, MLK day, Cinco de Mayo, etc.)
    ▪ Provide support to the Resident Association
    ▪ Engage resident volunteers

• NAHMA Poster Contest (Family and Senior)
  o Work with residents annually to submit to the contest

Additional Enrichment Services Proposed with Community partners or referrals

I. Adult educational, health & wellness, or skill building classes

• GED Preparation
  o Hold GED preparation classes or work with residents one-on-one to coordinate referrals to area programs
  o Use computer program in lab if available or curriculum guide
    ▪ Focus on the following topics:
      • Social Studies
      • Science
      • Language Arts, Reading
      • Math
      • Language Arts, Writing
      • Essay Writing

• Job Readiness
  o Hold an annual job fair (either an annual job fair or an annual health fair)
  o Hold a quarterly introductory class to introduce residents/community members to the job readiness program
    ▪ Topics to include:
      • Job searches
      • Interview skills and mock interviews
      • Resume writing
      • Dressing for success
      • Typing program (if computer lab is available)
      • Microsoft Office training (if computer lab is available)
      • Workforce development training program options (referrals or engaging a partner to come on-site)
  o Work with residents individually on an on-going basis
Job search bulletin board with available jobs and other resources for employment

- **Healthy Family Class (Family- for parents)**
  - Hold health/wellness sessions including at least 3 health-related educational seminars and health screenings
    - Educational seminar topics can include:
      - Nutrition, healthy meals
      - Parenting (choose among some of the following topics: communicating with children, keeping children away from gangs, proper discipline, parenting for new babies, being a role model, how to select good childcare, additional topics of your choice)
      - Exercise, physical activity- how to have an active home
      - Substance abuse prevention
      - Cleaning supplies to use
      - Adolescent hygiene
      - Teen pregnancy prevention
      - Safe sex/HIV prevention
      - Smoking cessation
      - Safe driving practices (seat belts, car seats)
      - Grand-Parenting
      - Additional Topics
    - Health screenings can include screenings for:
      - General health
      - Diabetes
      - Vision
      - Blood pressure
      - Dental
      - Podiatry
      - Additional screenings
  - Hold an annual health fair- engage local providers to come on-site and offer screenings/provide information

- **Financial Literacy**
  - Hold biannual seminars, engaging local banks and small business resources to lead the seminars whenever possible:
  - Modules from the Money Smart Curriculum for adults
    - Bank on It- An introduction to bank services
    - Borrowing Basics- An introduction to credit
    - Keep It Safe- Your rights as a consumer
    - Check it Out- How to choose and keep a checking account
    - Money Matters- How to keep track of your money
    - Pay Yourself First- Why you should save, save, save
- **Financial Recovery**- How to recover financially and rebuild your credit after a financial setback
- **To Your Credit**- How your credit history will affect your credit future
- **Charge It Right**- How to make a credit card work for you
- **Loan To Own**- Know what you’re borrowing before you buy
- **Your Own Home**- What home ownership is all
- Credit score repair
- Budgeting
- Homeownership
- Local banks, banking resources
- Entitlement program overview (Medicare, Medicaid, social security, etc.)
- Additional topics with BT Manager’s approval

**Additional Support Provided through Referrals**

Case Management Minimum Referral/Service Requirements (could be done by social service coordinator/ social service lead, through a partner coming on-site, or through a referral to an external program):

1. Entitlement programs
2. Adult Literacy
3. ESL
4. Transportation
5. Scholarship program assistance
6. Parenting Class
7. GED Preparation
8. Housekeeping assistance
Family Site Calendar (Detail is provided above):

<table>
<thead>
<tr>
<th>Better Tomorrows Core Programs</th>
<th>On-going, Sporadic</th>
<th>Monthly</th>
<th>Quarterly</th>
<th>Annually</th>
</tr>
</thead>
</table>
| **Educational Success**        | -New resident orientation  
                               | -Housekeeping    |           | -Resident Education Seminar  
                               |                      | -GED Program        |           |
| **Economic Stability**         |                     | -Food bank distribution                   | -Financial Stability seminars (Money Smart counts as one quarterly session)  
                               |                      |                      | -Job Readiness program introduction                       | -Money Smart program  
                               |                      |                      |                      | -Job Fair |
| **Health and Wellness**        |                     | -Healthy Family Workshop                   |                         | -Health Fair |
| **Community Strengthening**    | -Neighborhood Watch  
                               | -Cultural Events                          | -Limit of Quarterly Holiday Events | -National Night Out  
                               | -Neighborhood Watch Meetings                      |                      |                      | -NAHMA Poster Contest |


Coordination Contract Costs:
$56,000

Better Tomorrow Social Services Coordinator/ Social Service Lead cost is all-inclusive including:
- On Site Coordinator Salaries(s), & Benefits & Taxes (as applicable)
- 3rd Party Contracts
- Administration Fee
- Programming Expenses
- Insurance, Misc. Fees, and Administrative Costs

*Please note that the Contract Cost will increase 2.5% per year*
EXHIBIT I-1

Mitigation Measures

[attached]
### JORDAN DOWNS MITIGATION MEASURES

#### Environmental Mitigation Measures

<table>
<thead>
<tr>
<th>Measure/Feature</th>
<th>Project Phase</th>
<th>Monitoring Period</th>
<th>Responsible Party</th>
<th>Enforcement Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aesthetics and Visual Resources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MM-1&lt;sup&gt;1&lt;/sup&gt; Temporary fencing (e.g., chain link or wood) with screening material shall be used around the perimeter of a development site to buffer views of construction equipment and materials. In addition, the following fencing requirements shall be implemented:</td>
<td>1-6</td>
<td>Pre-construction&lt;sup&gt;2&lt;/sup&gt; Construction&lt;sup&gt;3&lt;/sup&gt;</td>
<td>JDCP&lt;sup&gt;4&lt;/sup&gt; Primestor (Phase 1/Phase 4 commercial)&lt;sup&gt;5&lt;/sup&gt;</td>
<td>Department of Building and Safety (DBS)</td>
</tr>
<tr>
<td>• The applicant shall be responsible for maintaining the visibility of required signage and for maintaining the construction barrier free and clear of any unauthorized signs within 48 hours of occurrence.</td>
<td></td>
<td></td>
<td>JDCP&lt;sup&gt;4&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>• A sign shall be posted with the contact number of the construction manager so that he/she may address safety and other issues related to construction.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• (SP-1): The applicant shall affix or paint a plainly visible sign, on publicly accessible portions of the construction barriers, with the following language: “POST NO BILLS”. Such language shall appear at intervals of no less than 25 feet along the length of the publicly accessible portions of the barrier.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MM-2 HACLA shall ensure through appropriate postings and daily visual inspections that no unauthorized materials are posted on</td>
<td>1-6</td>
<td>Construction</td>
<td>HACLA</td>
<td>DBS</td>
</tr>
</tbody>
</table>

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<sup>1</sup> “MM-xx” refers to Environmental Mitigation Measures from the Final EIR and subsequent Addenda.

<sup>2</sup> Pre-construction includes design, site preparation and grading.

<sup>3</sup> Construction refers to foundation, superstructure, building envelope and interior construction.

<sup>4</sup> Jordan Downs Community Partners LLC (“JDCP”) is the Master Developer of the redevelopment of the Jordan Downs Public Housing Community, per the Master Development Agreement (“MDA”) dated August 14, 2012. Section 5.1 of the MDA limits the transferability of development rights to either The Michaels Development Company I, LP or BRIDGE Housing Corporation. Some measures described herein that are currently ascribed to JDCP will be further assigned as applicable to future owners and may not be carried out by JDCP directly.

<sup>5</sup> Developer of commercial component in Phase I only.
any temporary construction barriers or temporary pedestrian walkways and that such temporary barriers and walkways are maintained in a visually attractive manner, including the prompt removal of graffiti, throughout the construction period.

| MM-3 | The proposed project shall incorporate design features to lessen the visual contrast with existing residences on 97th and Grape Streets. The design features to be implemented include, but are not limited to, varying building height, sloped roof design, and landscaping, all of which shall be consistent with the proposed project elevations as described in Chapter III Project Description, as well as in this section. | 1-6 | Pre-construction | JDCP Primestor | DBS / City Planning |
| MM-4 | The buildings constructed along 97th Street that exceed 30 feet in height shall be designed either with increased (greater than 10 feet) setbacks or with a sloped roof for the first level and a second level that is stepped back to create a more visually consistent street view. | 1, 5, 6 | Pre-construction | JDCP Primestor | DBS / City Planning |
| MM-5 | Lighting fixtures constructed as part of the proposed project shall be oriented and focused onto the specific onsite location intended for illumination (e.g., parking lots, driveways, and walkways) and shielded away from adjacent sensitive areas (e.g., schools, other residential properties) and public rights of way to minimize light spillover onto off-site areas. | 1-6 | Pre-construction | JDCP Primestor | DBS / City Planning |
| MM-6 | Where appropriate and feasible, incorporate project design features to shield light and/or glare from vehicles entering or existing parking lots and structures that face sensitive uses by providing barriers so that light from vehicle headlights would not illuminate off-site sensitive uses. | 1-6 | Pre-construction | JDCP Primestor | DBS / City Planning |
| MM-7 | Where appropriate and feasible, incorporate project design features to provide landscaping, physical barriers, screening, or other buffers to minimize project-generated illumination from entering off-site areas and to prevent glare or interfere with vehicular traffic. | 1-6 | Pre-construction | JDCP Primestor | DBS / City Planning |
| MM-8 | Where appropriate and feasible, locate and orient driveways into parking lots, parking structures, and semi-subterranean garages in a manner that will not result in headlights from vehicles entering or exiting the parking areas directly lighting any off-site sensitive uses. | 1-6 | Pre-construction | JDCP Primestor | DBS / City Planning |
| MM-9 | Where appropriate and feasible, proposed new structures shall be designed to maximize the use of textured or other non-reflective exterior surfaces and non-reflective glass. | 1-6 | Pre-construction | JDCP Primestor | DBS / City Planning |
### Air Quality

<table>
<thead>
<tr>
<th>MM-10</th>
<th>Informational signs shall be provided that locate nearby public transportation options.</th>
<th>1-6</th>
<th>Pre-construction</th>
<th>JDCP Primestor</th>
<th>City Planning / DBS / HACLA</th>
</tr>
</thead>
<tbody>
<tr>
<td>MM-11</td>
<td>The surface parking area for the employment uses shall provide charging stations for electric vehicles.</td>
<td>1 and 4</td>
<td>Pre-construction</td>
<td>JDCP Primestor</td>
<td>City Planning / DBS / HACLA</td>
</tr>
<tr>
<td>MM-12</td>
<td>Equipment (e.g., forklifts and carts) used during operations of the employment uses shall use alternative power (e.g., electricity or propane) instead of diesel fuels.</td>
<td>1 and 4</td>
<td>Post-construction</td>
<td>Owner Entity⁶</td>
<td>HACLA</td>
</tr>
<tr>
<td>MM-13</td>
<td>Delivery trucks shall be prohibited from idling in excess of five minutes.</td>
<td>1 and 4</td>
<td>Post-construction</td>
<td>Owner Entity</td>
<td>HACLA</td>
</tr>
<tr>
<td>MM-14</td>
<td>The applicant shall require by contract specifications that electrical outlets are included in the building design of the loading docks to allow use by refrigerated delivery trucks. If loading and/or unloading of perishable goods would occur for more than five minutes, and continual refrigeration is required, all refrigerated delivery trucks shall use the electrical outlets to continue powering the truck refrigeration units when the delivery truck engine is turned off.</td>
<td>1-6</td>
<td>Pre-construction</td>
<td>HACLA Owner Entity</td>
<td>DBS / HACLA</td>
</tr>
<tr>
<td>MM-15</td>
<td>Automatic lighting on/off controls and energy-efficient lighting shall be installed at the employment uses.</td>
<td>1-6</td>
<td>Pre-construction</td>
<td>Owner Entity</td>
<td>DBS / HACLA</td>
</tr>
<tr>
<td>MM-16</td>
<td>Residential units shall include Heating, Ventilation, and Air Conditioning Systems with a minimum efficiency reporting value of 13.</td>
<td>1-6</td>
<td>Pre-construction</td>
<td>JDCP</td>
<td>DBS / HACLA</td>
</tr>
<tr>
<td>MM-17</td>
<td>HACLA shall continue coordinating with responsible agencies to study ways to increase job opportunities and regional transit in the vicinity of the Specific Plan area.</td>
<td>1-6</td>
<td>Pre-construction/Construction/Post-construction</td>
<td>HACLA</td>
<td>Department of Transportation (LADOT) / Community Development Department (CDD) / HACLA</td>
</tr>
</tbody>
</table>

### Biological Resources

⁶ Owner Entity refers to the holder of a long-term ground lease with HACLA for a leasehold interest in a portion of the redevelopment sites.
| MM-18 | Ground-disturbing and vegetation removal activities associated with construction of the project shall be performed outside of the breeding season for birds, or between September 1 and January 31. If these project activities cannot be implemented during this time period, the City should retain a qualified biologist to perform preconstruction nest surveys to identify active nests within and adjacent to (up to 500 feet) the project area. If the pre-construction survey is conducted early in the nesting season (February 1 – March 15) and nests are discovered, a qualified biologist may remove the nests only after it has been determined that the nest is not active (i.e., the nest does not contain eggs, nor is an adult actively brooding on the nest). Any active non-raptor nests identified within the project area or within 300 feet of the project area should be marked with a 300-foot buffer, and the buffer area would need to be avoided by construction activities until a qualified biologist determines that the chicks have fledged. If the 300-foot buffer for non-raptor nests or 500-foot buffer for raptor nests cannot be avoided during construction of the project, the City should retain a qualified biologist to monitor the nests on a daily basis during construction to ensure that the nests do not fail as a result of noise generated by the construction. The biological monitor shall be authorized to halt construction if the construction activities cause negative effects, such as the adults abandoning the nest or chicks falling from the nest. | 1-6 | Construction | JDCP Primestor Infrastructure Contractor | DBS |

### Cultural Resources

| MM-19 | To ensure that historic buildings are appropriately renovated and maintained, the preservation, rehabilitation, restoration, reconstruction or adaptive reuse of known historic resources shall meet the U.S. Secretary of the Interior’s Standards for Rehabilitation (Secretary’s Standards). Any proposal to preserve, rehabilitate, restore, reconstruct, or adaptively reuse a known historic resource in accordance with the Interior Secretary’s Standards shall be deemed to not be a significant impact under CEQA and, in such cases, no additional mitigation measures will be required. | 1-6 | Pre-construction | JDCP Primestor | City Planning, Office of Historic Resources / DBS |

| MM-20 | The Applicant shall work with qualified preservation | 1-6 | Pre- | JDCP | City Planning, |
professionals to ensure Standards-compliant projects, including the design of rehabilitation projects, compatibility of new construction with historic structures, and periodic site visits to monitor construction with historic structures to ensure that such activities comply with the Secretary of the Interior's Standards. Historic professionals shall meet the National Park Service standards.

| MM-21 | If a unique archaeological resource is discovered during project construction activities, work in the area shall cease and deposits shall be treated in accordance with federal, State and local guidelines, including those set forth in California Public Resources Code Section 21083.2. In addition, if it is determined that an archeological site is a historical resource, the provisions of Section 21084.1 of the Public Resources Code and CEQA Guidelines Section 15064.5 would be implemented. | 1-6 | Construction | JDCP | Primestor | Infrastructure Contractor | DBS |

| MM-22 | A qualified paleontologist shall be retained to preform periodic inspections of excavation and grading activities where excavations of older soils may occur. The services of a qualified paleontologist shall be secured by contacting the Natural History Museum of Los Angeles County. The frequency of inspections will be based on consultation with the paleontologist and will depend on the rate of excavation and grading activities, the materials being excavated, and if found, the abundance and type of fossils encountered. Monitoring shall consist of visually inspecting fresh exposures of rock for larger fossil remains and, where appropriate, collecting wet or dry screened sediment samples of promising horizons for smaller fossil remains. If a potential fossil is found, the paleontologist shall be allowed to temporarily divert or redirect grading and excavation activities in the area of the exposed fossil to facilitate evaluation and, if necessary, salvage. At the paleontologist's discretion and to reduce any construction delay, the grading and excavation contractor shall assist in removing rock samples for initial processing. Any fossils encountered and recovered shall be prepared to the point of identification and catalogued before they are donated to their final repository. Any fossils collected should be donated to a public, nonprofit institution with a research interest in the materials, such as the Natural History Museum of Los Angeles County. Accompanying notes, maps, | 1-6 | Construction | JDCP | Primestor | Infrastructure Contractor | DBS |
and photographs shall also be filed at the repository. If fossils are found, following the completion of the above tasks, the paleontologist shall prepare a report summarizing the results of the monitoring and salvaging efforts, the methodology used in these efforts, as well a description of the fossils collected and their significance. The report shall be submitted by the applicant to the lead agency, the Natural History Museum of Los Angeles County, and representatives of other appropriate or concerned agencies to signify the satisfactory completion of the project and required mitigation measures. (note: Per Caltrans EA: The report shall be submitted by Bureau of Engineering to Caltrans, the Natural History Museum of Los Angeles County, and representatives of other appropriate or concerned agencies to signify the satisfactory completion of the salvaging efforts.)

| MM-23 | HACLA shall coordinate with LADWP to determine the specific on-site electricity transformation facility requirements for the proposed project. | 1-6 | Pre-construction | HACLA | DBS / LADWP |
| MM-24 | HACLA shall coordinate with LADWP to determine if any required improvements to the LADWP electricity distribution system are needed to accommodate the proposed project. HACLA shall create a fund to finance the costs of infrastructure improvements to the electricity distribution system to accommodate the proposed project. The type, quantity, and costs of any required infrastructure improvements shall be set forth in a Memorandum of Understanding (MOU) that shall be agreed on by HACLA and LADWP. | 1-6 | Pre-construction | HACLA | DBS / LADWP |
| MM-25 | HACLA shall incorporate into building and electrical plans any necessary on-site transformation facility infrastructure and be subject to review and approval by the LADWP prior to construction. | 1-6 | Pre-construction | HACLA | DBS / LADWP |
| MM-26 | HACLA shall incorporate into the guidelines of the Specific Plan electrical generating solar panels for streetscape pedestrian lighting, gateway lighting, and other passive outdoor lighting. | 1-6 | Pre-construction | HACLA | DBS / City Planning |
| MM-27 | HACLA shall coordinate with SoCal Gas to determine if any required improvements to the SoCal Gas natural gas distribution system are needed accommodate the proposed project. HACLA shall create a fund to finance the costs of | 1-6 | Pre-construction | HACLA | DBS |
infrastructure improvements to the SoCal Gas natural gas distribution system to accommodate the proposed project. The type, quantity, and costs of the infrastructure improvements shall be agreed on in accordance with SoCal Gas’ policies and extension rules on file with the California Public Utilities Commission at the time contractual agreements are made.

| MM-28 | Building and natural gas connection plans shall be subject to review and approval by SoCal Gas prior to construction. | 1-6 | Pre-construction | JDCP Primestor | DBS |
| MM-29 | HACLA shall set aside a percentage of roof floor area for installation of water-heating solar panels. | 1-6 | Pre-construction | HACLA | DBS |

Geology and Soils

| MM-30 | Seismic design for structures and foundations shall comply with the most current seismic building code standards for site-specific soil conditions. (note: 1st Addendum to final EIR states: “soil conditions that are contained in both the California and Los Angeles Building Codes.”) | 1-6 | Pre-construction | JDCP Primestor | DBS |
| MM-31 | The proposed project shall demonstrate compliance with specific recommendations for grading guidelines, foundation design, retaining wall design, temporary excavations, slabs on grade, site drainage, design review, construction monitoring and geotechnical testing to the satisfaction of the City of Los Angeles Department of Building and Safety, as conditions to issuance of any grading and building permits. | 1-6 | Pre-construction | JDCP Primestor Infrastructure Contractor | DBS |
| MM-32 | During inclement periods of the year, when rain is threatening (between November 1 and April 15 per the Los Angeles Building Code, Sec. 7002), an erosion control plan that identifies BMPs shall be implemented to the satisfaction of the City of Los Angeles Department of Building and Safety to minimize potential erosion during construction. The erosion control plan shall be a condition to issuance of any grading permit. | 1-6 | Construction | JDCP Primestor Infrastructure Contractor | DBS |
| MM-33 | To the extent feasible, grading shall be scheduled for completion prior to the start of the rainy season (between November 1 and April 15 per the Los Angeles Building Code, Sec. 7002), or detailed temporary erosion control plans shall be implemented in a manner satisfactory to the City of Los Angeles Department of Building and Safety. | 1-6 | Construction | JDCP Primestor Infrastructure | DBS |
| MM-34  | Proper erosion control and drainage devices shall be incorporated to the satisfaction of the City of Los Angeles Department of Building and Safety. Such measures include interceptor terraces, berms, vee-channels, and inlet and outlet structures. | 1-6  | Construction | JDCP Primestor Infrastructure Contractor | DBS |
| MM-35  | Provisions shall be made for adequate surface drainage away from the areas of excavation as well as protection of excavated areas from flooding. The grading contractor shall control surface water and the transportation of silt and sediment. | 1-6  | Construction | JDCP Primestor Infrastructure Contractor | DBS |

**Hazards and Hazardous Materials**

| MM-36  | HACLA shall retain a Certified Asbestos Consultant to determine the presence of asbestos and asbestos containing materials (ACM) within buildings to be demolished. If asbestos is discovered, a Licensed Asbestos Abatement Contractor shall be retained to safely remove ACM in accordance with the 1994 Federal Occupational Exposure to Asbestos Standards. ACM removal will be monitored by a Certified Technician. | 1-6  | Construction | HACLA JDCP Primestor | DBS |
| MM-37  | For all buildings to be re-used or demolished, lead-based paint testing shall be conducted. If lead-based paint is discovered, a licensed lead-based paint/materials abatement contractor shall be retained to safely remove lead-based paint in accordance with HUD Lead-Based Paint Guidelines. | 1-6  | Construction | JDCP Primestor | DBS |

**Noise**

| MM-38  | Loading and unloading of trucks shall be prohibited between 10:00 p.m. and 7:00 a.m. | 1-6  | Pre-construction/Construction/Post-construction | JDCP Primestor Owner Entities Infrastructure Contractor | DBS LAPD |
| MM-39  | A ten-foot solid wall shall be constructed between the | 1  | Pre-construction | Primestor | DBS |
employment uses, including the recycling facility, and the residences and David Starr Jordan High School.

| MM-40 | Residential units adjacent to the employment uses, including the recycling facility, shall be constructed with materials capable of reducing exterior-to-interior noise levels by at least 19 dBA. | 1, 6 | Pre-construction / Construction | JDCP | DBS |
| MM-41 | Residential land uses facing 103rd Street shall be constructed with single-glazed windows that are at least 5/16 inches thick. Alternatively, double-glazed windows may be used if the glass is at least 3/32 inches thick with four inches of airspace. | 4 | Pre-construction | JDCP | DBS |

### Population and Housing

| MM-42 | HACLA shall prepare and implement an existing tenant relocation plan whereby all of the existing tenants of the Jordan Downs public housing complex would be relocated either on site or in the vicinity of the site to affordable housing equal to their existing conditions. | 1-6 | Pre-construction/ Construction | HACLA | DBS |
| MM-43 | HACLA shall coordinate with the Department of Building and Safety to designate the replacement public housing units per the new vesting tract map, in order to properly identify and process the new Certificates of Occupancy, and ensure the conservation of these public housing units. | 1-6 | Pre-construction/ Construction | HACLA | DBS |

### Public Services

| MM-44 | Project plans shall be submitted to LAFD for review and approval to ensure that all new structures would comply with current fire codes and LAFD requirements. | 1-6 | Pre-construction/ Construction | JDCP / Primestor | LAFD |
| MM-45 | HACLA shall consult with the LAFD and incorporate fire protection and suppression features that are appropriate for the design of the proposed project. | 1-6 | Pre-construction / Construction | HACLA | LAFD |
| MM-46 | HACLA shall consult with the LAFD to ensure the proper emergency access points and routes are provided. | 1-6 | Pre-construction / Construction | HACLA | LAFD |
| MM-47 | HACLA shall prepare, in consultation with the LAPD and the HACLA Public Safety Department, a comprehensive safety and security plan for the Specific Plan area which would include, but would not be limited to:  
  - The preparation and implementation of a safety education material and training for residents of the Specific Plan area. | 1-6 | Pre-construction / Construction | HACLA | LAPD |
- A neighborhood watch program,
- Security plan for all buildings within the Specific Plan area,
- Periodic safety meetings between Specific Plan area residents and business owners and representatives of HACLA, LAPD, and the HACLA Public Safety Department to assess current level of safety of residents and visitors to Specific Plan area, as well as current crime rate and shall submit building plans to the LAPD Crime Prevention Unit to identify appropriate crime prevention features for the proposed project. Any design features identified by the LAPD shall be incorporated into the proposed project’s final design and to the satisfaction of the LAPD.

| MM-48 | HACLA and the HACLA Public Safety Department shall coordinate with the LAPD to develop a video monitoring system to supersede the existing video monitoring system at the existing Jordan Downs public housing project. The HACLA Public Safety Department shall have access to the on-site video monitoring system. | 1-6 | Pre-construction / Construction / Post-construction | HACLA | LAPD |
| MM-49 | All parking garages, entrances, hallways, and parking facilities shall be well-illuminated and designed to eliminate areas of concealment. | 1-6 | Pre-construction / Construction / Post-construction | JDCP | DBS |
| MM-50 | HACLA shall consult with the LAPD to develop a plan to build a police station or sub-station on site that will serve the Specific Plan area. | 1-6 | Pre-construction / post-construction | HACLA | LAPD |
| MM-51 | HACLA shall consult with the LAPL to develop a plan to build a library sub-branch on-site that will serve the residents of the Specific Plan area. | 1-6 | Pre-construction / post-construction | HACLA | LAPL |

**Transportation and Traffic**

| MM-527 | An additional northbound left-turn lane shall be provided by restriping the existing painted roadway median to convert the Wilmington Avenue and I-105 EB Ramps intersection into a second northbound left-turn lane. Minor signal modifications may | 1-6 | Pre-construction / Construction / Post-construction | JDCP | DPW, Bureau of Engineering LADOT |

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7 Not applicable to Phase 1A and subject to assignment to future Owner Entities.
be required to align the northbound left-turn signal head.

| MM-53 8 | The Applicant shall work with LADOT to implement signalization at the following intersections: a) Alameda Street (W)/97th Street; b) Wilmington Avenue/Century Boulevard and c) Alameda Street (E)/Tweedy Boulevard. 9 | 1-6 | Pre-construction / Construction / Post-construction | JDCP Infrastructure Contractor | DPW, Bureau of Engineering / LADOT |
| MM-54  | The Applicant shall work with Metro to incorporate the B-TAP program for all residents and employees associated with the Specific Plan. The B-TAP program would provide Metro transit passes that can be renewed each calendar year. The program would apply to residents living in and employees working within the Specific Plan area. | 1-6 | Construction / Post-construction | JDCP | Metro |
| TT-1 10 | The final project approval should include a commitment from the project applicant to continue to seek mitigation for the traffic impact identified at the intersection of Central Avenue and Century Blvd., to the greatest extent possible, through the full build-out year of the project. Development of any mitigation should be conducted in cooperation with Council Office 15, DOT’s Southern District Office and appropriate representatives from the affected area. | 1-6 | Pre-construction | JDCP | LADOT |
| TT-2  | In order to insure full redress of traffic impacts identified outside the City of Los Angeles, it is DOT’s recommendation that the project be required to secure written communication from LA County, the City of Lynwood and the City of South Gate, to confirm each agency’s full awareness of the potential traffic impacts that have been identified within their respective jurisdictions and insure that a mutual agreement has been reached with regard to the appropriate redress of said impacts. | 1-6 | Pre-construction | JDCP | LADOT |
| TT-3  | A separate driveway and circulation plan should be submitted to DOT’s Citywide Planning Coordination Section for review and approval. | 1-6 | Pre-construction | JDCP | LADOT |
| TT-4  | DOT recommends that a construction worksite traffic control plan be submitted to DOT’s Southern District Office for review and approval prior to the start of any construction work. The plan should show the location of any roadway or sidewalk closures, | 1-6 | Pre-construction | JDCP | LADOT |

8 Not applicable to Phase 1A.
9 The third intersection is per LADOT letter to Dept. of City Planning dated Jan. 12, 2016.
10 “TT-xx” refers to mitigation measures from the LADOT letter to Dept. of City Planning dated Jan. 12, 2016.
traffic detours, haul routes, hours of operation, protective devices, warning signs and access to abutting properties.

**Public Utilities**

| MM-55 | Building plans and water connection plans developed during specific project design review shall be subject to review and approval by the LADWP. If additional water connections and/or improvements to offsite water distribution infrastructure are necessary to serve the proposed project, such improvements shall be implemented to the satisfaction of LADWP. | 1-6 | Pre-construction/ Construction / Post-construction | JDCP Primestor Infrastructure Contractor | DWP |

**Construction Mitigation Measures**

| MM-56 | That a sign be required on site clearly stating a contact/complaint telephone number that provides contact to a live voice, not a recording or voice mail, during all hours of construction, the construction site address, and the tract map number. YOU ARE REQUIRED TO POST THE SIGN 7 DAYS BEFORE CONSTRUCTION IS TO BEGIN.  
   - Locate the sign in a conspicuous place on the subject site or structure (if developed) so that it can be easily read by the public. The sign must be sturdily attached to a wooden post if it will be free-standing.  
   - Regardless of who posts the site, it is always the responsibility of the applicant to assure that the notice is firmly attached, legible, and remains in that condition throughout the entire construction period.  
   - If the case involves more than one street frontage, post a sign on each street frontage involved. If a site exceeds five (5) acres in size, a separate notice of posting will be required for each five (5) acres or portion thereof. Each sign must be posted in a prominent location. | 1-6 | Construction | JDCP Primestor Infrastructure Contractor | DBS |

| MM-57 | The construction area and all accessible areas (public streets, sidewalks, etc.) within 100 feet of the Specific Plan area and/or the tract map area (whichever applies) shall be swept (preferably with water sweepers) and watered at least twice daily. | 1-6 | Construction | JDCP Primestor | DBS |
| MM-58 | Construction contractors shall utilize at least one of the following measures at each vehicle egress from the Specific Plan area and/or the tract map area (whichever applies) to a paved public road:  
- Install a pad consisting of washed gravel maintained in clean condition to a depth of at least six inches and extending at least 30 feet wide and at least 50 feet long;  
- Pave the surface extending at least 100 feet and at least 20 feet wide;  
- Utilize a wheel shaker/wheel spreading device consisting of raised dividers at least 24 feet long and 10 feet wide to remove bulk material from tires and vehicle undercarriages;  
- Install a wheel washing system to remove bulk material from tires and vehicle undercarriages. | 1-6 | Construction | JDCP  
Primestor  
Infrastructure Contractor | DBS |
| MM-59 | Site access points shall be swept/washed within thirty minutes of visible dirt deposition. Street sweepers that comply with SCAQMD Rule 1186 and 1186.1 shall be used to sweep site access points or reclaimed water shall be used to wash site access points. | 1-6 | Construction | JDCP  
Primestor  
Infrastructure Contractor | DBS |
| MM-60 | All haul trucks hauling soil, sand, and other loose materials shall be covered (e.g., with tarps or other enclosures that would reduce fugitive dust emissions). | 1-6 | Construction | JDCP  
Primestor  
Infrastructure Contractor | DBS |
| MM-61 | Construction contractors’ activity on unpaved surfaces shall be suspended when winds exceed 25 miles per hour. | 1-6 | Construction | JDCP  
Primestor  
Infrastructure Contractor | DBS |
| MM-62 | Heavy-duty equipment operations shall be suspended during first and second stage smog alerts. | 1-6 | Construction | JDCP  
Primestor  
Infrastructure | DBS |
| MM-63 | Ground cover in disturbed areas shall be replaced as quickly as possible. | 1-6 | Construction | JDCP, Primestor, Infrastructure Contractor | DBS |
| MM-64 | Construction contractors shall utilize super-compliant architectural coatings as defined by the SCAQMD (VOC standard of less than ten grams per liter). | 1-6 | Construction | JDCP, Primestor, Infrastructure Contractor | DBS |
| MM-65 | Construction contractors shall utilize materials that do not require painting, as feasible. | 1-6 | Construction | JDCP, Primestor, Infrastructure Contractor | DBS |
| MM-66 | Construction contractors shall use pre-painted construction materials, as feasible. | 1-6 | Construction | JDCP, Primestor, Infrastructure Contractor | DBS |
| MM-67 | Contractors shall maintain equipment and vehicle engines in good condition and in proper tune per manufacturers’ specifications. | 1-6 | Construction | JDCP, Primestor, Infrastructure Contractor | DBS |
| MM-68 | All off-road diesel-powered construction equipment greater than 50 horsepower shall meet USEPA Tier 4 emission standards, where available. In addition, all construction equipment shall be outfitted with BACT devices certified by CARB. Any emissions control device used by the contractor shall achieve emissions reductions that are no less than what could be achieved by a Level 3 diesel emissions control strategy for a similarly sized engine as defined by CARB regulations. | 1-6 | Construction | JDCP, Primestor, Infrastructure Contractor | DBS |
| MM-69 | Construction contractors shall use electricity from power poles | 1-6 | Construction | JDCP | DBS |
| MM-70 | Heavy-duty trucks shall be prohibited from idling in excess of five minutes, both on-and off-site. | 1-6 | Construction | JDCP Primestor Infrastructure Contractor | DBS |
| MM-86 | Construction parking shall be configured to minimize traffic interference. | 1-6 | Construction | JDCP Primestor Infrastructure Contractor | DBS |
| MM-87 | Construction activity that affects traffic flow on the arterial system shall be limited to off-peak hours. | 1-6 | Construction | JDCP Primestor Infrastructure Contractor | DBS |
| MM-88 | Construction contractors shall coordinate with administrators at David Starr Jordan High School, Florence Griffith Joyner Elementary School, and Weigand Elementary School and to minimize student exposure to air pollution during periods of heavy construction activity (e.g., grading and excavation). | 1-6 | Construction | JDCP Primestor Infrastructure Contractor | DBS |
| MM-89 | All construction equipment shall be equipped with mufflers and other suitable noise attenuation devices. | 1-6 | Construction | JDCP Primestor Infrastructure Contractor | DBS |
| MM-90 | Grading and construction contractors shall use quieter equipment as opposed to noisier equipment (such as rubber-tired equipment rather than metal-tracked equipment). | 1-6 | Construction | JDCP Primestor Infrastructure Contractor | DBS |
| MM-91 | The construction contractor shall locate construction staging areas away from sensitive uses. (note: Caltrans EA states: “Locate equipment and materials storage sites at least 500 feet away from sensitive receptors. Keep construction areas clean and orderly.”) | 1-6 | Construction | JDCP JDCP Primestor Primestor Infrastructure Contractor Infrastructure Contractor | DBS DBS |
| MM-92 | Construction haul truck and materials delivery traffic shall avoid residential areas whenever feasible. | 1-6 | Construction | JDCP JDCP Primestor Primestor Infrastructure Contractor Infrastructure Contractor | DBS DBS |
| MM-93 | The construction contractor shall schedule high noise-producing activities between the hours of 8:00 a.m. and 5:00 p.m. to minimize disruption to sensitive uses. | 1-6 | Construction | JDCP JDCP Primestor Primestor Infrastructure Contractor Infrastructure Contractor | DBS DBS |
| MM-94 | The construction contractor shall use on-site electrical sources to power equipment rather than diesel generators where feasible. | 1-6 | Construction | JDCP JDCP Primestor Primestor Infrastructure Contractor Infrastructure Contractor | DBS DBS |
| MM-95 | All residential units located within 500 feet of the construction site shall be sent a notice regarding the construction schedule of the proposed project. A sign, legible at a distance of 50 feet, shall also be posted at the construction site. All notices and signs shall indicate the dates and duration of construction activities, as well as provide a telephone number where residents can inquire about the construction process and register complaints. | 1-6 | Construction | JDCP JDCP Primestor Primestor Infrastructure Contractor Infrastructure Contractor | DBS DBS |
| MM-96 | A "noise disturbance coordinator" shall be established. The disturbance coordinator shall be responsible for responding to any local complaints about construction noise. The disturbance coordinator shall determine the cause of the noise complaint (e.g., starting too early, bad muffler, etc.) and shall be required to implement reasonable measures such that the complaint is resolved. All notices that are sent to residential units within 500 feet of the construction site and all signs posted at the construction site shall list the telephone number for the disturbance coordinator. | 1-6 | Construction | JDCP JDCP Primestor Primestor Infrastructure Contractor Infrastructure Contractor | DBS DBS |
| MM-97 | Prior to initiating construction for soil remediation and Phases 1, 1-2, 4 | Pre-construction | JDCP | DBS |

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2, and 4, the construction contractor shall coordinate with the site administrator for David Starr Jordan High School to discuss construction activities that generate high noise levels. Coordination between the site administrator and the construction contractor shall continue on an as-needed basis throughout the construction phase of the project to mitigate potential disruption of classroom activities.

Coordination between the site administrator and the construction contractor shall continue on an as-needed basis throughout the construction phase of the project to mitigate potential disruption of classroom activities.

Prior to initiating construction for Phases 3 and 4, the construction contractor shall coordinate with the site administrator for Florence Griffith Joyner Elementary School to discuss construction activities that generate high noise levels. Coordination between the site administrator and the construction contractor shall continue on an as-needed basis throughout the construction phase of the project to mitigate potential disruption of classroom activities.

### Caltrans Mitigation Measures for Century Blvd. Extension Project

<table>
<thead>
<tr>
<th>Measure/Feature</th>
<th>Project Phase</th>
<th>Monitoring Period</th>
<th>Responsible Party</th>
<th>Enforcement/Monitoring Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>CT-1</td>
<td>1</td>
<td>Pre-construction</td>
<td>HACLA</td>
<td>DBS</td>
</tr>
<tr>
<td>Two modular structures and playground on the southern portion of the Jordan Downs Recreation Center property would be relocated less than 200 feet to the northwestern corner of the property to avoid any disruption to the operation of the existing early learning program.</td>
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<tr>
<td>CT-2</td>
<td>1</td>
<td>Construction</td>
<td>JDCP Primestor Infrastructure</td>
<td>DBS</td>
</tr>
<tr>
<td>If cultural materials are discovered during construction, all earth-moving activity within and around the immediate discovery area will be diverted until a qualified archaeologist can assess the nature and significance of the find.</td>
<td></td>
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</tr>
</tbody>
</table>

11 This list only includes Caltrans measures that are not exact duplicates of measures listed in the EIR.
| CT-3 | If human remains are discovered, State Health and Safety Code Section 7050.5 states that further disturbances and activities shall stop in any area or nearby area suspected to overlie remains, and the County Coroner contacted. Pursuant to Public Resources Code (PRC) Section 5097.98, if the remains are thought to be Native American, the coroner will notify the NAHC, which will then notify the Most Likely Descendant (MLD). At this time, the person who discovered the remains shall contact Alex Kirkish, Ph.D., District Archaeologist, so that they may work with the MLD on the respectful treatment and disposition of the remains. Further provisions of PRC 5097.98 are to be followed as applicable. | 1 | Construction | JDCP Primestor Infrastructure Contractor | DBS |
| CT-4 | The project shall be required to comply with the City of Los Angeles grading permit regulations, which require necessary measures, plans (including a wet weather erosion control plan if construction occurs during the rainy season), and inspections to reduce sedimentation and erosion. *(note: this measure is similar but not identical to MM-31 above.)* | 1 | Construction | JDCP Primestor Infrastructure Contractor | DBS |
| CT-5 | The design of the Proposed Build Alternative shall incorporate “Green Street” planting elements, such as a palette of infiltration planters and bioswales, for use in managing and treating stormwater runoff to feed landscaping and percolate through the soil (Century Blvd. Extension) | 1 | Pre-construction | JDCP DBS / City Planning |
| CT-6 | The project shall comply with the provisions of the City of Los Angeles specifications for roadway construction and geotechnical report prepared for the project to ensure that the project is consistent with the latest seismic design standards for structural loads and materials. | 1 | Pre-construction | JDCP Infrastructure Contractor | DBS |
| CT-7 | If a potential fossil is found, a qualified paleontologist retained for the project shall be allowed to temporarily divert or redirect grading and excavation activities from the area of the exposed fossil to facilitate evaluation and, if necessary, salvage. At the paleontologist’s discretion and to reduce any construction delay, the grading and excavation contractor shall assist in removing rock samples for initial processing. Any fossils encountered and recovered shall be prepared to the point of identification and catalogued before they are donated to their final repository. Any fossils collected should be donated to a public, nonprofit institution with a research interest in the materials, such as the | 1 | Construction | JDCP Primestor Infrastructure Contractor | DBS |
Natural History Museum of Los Angeles County. Accompanying notes, maps, and photographs shall also be filed at the repository. If fossils are found, following the completion of the above tasks, the paleontologist shall prepare a report summarizing the results of the monitoring and salvaging efforts, the methodology used in these efforts, as well as a description of the fossils collected and their significance. The report shall be submitted by Bureau of Engineering to Caltrans, the Natural History Museum of Los Angeles County, and representatives of other appropriate or concerned agencies to signify the satisfactory completion of the salvaging efforts. (*note: this measure is similar to MM-22 above*).

<p>| CT-8 | Prior to project construction, HACLA shall receive the certificate of completion from DTSC. The site shall be remediated to meet site-specific clean-up goals to allow for the development of unrestricted land uses, as approved by DTSC, prior to construction. | 1 | Pre-construction | HACLA | DTSC |
| CT-9 | Should any previously unidentified soils that exceed site-specific clean-up goals, as approved by DTSC for the project site, be encountered during construction, an action plan shall be developed, approved by DTSC as appropriate, and implemented, prior to resuming construction activities in the contaminated area. As needed, the investigation and remediation of a release or threatened release of any hazardous substances at or from the project site shall be overseen by the DTSC in accordance with all federal, state, and local laws and regulations. | 1 | Construction | JDCP Primestor Infrastructure Contractor | DTSC |
| CT-10 | A Health and Safety Plan shall be prepared prior to construction activities to train workers to recognize potential health and safety hazards, communicate potential health and safety hazards to others, instruct personnel in procedures for performing work safely, mitigate hazards and avoid exposure to hazardous substances with the use of engineering and administrative controls, use protective equipment to limit exposure when engineering and administrative controls are not effective. The Health and Safety Plan shall contain provisions for providing breathing zone monitoring if workers will be exposed to concentrations of contaminants near the Permissible Exposure Limits, consistent with DTSC’s approved site-specific clean-up goals as they relate to the 21-acre site that is currently undergoing remediation. | 1 | Pre-construction | JDCP Primestor Infrastructure Contractor | DBS |
| CT-11 | Construction workers shall undergo Health and Safety training as required by Cal/OSHA regulations in Title 8 CCR for handling hazardous materials and/or wastes. | 1 | Construction | JDCP Primestor Infrastructure Contractor | DBS |
| CT-12 | Construction shall use dust suppression methods when disturbing soil so as not to create visible dust emissions or cause soils that exceed site-specific clean-up goals, as approved by DTSC for the project site, to become airborne | 1 | Construction | JDCP Primestor Infrastructure Contractor | DBS |
| CT-13 | Prior to construction, an Excavation, Disposal, and Transportation Plan shall be prepared to describe the procedures and methodology for excavation, temporary storage, containerization, transport and disposal of hazardous waste. This includes construction of the temporary stockpile area (e.g., berms to prevent runoff, wetting, and cover to prevent soil from becoming airborne); use of USDOT-approved containers for storage and transport; use of registered transporter; decontamination of transport vehicles prior leaving the site; obtaining written acceptance of disposal facility prior to transport vehicle leaving site so load is not rejected upon arrival; and compliance with manifest requirements. | 1 | Construction | JDCP Primestor Infrastructure Contractor | DBS |
| CT-14 | In compliance with SCAQMD Rule 1166 requirements, an Excavation Management Plan and necessary permitting application forms shall be prepared and submitted for approval to the SCAQMD. | 1 | Pre-construction | JDCP Primestor Infrastructure Contractor | DBS |
| CT-15 | The City shall continue to implement an emergency response plan for responding to releases from accidents (e.g., LAFD, first responders from the Los Angeles County Hazardous Materials Unit). Actions may involve cordoning off the affected area, stabilizing and containing releases of hazardous materials, and remediating the released hazardous materials. | 1 | Construction | City of LA | DBS |
| CT-16 | Apply water or dust palliative to the site and equipment as frequently as necessary to control fugitive dust emissions. Fugitive emissions generally must meet a “no visible dust” criterion either at the point of emission or at the right of way line as required by the SCAQMD. | 1 | Construction | JDCP Primestor Infrastructure | DBS |</p>
<table>
<thead>
<tr>
<th>CT</th>
<th>Description</th>
<th>Section</th>
<th>Contractor</th>
<th>DBS</th>
</tr>
</thead>
<tbody>
<tr>
<td>CT-17</td>
<td>Spread soil binder on any unpaved roads used for construction purposes, and all project construction parking areas.</td>
<td>1</td>
<td>Construction</td>
<td>DBS</td>
</tr>
<tr>
<td>CT-18</td>
<td>Properly tune and maintain construction equipment and vehicles. Use low-sulfur fuel in all construction equipment as provided in California Code of Regulations Title 17, Section 93114.</td>
<td>1</td>
<td>Construction</td>
<td>DBS</td>
</tr>
<tr>
<td>CT-19</td>
<td>Develop a dust control plan documenting sprinkling, temporary paving, speed limits, and expedited revegetation as needed to minimize construction impacts to existing communities.</td>
<td>1</td>
<td>Construction</td>
<td>DBS</td>
</tr>
<tr>
<td>CT-20</td>
<td>Locate equipment and materials storage sites at least 500 feet from the sensitive receptors. Keep construction areas clean and orderly.</td>
<td>1</td>
<td>Construction</td>
<td>DBS</td>
</tr>
<tr>
<td>CT-21</td>
<td>Extended idling, material storage, and equipment maintenance should be prohibited within 500 feet of sensitive air receptors, to the extent feasible.</td>
<td>1</td>
<td>Construction</td>
<td>DBS</td>
</tr>
<tr>
<td>CT-22</td>
<td>Use track-out reduction measures such as gravel pads at project access points to minimize dust and mud deposits on roads affected by construction traffic.</td>
<td>1</td>
<td>Construction</td>
<td>DBS</td>
</tr>
<tr>
<td>CT-23</td>
<td>Cover all transported loads of soils and wet materials prior to transport, or provide adequate freeboard (space from the top of the material to the top of the truck) to minimize emission of dust</td>
<td>1</td>
<td>Construction</td>
<td>DBS</td>
</tr>
<tr>
<td>CT-24</td>
<td>Promptly and regularly remove dust and mud that are deposited on paved, public roads due to construction activity and traffic to decrease particulate matter.</td>
<td>1</td>
<td>Construction</td>
<td>JDCP Primestor Infrastructure Contractor</td>
</tr>
<tr>
<td>CT-25</td>
<td>Route and schedule construction traffic to avoid peak travel times as much as possible, to reduce congestion and related air quality impacts caused by idling vehicles along local roads.</td>
<td>1</td>
<td>Construction</td>
<td>JDCP Primestor Infrastructure Contractor</td>
</tr>
<tr>
<td>CT-26</td>
<td><strong>AQ11: Rule 401 – Visible Emissions:</strong> A person shall not discharge into the atmosphere from any single source of emission whatsoever any air contaminants for a period or periods aggregating more than three (3) minutes in any one (1) hour which are as dark or darker in shade as that designated as No. 1 on the Ringelmann Chart or of such opacity as to obscure an observer’s view to a degree equal to or greater than smoke.</td>
<td>1</td>
<td>Construction</td>
<td>JDCP Primestor Infrastructure Contractor</td>
</tr>
<tr>
<td>CT-27</td>
<td><strong>Rule 402 – Nuisance:</strong> A person shall not discharge from any source whatsoever such quantities of air contaminants or other material which cause injury, detriment, nuisance or annoyance to any considerable number of persons or to the public or which endangers the comfort, repose, health or safety of any such persons or the public or which cause or have a natural tendency to cause injury or damage to business or property.</td>
<td>1</td>
<td>Construction</td>
<td>JDCP Primestor Infrastructure Contractor</td>
</tr>
<tr>
<td>CT-28</td>
<td><strong>Rule 403 – Fugitive Dust:</strong> SCAQMD’s Rule 403 requires that fugitive dust be controlled with the best available control measures (BACM) in order to reduce dust so that it does not remain visible in the atmosphere beyond the property line of the proposed project. It also requires a dust control plan to be submitted and approved prior to construction. The dust control plan should describe all applicable dust control measures that will be implemented at the project; and should describe types of dust suppressant, surface treatments and other measures to be utilized at the construction sites to comply with the Rule. The relevant specifics of Rule 403 are as follows:</td>
<td>1</td>
<td>Construction</td>
<td>JDCP Primestor Infrastructure Contractor</td>
</tr>
<tr>
<td>CT-29</td>
<td>In compliance with the Executive Order on Invasive Species, EO 13112, and guidance from the Federal Highway Administration (FHWA), the landscaping and erosion control included in the proposed project shall not use any species on the California Noxious Weed List. In areas of particular sensitivity, extra precautions shall be taken if invasive species are found in or near construction areas. This includes the inspection and cleaning of construction equipment and eradication strategies to be implemented should an invasion occur.</td>
<td>1</td>
<td>Construction</td>
<td>JDCP</td>
</tr>
</tbody>
</table>
EXHIBIT I-2

Waste Soil Management Plan

[attached]
WASTE SOIL MANAGEMENT PLAN

1 Introduction

2 Site Description

3 Objective

4 Residual Impacts to the Remediated Area

4.1 Metals

4.2 Petroleum Hydrocarbons

4.3 VOCs

5 Health and Safety

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Figure 1 Site Map

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Figure 3 Subcontractor Response Plan for Suspect Soil

APPENDIX

A Suspect Soil Notification Form and Location Maps
LIST OF ACRONYMS

BMPs   Best Management Practices
COCs   Constituents of Concern
COPCs  Constituents of Potential Concern
Cy     Cubic Yards
DTSC   California Department of Toxic Substances Control
EPA    United States Environmental Protection Agency
HACLA  Housing Authority of the City of Los Angeles
IIPP   Injury and Illness Prevention Program
JDRP   Jordan Downs Redevelopment
JDPHCA Jordan Downs Public Housing Community Area
LARWQCB Los Angeles Regional Water Quality Control Board
MCCTC  Maximum Concentration of Contaminants for the Toxicity Characteristic
mg/kg  milligrams per kilogram
mg/L   milligrams per liter
NPDES  National Pollutant Discharge Elimination System
PCBs   Polychlorinated Biphenyls
PAHs   Polynuclear aromatic hydrocarbons
PCE    Tetrachloroethene (aka Perchloroethylene)
PVC    Polyvinyl Chloride
RCRA   Resource Conservation and Recovery Act
RBCGs  Risk-Based Cleanup Goals
ROWs   Rights-of-Ways
RWQCB  Regional Water Quality Control Board
SCAQMD South Coast Air Quality Management District
SHSP   Site-Specific Health and Safety Plan
SSLs   Soil Screening Levels
STLC   Soluble Threshold Limit Concentration
SWPPP  Storm Water Pollution Prevention Plan
SWRCB  State of California, State Water Resources Control Board
TCE    Trichloroethene
TCLP   Toxicity Characteristic Leaching Procedure
TPH    Total Petroleum Hydrocarbons
TTLC   Toxicity Threshold Limit Concentration
UCL    Upper Confidence Level
UST    Underground Storage Tank
µg/kg  micrograms per kilogram
VOCs   Volatile Organic Compounds
WET    Waste Extraction Test
WSMP   Waste Soil Management Plan
1 INTRODUCTION

The Jordan Downs Redevelopment Project (JDRP) involves the redevelopment of the Housing Authority of the City of Los Angeles’s (HACLA) 49-acre, 1950s public housing project and the adjacent 21-acre former industrial property. Together, the 70-acre Project will involve demolition of the existing 700 multifamily apartments and construction of approximately 1,400 homes, a retail center, a community center, public parks, and streets. HACLA has completed the remediation of the 21-acre property (Remediation Area) under the oversight of the California Department of Toxic Substances Control (DTSC) and successfully remediating the Site to criteria deemed protective of human health and the environment.

The Remediation Area was subject to very specific cleanup criteria and it is anticipated that all the remaining soil is suitable to remain within the 21-acre Remediation Area and can be excavated and reused within the Remediation Area with one exception. The exception is the excavation of soil containing volatile organic compounds (VOCs) that is subject to the South Coast Air Quality Management District’s (SCAQMD) Rule 1166 for excavating VOC-contaminated soil. VOC-contaminated soil will require off-site disposal. It is possible that residual VOC-contaminated soil subject to Rule 1166 is still present but was judged by the DTSC to be acceptable if left in-place.1,2

It should be noted that the Jordan Downs Public Housing Community Area (JDPHCA) adjacent to the 21-acre Remediation Area has only been subjected to a limited amount of assessment. Based on multiple Phase I Environmental Site Assessments, the history of the JDPHCA is understood to have always been residential with some small scale agricultural activities prior to the housing development, and these reports have not recommended further assessments.

This Waste Soil Management Plan (WSMP) provides direction from HACLA to the general contractors and their subcontractors involved in any type of earthwork activities (grading, excavations, trenching, drilling, etc.) within the entire JDRP in regards to the actions to be taken when soil is encountered that is suspected to contain petroleum products or hazardous substances. HACLA owns the land at Jordan Downs and must be notified of all suspect conditions that may indicate a release(s) of hazardous substances or petroleum products.

2 SITE DESCRIPTION

For the purpose of this WSMP, the “Site” is considered to be the entirety of the JDRP which is bounded by South Alameda Street to the east, 97th Street to the north, Grape Street to the west, 103 Street to the south (western portion), and the David Starr Jordan High School and Atlas Metals to the south (eastern portion). The Site is subdivided into two primary areas:

1. Remediation Area – 21 acres of the former steel mill factory recently remediated.
2. Existing Jordan Downs Public Housing Community Area (JDPHCA) – 49 acres

Please refer to Figure 1.

3 OBJECTIVE

This WSMP provides direction to current and future contractors who are involved in excavations and grading at the Site to address situations where soil or fill materials suspected of containing hazardous substances or petroleum products are encountered to a degree that requires waste characterization and offsite disposal.

4 RESIDUAL IMPACTS TO THE REMEDIATED AREA

The primary types of residual impacts to the soil at the Site include the following:

- Metals – primarily lead and arsenic.
- Petroleum Hydrocarbons – primarily diesel and oil, however, residual concentrations of gasoline are present in the vicinity of the former underground storage tank (UST1) removed from what is now Century Boulevard, just west of the intersection with the future Lilac Street.
- Volatile Organic Compounds (VOCs) – primarily those associated with petroleum products and those associated with solvents and other chemical products.

4.1 Metals

The known residual concentrations of metals at the Site have been judged to be suitable for the residential development by DTSC. Therefore, soil with the known residual concentrations of metals can be excavated, stockpiled, and reused pursuant to the needs of the construction activities without restriction.
During the remediation an effort was made to excavate and evaluate all of the fill soil (i.e., soil previously disturbed) and it is expected that fill soil with obvious concentrated pockets of debris are not present at the Site. However, isolated pieces of concrete, asphalt, or brick may be encountered, but should a contractor encounter a distinct pocket of fill with debris, stained soil, or unexpected odors, the protocols within this WSMP should be followed. Work in the area of the deposit should be halted and the area should be cordoned off with caution tape until it is evaluated by the Environmental Professional.

### 4.2 Petroleum Hydrocarbons

Several sources of releases of petroleum hydrocarbons were discovered during the course of the remediation. The majority of the petroleum releases covered large portions of Lots 3 and 12 and the adjacent rights-of-ways (ROWs). Other isolated releases occurred in Lot 1 including a suspected former UST pit (T55 pit), an elevator ram, and an undefined source adjacent to the northern Site boundary at 97th Street. A clarifier in the northeastern quadrant of Lot 13 had a release of petroleum and VOCs. The release from UST1 is located adjacent to the western side of the intersection between the new Century Boulevard and Lilac Street. See Figure 2 for the approximate locations of these releases.

Should a contractor encounter soil with unexpected odors reminiscent of petroleum products, the protocols within this WSMP should be followed. Work in the area of the odorous soil should be halted and the area cordoned off with caution tape until it is evaluated by the Environmental Professional.

### 4.3 VOCs

Volatile organic compounds (VOCs) can be divided into two main categories:

1. Those associated with commercial and industrial solvents such as tetrachloroethene (perchloroethylene) (PCE), trichloroethene (TCE), and associated breakdown products; and
2. Those VOCs associated with petroleum products such as benzene, toluene, ethylbenzene, and xylenes along with other lesser known chemicals.

Both of these types of VOCs were detected at the Site. In general, and with DTSC's concurrence, shallow soil (less than 20 feet below grade) containing VOCs was removed with any residual concentrations being near or below laboratory detection limits. Excavations below 20 feet below grade have a higher likelihood of encountering noticeable concentrations of VOCs from either source.

The areas where residual concentrations of VOCs may potentially be encountered in deeper excavations include the following:
• Across lots 12 and 13 and adjacent ROWs – diesel and oil related VOCs.
• Former UST1 at the western side of the intersection of Century Boulevard and Lilac Street – gasoline related VOCs.
• Former Paint Dipping Tanks location in lot 1, adjacent to the north side of Century Boulevard, across from lot 15 – solvent based VOCs.
• Former elevator ram excavation in lot 1, northwest of the Paint Dipping Tanks location – solvent based VOCs.
• Three locations in the northern portion of lot 1 including a former clarifier location, a suspected former UST pit (T55), and an area along the northern lot line where a petroleum and lead and arsenic release was remediated – petroleum and solvent related VOCs.

Other locations on Figure 2 depict locations where VOCs were detected during the remediation but residual concentrations of concern are no longer anticipated to be present. See Figure 2 for the approximate locations of these releases.

Should a contractor encounter soil with unexpected odors reminiscent of solvents or petroleum products, the protocols within this WSMP should be followed. Work in the area of the odorous soil should be halted and the area cordoned off with caution tape until it is evaluated by the Environmental Professional.

5 HEALTH AND SAFETY

It is expected that every subcontractor on the Site has established, implemented, and maintained a written Injury and Illness Prevention Program (IIPP) pursuant to Title 8 of the California Code of Regulations, Section 3203 (T8 CCR 3203) to address standard construction practices.

Due to the potential to encounter soil with residual concentrations of COCs/COPCs, it is recommended that any subcontractor performing any earthwork at depths greater than 3 feet below grade also have a prepared Site-Specific Health and Safety Plan (SHSP) and have personnel available with the appropriate training as described in the following section to handle suspect soil or materials.

5.1 Worker Health and Safety

Upon confirmation of soil containing residual concentrations COCs/COPCs or new COCs by the Environmental Professional, the subcontractor (Subcontractor) that is involved with exposing, handling, excavating, grading, trenching, stockpiling, loading and transporting such soil shall, at a minimum, have 40-hour hour Occupational Health and Safety Organization (OSHA) HAZWOPER training including current annual 8-hour refresher certifications and be part of a medical monitoring program pursuant to the regulations
found in 29 Code of Federal Regulations (CFR) Part 1910.120 and California Code of Regulations (CCR), Title 8, Section 5192.

A health and safety plan shall be implemented by the Subcontractor for work conducted at the Site and workers within the “exclusion zone” is required pursuant to the regulations found in 29 Code of Federal Regulations (CFR) Part 1910.120 and California Code of Regulations (CCR), Title 8, Section 5192. The health and safety plan shall outline the potential chemical and physical hazards that could be encountered during all fieldwork activities. The appropriate personal protective equipment and emergency response procedures for the anticipated Site-specific chemical and physical hazards shall be detailed in this plan. Subcontractor personnel and any second-tier subcontracted personnel involved with the field work are to be required to read and sign this document in order to encourage proper health and safety practices.

5.2 Community Health and Safety

Due to the extensive nature of the remediation effort within the Remediation Area, a Community Health and Safety Plan has not been required as of the date of the preparation of this WSMP, and one is not anticipated to be required. However, measures to prevent nuisance conditions to the surrounding community are required in the form of the following requirements:

5.2.1 Dust Control

As required by the South Coast Air Quality Management District (SCAQMD) Rule 403 – Fugitive Dust Emissions, fugitive dust emissions must be controlled and in compliance with requirements contained in Rule 403. These are standard requirements for construction activities on sites of 5 acres or more. Mitigation measures required include, but are not limited to the following:

- Application of water to control dust generation at the points of dust/odor generation;
- Stockpile control – covers, wetting;
- Cease work conditions – wind speed, odor, and/or particulate monitoring thresholds;
- Truck loading and covering procedures;
- Shaker plates and/or gravel pads at ingress/egress points; and
- Housekeeping (street cleaning if necessary).

This list is not to be considered definitive, and all the rules and regulations within Rule 403 that are applicable to the Site shall be adhered to at all times.
5.2.2 Storm Water Management

As required by the Los Angeles Regional Water Quality Control Board (LARWQCB) and the City of Los Angeles, a Storm Water Pollution Prevention Plan (SWPPP) is required to be implemented through the use of Best Management Practices (BMPs) to control storm water and non-storm water runoff. Effective implementation of such BMPs will assist in the prevention of potential impacts to the surrounding community.

5.2.3 SCAQMD Rule 1166 – Excavation of VOC-Contaminated Soils

SCAQMD Rule 1166 sets forth the requirements to control the emission of VOCs generated from the excavation and handling of VOC-contaminated soil. Rule 1166 applies to all soil excavations with volumes exceeding 1 cubic yard of VOC-contaminated soil. VOC-contaminated soil is defined as having VOC concentrations exceeding 50 parts per million – vapor (ppmv) as measured by a hexane-calibrated organic vapor analyzer (OVA).

Should the Subcontractor encounter soil noticeable odors, the Environmental Professional will evaluate the soil for vapors with an OVA and make a judgement on whether the soil qualifies as a VOC-contaminated soil as defined by Rule 1166. If so, the Environmental Professional will provide a Rule 1166 permit and monitor the excavation as required. Soil with VOC concentrations between 50 and 1,000 ppm as measured by the OVA can be placed in stockpiles on and covered with plastic sheeting pending waste characterization and offsite disposal. Soil with VOC concentrations greater than 1,000 ppm must be immediately placed in covered bins or directly loaded onto trucks for immediate removal from the Site. If directly loaded, the soil must be properly characterized prior to excavation activities. Soil placed in covered bins can be stored until a full waste characterization is completed for the proper off-Site disposal.

6 DISCOVERY AND ACTION

All subcontractors conducting earthwork of any kind should be provided with this WSMP and instructed to adhere to the protocols and recommendations contained herein. The protocols described herein should be considered minimum requirements and are based on the current knowledge of the Site at the time of the completion of the remediation activities. Should conditions be encountered that warrant additional precautions, then it is the responsibility of the Subcontractor and General Contractor to implement such precautions as they deem necessary to protect human health and the environment.

It is the responsibility of the Subcontractor to direct their equipment operators and personnel to be observant during all earthwork activities and to promptly report suspect conditions to the General Contractor’s site superintendent.
The following are typical indications of soil that should be considered to potentially contain residual concentrations of COCs/COPCs or new COCs:

- Deposits of fill materials that are distinct from the surrounding undisturbed native soil. Note that as part of the remediation effort excavations up to 30 feet deep were backfilled with onsite soils and imported fill materials. Therefore, the Remediation Area has 3 to 30 feet of fill soil which should be generally homogenous.

- Distinct deposits of fill soil/materials that contain debris, glass, brick, concrete, wood, etc. Isolated pieces of concrete, asphalt, or even brick should not be considered a cause for concern as it may be present in the fill materials placed after the remediation was completed.

- Noticeable odors reminiscent of petroleum production (gasoline, diesel, oil) or solvents. Odors of concern would be persistent and identifiable as coming from a particular location.

- Stained or discolored soil. Natural colors of the native soil at the Site include light yellow, tan, light brown, brown, reddish-brown, olive, gray, dark gray, and even black. The darker soils are generally at depths greater than 10 feet below grade. Soil suspected to be stained or discolored soil should be compared to the surrounding soil.

Upon discovery of soil suspected to contain residual concentrations of COCs/COPCs or to be VOC-contaminated soil under Rule 1166, the following actions shall be taken:

1) The Subcontractor will stop all work in the immediate vicinity of the suspect soil and prevent any further disturbance of the soil.

2) The Subcontractor shall isolate the area with barricades, caution tape, or other appropriate methods to prevent their workers and other subcontractors from entering or disturbing the area.

3) If odors are of such strength to cause a nuisance or be noticeable in adjacent areas of concurrent construction activities, or by the adjacent the community, the following mitigation efforts shall be immediately applied as necessary:

   a. Use water to wet down the source area of the odors; however, take care to not cause runoff or ponding of water.
   b. Use plastic sheeting to cover the source area.
   c. If necessary create a larger “exclusion zone” with the assistance of the General Contractor and discontinue work in areas affected by the odor.
4) The Subcontractor and General Contractor shall, as soon as possible but no later than the end of the work day of the discovery, complete the attached **Suspect Soil Notification Form and Suspect Soil Location Map** (Appendix A) and email the completed Form and Map to HACLA’s representative, and to the representative of the developer for the particular phase of the project in which the suspect soil was found.

5) The General Contractor will also email the **Notification Form and Suspect Soil Location Map** as soon as possible but no later than the end of the work day of the discovery to the appropriately licensed Environmental Professional acting on behalf of HACLA. In addition, telephone calls to notify the Environmental Professional immediately are recommended.

6) The Environmental Professional will respond by visiting the Site within 24-hours of receipt of the Notification Form and Suspect Soil Location Map and will contact the General Contractor and the Subcontractor prior to the Site visit to coordinate the observation of the suspect soil.

7) The Environmental Professional will observe the suspect soil and, if odors are present, monitor the soil with an OVA.

8) Depending on the observations the Environmental Professional will provide further direction on whether the soil requires special handling, sampling and testing, off-Site disposal, or no further action is warranted.

9) Should the suspect soil be deemed VOC-contaminated per Rule 1166, the Section 5.2.3 of this WSMP will apply. The Environmental Professional will submit the necessary notification to the SCAQMD and provide the required air monitoring during the remainder of the earthwork that involves the VOC-contaminated work. Therefore, close coordination between the Subcontractor and the Environmental Professional will be required.

### 7 SOIL WASTE CHARACTERIZATION

As previously described the Site is divided into two areas: 1) The 21-acre Remediation Area and 2) The remaining 49 acres of the existing Jordan Downs Public Housing Community Area (JDPHCA). The rules for earthwork spoils are different for each of the two areas.

#### 7.1 Remediation Area

The Remediation Area has undergone a remediation under the oversight of the DTSC with approved cleanup criteria which may exceed the typical waste criteria. However, the
remaining soil has been judged suitable for the planned future land uses and the Remediation Area is still in need of several thousand of cubic yards of soil to bring the eastern portion up to subgrade. Therefore, all excess earthwork spoils can be used as fill soil within the Remediation Area. The exceptions to this are as follows:

- New discoveries of Waste soil that, upon sampling and testing, are shown to have concentrations of COCs that exceed the risk-based cleanup goals (RBCGs) established for the Remediation Area; and
- Soil judged by the Environmental Professional to be VOC-contaminated soil under Rule 1166.

Please note that any import into the Remediation Area either from off-Site or from the Jordan Downs Public Housing Community Area must be subject to the protocols described in the Soil Import Plan for the Jordan Downs Redevelopment Project.

### 7.2 Jordan Downs Public Housing Community

Any excess earthwork spoils that need to be exported off the JDRP, must be first sampled and characterized to determine whether it is classified as a waste, and if it is a waste, then whether it is a nonhazardous waste or a hazardous waste, etc. If the soil is determined to be waste, then waste characterization must be performed.

Since the 49-acre Jordan Downs Public Housing Community was not subject to a remediation with oversight by a regulatory agency, site-specific cleanup goals have not been established beyond the published soil screening levels used by DTSC and/or other regulatory agencies.

Certain areas of the JDPHCA have been assessed with regard to lead in the shallow soils and the DTSC concurred the concentrations of lead in the soil meet the standards for residential land use, which is 80 milligrams per kilogram (mg/kg) when calculated as the the 95% upper confidence limit (UCL). However, since statistics are used in this evaluation some lead concentrations may be higher than 80 mg/kg (residential screening level) and soil with lead concentrations at or above 50 mg/kg of lead has the potential to be a hazardous waste if exported from the Site (contrarily, such soil is not considered a hazardous waste if does not leave its place of origin). Due to the extensiveness of the remediation, it is unlikely that soil excavated from within the Remediation Area, with the possible exception of soil immediately adjacent to the southern property line, will be characterized as a hazardous waste, but the potential exists. Please note that soil characterized as a hazardous waste for the purpose of disposal off-Site (e.g., at a landfill) does not preclude it from being considered suitable for use at a residential site.
The applicable portions of the California Water Code and Titles 23 and 27 of the California Code of Regulations (CCR) have been interpreted by regulatory agencies to mean that any soil with detectable concentrations of hazardous substances or metals above published background levels would be a “waste” upon excavation. Any such waste must be transported to a classified waste management unit for treatment, storage, or disposal, or reused in accordance with appropriate local, state, and federal regulations. For example, if soil containing elevated concentrations of lead or petroleum hydrocarbons is identified, it will need to be disposed of at a facility (landfill) with an appropriate permit (i.e., waste discharge requirements).

### 7.3 Waste Characterization

Soil sampling and characterization shall be conducted in accordance with the United States Environmental Protection Agency’s (EPA’s) *Test Methods for Evaluating Solid Waste, Physical/Chemical Methods (SW-846)* sampling and analytical procedures and/or disposal facility requirements.

Various types of waste may be found in the Project area as a result of the historical land use. These wastes may include but are not limited to the following:

- Lead (primarily from the degradation of lead-based paint and aerial deposition from automobiles and factories), and possibly other toxic metals.
- Petroleum hydrocarbons – possibly from consumer spills and disposal of waste oil.
- Burn ash – there is the potential that residual materials from open-pit trash burning may be found, especially at the western end of the Site where private residential properties predate the existing apartment buildings. COCs in burn ash include toxic metals, polynuclear aromatic hydrocarbons (PAHs), and dioxins/furans.

Gasoline and solvents (i.e., volatile organic compounds (VOCs) including halogenated VOCs (HVOCs) are not expected to be found at the Site; however, the possibility always exists that such compounds could be found.

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3 The California Water Code, Division 7, Chapter 2 Section 13050 (d) defines a waste to include “any and all other waste substances, liquid, solid, gaseous, or radioactive, associated with human habitation ... or from any producing, manufacturing, or processing operation of whatever nature, including such waste placed within containers of whatever nature prior to, and for the purposes of, disposal.”

4 Titles 23 and 27, of the CCR, state that “Actions taken by or at the direction of public agencies to clean up or abate conditions of pollution or nuisance resulting from unintentional or unauthorized releases of waste or pollutants to the environment; provided wastes, pollutants, or contaminated materials removed from the immediate place of release shall be discharged according to appropriate waste classification system promulgated in each of the Titles.

The soil characterization process is based upon sequential analysis to assess the relative solubility (mobility) of residual metals or other COCs, as necessary, in soil. In general, waste characterization is based on the concept that the more soluble the COC, the more hazardous the waste classification. For the type of wastes described above, metals are typically the driver for the waste characterization.

The waste characterization process generally consists of the following steps:

1. Visual and olfactory inspection and OVA screening of the waste soil for evidence of VOCs. If odors, staining, or discoloration are present then analyses for petroleum products (EPA Method 8015M for the full carbon range of total petroleum hydrocarbons) and for VOCs by EPA Method 8260B should be performed.

2. For metals, the first step is to conduct an analysis for total metals (Title 22 Metals by EPA Methods 6010B/7471A). If the total metal concentration is greater than the Toxicity Threshold Limit Concentration (TTLC), then the soil is considered a California (non-RCRA) hazardous waste. If it is less than the TTLC, then proceed to the Step 3.

3. If the total concentration of the metal in the sample is less than the TTLC, but equals or exceeds the Soluble Threshold Limit Concentration (STLC) value by 10 times, the soil is further analyzed for that metal by using the Waste Extraction Test (WET) method. If the result of the WET equals or exceeds the STLC value, then the soil is considered a California (non-RCRA) hazardous waste.

4. If the total concentration of a metal in the soil equals or exceeds the Maximum Concentration of Contaminants for the Toxicity Characteristic (MCCTC) (aka TCLP limit) value by 20 times, the soil is further analyzed by using the Toxicity Characteristic Leaching Procedure (TCLP) analysis method (EPA 1311). If the result of the TCLP equals or exceeds the MCCTC, then the soil is considered to be a RCRA-hazardous waste.

These screening criteria are derived from the nature of the WET and TCLP analysis methodologies which are based on a 10:1 and a 20:1 aqueous dilution of the sample by weight, respectively. Pursuant to EPA’s SW-846 waste characterization procedures, statistical analyses are used to calculate the minimum number of samples needed to provide a representative sample population of the soil to be excavated and to provide the 80-percent UCL) of the statistical mean which is used in comparison to the TTLC, STLC or MCCTC. The number of samples required to characterize a given volume of soil is generally dictated by the waste discharge requirements (WDRs) of the disposal/treatment facility. Each landfill has its own set of WDRs and additional analyses or information may be required by the disposal facility.
The characterization of the soil will fall into one of the following five categories:

- **Unrestricted Export Material** – Soils reported to contain concentrations of metals at or below typical residential Soil Screening Levels (SSLs) as used by the DTSC could be considered to be soils that can be reused without restriction. In general, this is likely to only apply to soil excavated from undisturbed formational soil.

- **Nonhazardous Waste** - Soils reported to contain concentrations of metals (or other similarly regulated COCs) that are less than the TTLC, and have soluble concentrations less than the STLC and MCCTC, but are above the SSLs, or contain other COCs such as petroleum products, VOCs, PAHs, etc., are soils that would require disposal at a permitted disposal facility as a nonhazardous waste.

- **California Hazardous/Non RCRA Waste** - Soils reported to contain concentrations of metals (or other similarly regulated COCs) that are greater than TTLC and which require disposal at a Class I disposal facility as a federal RCRA hazardous waste/or soluble concentrations that exceed the STLC but do not exceed the MCCTC are soils that require disposal at a Class I disposal facility within California as a California Hazardous (non-RCRA) Hazardous Waste or transported out of the state and disposed of as a nonhazardous waste. For the latter, please note that for the purpose of transporting the waste within the State of California, the waste would still be classified as a hazardous waste.

- **RCRA Waste** - Soils reported to contain concentrations of metals (or other similarly regulated COCs) that have soluble concentrations that exceed the MCCTC are soils

All stockpiled or containerized soil deemed to be a waste shall be removed from the Project Site within 90 calendar days except if required to be removed within a shorter time period under other regulations such as Rule 1166.

**8 STOCKPILE MANAGEMENT**

It is understood that it will be necessary for excavated waste soil, or soil suspected to be a waste, to be stockpiled or containerized and stored on-Site. If stockpiled, the soil must be placed on plastic sheeting or another impervious surface, and covered by plastic sheeting to prevent storm water infiltration/runoff, and fugitive emissions of dust and vapors. When used, all containers must include sealable or lockable lids to prevent fugitive emissions of vapor or odors and infiltration of water during rain events. All containers and stockpiles must be appropriately labelled with the type of waste, date of generation, name and phone number of the Subcontractor responsible for the management and handling of the container(s).
With the exception of soil deemed to be VOC-contaminated per Rule 1166, stockpiles of soil suspected to contain COCs shall be stockpiled or containerized per the protocols listed below. VOC-contaminated soils shall be managed pursuant to the requirements within Rule 1166.

- Place soil on a liner of 6-mil (minimum) plastic sheeting of sufficient size to allow for the lapping of the plastic approximately one-third to one-half the way up the sides of the stockpile.

- Moisten to minimize dust emissions during stockpiling (no runoff is to be created during this process). Water shall be used for dust control whenever soil is added to or taken from the stockpile.

- Cover the stockpile with 6-mil plastic sheeting to minimize and prevent potential pollutant runoff from stockpile due to rain. The sheeting shall extend to the ground and be secured by sand/gravel bags. The sheeting must be maintained in good condition, adequately held in place to minimize wind damage, and repaired as necessary.

- Alternatively, excavated soil can be stored in 55-gallon Department of Transportation (DOT)-approved drums, or covered roll-off bins.

9 SOIL LOADOUT AND TRANSPORTATION

All loading and export activities of soil confirmed to contain concentrations of COCs that require off-Site disposal shall be conducted in a manner that minimizes fugitive dust and odor emissions. All loading activities shall be conducted within a HAZWOPER exclusion zone. All hazardous waste operations shall be conducted in accordance with DOT hazardous waste regulations contained in 40 CFR Part 171.

9.1 Transportation Haul Route

The export of all soil from the Site shall be in accordance with all applicable local, state, and federal regulations governing the transportation of nonhazardous and hazardous waste. All drivers shall be appropriately licensed and insured. The Subcontractor must submit and obtain approval of a Haul Route from the City of Los Angeles and shall only use major thoroughfares and minimize trucking through residential areas and adjacent to schools.

9.2 Recordkeeping/Manifests

The Subcontractor shall manage the documentation of all the waste profiling and soil loading including daily logs of the trucks loaded, a description of which stockpiles were
loaded (soil source), the truck identification on to which the soil is loaded, date and time of loadout, and the completed manifest used to track the transportation of the soil or waste. Standard uniform hazardous and nonhazardous waste manifests will be used to track the transportation and disposal of waste soil.

**All manifests and waste profiles shall be signed by an authorized representative of HACLA.**

Upon receiving completed manifest and weight ticket, the Subcontractor shall reconcile all manifests to ensure they are appropriately completed. The Subcontractor shall provide “Generator” copy to the General Contractor who must provide it to HACLA within 10 days of the soil being exported.

The Subcontractor shall provide copies of the truck logs, final manifests signed by the disposal facility and associated weight tickets to the General Contractor within 5 days of receipt from the disposal facility and the General Contractor will provide them to HACLA within 5 days of receipt from the Subcontractor.

The Subcontractor shall ensure the proper distribution of all copies of nonhazardous and hazardous manifests.
Site: Jordan Downs Redevelopment Project
9901 South Alameda Street
Los Angeles, CA 90002

Client: Housing Authority of the City of Los Angeles
c/o JDRM c/o Bridge Housing Corporation
20221 Irvine Avenue, Suite F-1
Newport Beach, CA 92660

LEGEND
Approximate Site boundaries 70-acre Jordan Downs Redevelopment Project
Approximate boundaries of the 21-acre Jordan Downs Remediation Area
Approximate boundaries of the existing 49-acre Jordan Downs Public Housing Community

DISCLAIMER: All dimensions are approximate and are for illustrative purposes only. The dimensions shall not be relied upon for any purpose.

NOT TO SCALE

SITE BOUNDARIES

JORDAN DOWNS REDEVELOPMENT PROJECT
WASTE SOIL MANAGEMENT PLAN

Project No: C.2017.05.01.01
Date Drafted: 06/12/2017

FIGURE 1
AREAS OF POTENTIAL RESIDUAL COC/COPC CONCENTRATIONS

JORDAN DOWNS REDEVELOPMENT PROJECT
WASTE SOIL MANAGEMENT PLAN

LEGEND
- Approximate boundaries of the Jordan Downs Remediation Area
- Approximate location of UST1 and residual gasoline concentrations
- Approximate locations of potential residual petroleum (diesel and oil) concentrations
- Approximate locations of potential residual volatile organic compounds (VOCs) concentrations
- Constituents of concern/constituents of potential concern
- New Lot Number

DISCLAIMER: All dimensions are approximate and are for illustrative purposes only. The dimensions shall not be relied upon for any purpose.

Project No: C.2017.05.01.01
Date Drafted: 06/12/2017

Client: Housing Authority of the City of Los Angeles
c/o JDRM c/o Bridge Housing Corporation
20321 Irvine Avenue, Suite F-1
Newport Beach, CA 92660

Site: Jordan Downs Redevelopment Project
9901 South Alameda Street
Los Angeles, CA 90002

LEGEND
- New Lot Number
- Constituents of concern/constituents of potential concern

DISCLAIMER: All dimensions are approximate and are for illustrative purposes only. The dimensions shall not be relied upon for any purpose.

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Date Drafted: 06/12/2017

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APPENDIX A
SUSPECT SOIL NOTIFICATION FORM
AND LOCATION MAPS
Jordan Downs Redevelopment Project
Suspect Soil Notification Form

<table>
<thead>
<tr>
<th>DATE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>PROJECT PHASE (circle one)</td>
<td>1A  1B  2A  2B  3A  3B  4A  4B  5A  5B  6A  6B  RETAIL</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Entity</th>
<th>Company Name</th>
<th>Contact Name</th>
<th>Email</th>
<th>Phone Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Contractor</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Subcontractor</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Type of Work Involved

Description of Suspect Soil

Has the Work Area Been Isolated? YES NO
If not, isolate the area of the suspect soil immediately to prevent further disturbance or exposure.

Location of the Suspect Soil (provide both horizontal and depth information) (mark the location on the attached map)

Promptly email this notification and location map to Ramin.Kianfar@hacla.org and to the Developer’s main contact person.

**IF THERE IS A CONDITION JUDGED TO BE IMMEDIATELY DANGEROUS TO LIFE OR HEALTH CALL 911 IMMEDIATELY AND REQUEST THE HAZ MAT TASK FORCE (HMTF) BEFORE COMPLETING THIS FORM.**
CLEARLY MARK THE LOCATION OF THE SUSPECT SOIL
USE UPPER MAP IF IT'S IN THE REMEDIATION AREA
USE LOWER MAP FOR ALL OTHER AREAS
TAB III-5

Disposition and Development Agreement
DISPOSITION AND DEVELOPMENT AGREEMENT

for the

REDEVELOPMENT OF THE JORDAN DOWNS PUBLIC HOUSING COMMUNITY

Phase S2 Multifamily Rental Development

by and among

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

and

JORDAN DOWNS PHASE S2, LP
DISPOSITION AND DEVELOPMENT AGREEMENT FOR THE REDEVELOPMENT OF THE JORDAN DOWNS PUBLIC HOUSING COMMUNITY

Phase S2 Multifamily Rental Development

This Disposition and Development Agreement for the Redevelopment of the Jordan Downs Public Housing Community (this “Agreement”) is entered into and effective as of , 2021 (the “Effective Date”) by and among the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic (the “Authority”), Jordan Downs Phase S2, LP, a California limited partnership (“Partnership”), and The Michaels Development Company I, L.P., a New Jersey limited partnership (“Developer”). The Authority, the Partnership and the Developer are collectively referred to herein as the “Parties.”

RECITALS

A. These Recitals refer to and utilize certain capitalized terms that are defined in Section 1.1 of this Agreement. The Parties intend to refer to those definitions in connection with their use in these Recitals.

B. The Authority is the owner of real property located in the Watts Community of the City of Los Angeles occupied by the Jordan Downs Public Housing Community (“Jordan Downs Site”) as well as a neighboring site known as 9901 Alameda Street (“9901 Alameda”). The Authority intends to redevelop the Jordan Downs Site and 9901 Alameda in multiple phases.

C. The Authority issued a Request for Qualifications on September 7, 2011, to seek one or more private developers to serve as master developer for the Jordan Downs Site and 9901 Alameda and through a competitive selection process selected Jordan Downs Community Partners LLC, a California limited liability company (“Master Developer”), a joint venture of the BRIDGE Housing Corporation (“BRIDGE”) and Developer as master developer for the Jordan Downs Site.

D. The Authority, Master Developer, Developer and BRIDGE are parties to that certain Master Development Agreement for the Redevelopment of the Jordan Downs Public Housing Community, dated August 1, 2012, as amended by that certain (i) Assignment of Rights to Develop the Retail Site and First Amendment to Master Development Agreement, dated July 13, 2017, with Primestor Jordan Downs, LLC, (ii) Second Amendment to Master Development Agreement, dated October 4, 2017, and (iii) Third Amendment to Master Development Agreement, dated July 7, 2020, and as may be further amended and assigned (collectively, the “Master Development Agreement”).

E. Phase S2 of the redevelopment (“Phase S2”) will includes eighty-one (81) residential dwelling units, including eighty (80) units operated and maintained as low-income housing tax credit units (“Tax Credit Units”), and related site improvements (“Improvements”) to be constructed on the real described and depicted in Exhibit A attached hereto (the “Phase S2 Site”). The Parties intend for this Agreement govern the development of Phase S2.
F. In order to finance the construction and development of Phase S2, the Developer has applied for and received the construction and permanent financing described in the Financing Plan.

G. HUD issued a Rental Assistance Demonstration (RAD) Conversion Commitment for seventeen (17) units (“RAD Units”) of public housing to convert to Section 8 Project Based Voucher assistance at Phase S2 on __________, 2021 and the Authority has agreed to provide Section 8 Project Based Voucher assistance for sixty-three (63) units (“PBV Units”) at Phase S2. The RAD Units and thirty-two (32) PBV Units are designated as “replacement units” under that certain HUD FY2019 Choice Neighborhoods Initiative (“CNI”) Implementation Grant Agreement Number CA9D004CNG119 between HUD and the Authority and will replace public housing units demolished at the Jordan Downs Site (“Replacement Units”).

H. The Project will be developed as described in the Scope of Development attached hereto as Exhibit B.

I. To facilitate the Project, as of the date hereof, the Authority has entered into the Ground Lease with that Partnership that conveys a leasehold interest in the Phase S2 Site. The Partnership will own and operate the Improvements, and will lease the RAD Units and PBV Units pursuant to the requirements of this Agreement, the Authority Loan Documents, the Ground Lease, the RAD program, the CNI grant program and other applicable financing programs. As of even date herewith, the Authority and the Partnership have entered into agreements providing the Authority with a Right of First Refusal and Purchase Option to acquire Phase S2 after expiration of the Tax Credit Compliance Period.

J. Pursuant to Section 3.5 of the Master Development Agreement, the Authority and the Developer desire to enter into this Agreement to set forth certain terms of development not addressed in the Authority Loan Documents or Ground Lease. Except as otherwise set forth in Sections 4.16.4 and 4.17.4 of the Master Development Agreement, pursuant to Section 2.2 of the Master Development Agreement, the Master Development Agreement shall terminate with respect to Phase S2 as of Closing.

NOW, THEREFORE, for and in consideration of the foregoing recitals and the premises, covenants, representations, warranties, and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto do hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, the following terms shall have the meanings set forth below.

“Act” means the United States Housing Act of 1937 (42 U.S.C. § 1437, et seq.), as amended from time to time, any successor legislation, and all implementing regulations issued thereunder or in furtherance thereof.
“Agreement” means this Agreement including all exhibits attached hereto and made a part hereof.

“Authority” means the Housing Authority of the City of Los Angeles, a public body corporate and politic, organized pursuant to Section 34200, et seq. of the California Health and Safety Code, as amended, including any successor in interest or assigns by act of the Authority, or by operation of law, or otherwise.

“Authority Board” means the Board of Commissioners of the Authority.

“Authority Loan Agreement” means that certain Authority Loan Agreement by and between the Authority and the Partnership dated as of substantially even date herewith.

“Authority Loan Documents” means the Authority Loan Agreement, the deeds of trust, and promissory notes evidencing loans from the Authority to the Partnership of approximately even date herewith.

“City” means the City of Los Angeles, California.

“Closing” means the close of escrow for conveyance of a leasehold interest in Phase S2 Site by the Authority to the Partnership, pursuant to the Ground Lease.

“Concept Plan” means the conceptual rendering of the Improvements to be constructed as part of Phase S2 attached hereto as Exhibit C, as the Parties may revise from time to time.

“Developer” means The Michaels Development Company I, L.P., a New Jersey limited partnership.

“Developer Fee” shall mean the fee to be earned by Developer for Phase S2, a portion of which will be deferred as provided in the Financing Plan.

“Financing Plan” means the plan for financing Phase S2, including the development budget for Phase S2 and sources and uses analysis, as attached hereto as Exhibit D, as such may be amended by mutual agreement of the Parties from time to time.

“Ground Lease” means that certain Ground Lease Agreement by and between the Authority and the Partnership for the Phase S2 Site to be executed and delivered in conjunction with the Closing for Phase S2.

“HCD” means the California Department of Housing and Community Development.

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

“Jordan Downs Site” means the original Jordan Downs public housing development site, as described Recital B.
“**Master Developer**” means Jordan Downs Community Partners, LLC, a California limited liability company.

“**Partnership**” means Jordan Downs Phase S2, LP, a California limited partnership.

“**Phase S2 Site**” means the portion of the Jordan Downs Site on which Phase S2 is to be constructed, as generally described and depicted in Exhibit A.

“**Scope of Development**” means the description of the basic physical characteristics of Phase S2, including: Scope of Development Narrative, Basic Site Plan, Schedule of Performance Unit Distribution Chart, Parking and Physical Goals and Requirements. The Scope of Development is attached hereto as Exhibit B.

“**Tax Credit Compliance Period**” means the fifteen (15) year compliance period as described in Section 42(i)(1) of the Internal Revenue Code of 1986 starting with the first year of the credit period.

Section 1.2 **List of Exhibits.** The following exhibits are attached hereto and incorporated into this Agreement by this reference:

- Exhibit A: Description and Map of Phase S2 Site
- Exhibit B: Scope of Development
- Exhibit C: Concept Plan
- Exhibit D: Financing Plan
- Exhibit E: Relocation Plan

**ARTICLE II**

**PHASE S2 – THE PROJECT**

Section 2.1 **Scope of Development.** As more fully described in the Scope of Development, the “**Project**” will consist of the construction on the Phase S2 Site and adjacent areas of (i) eighty-one (81) residential units of which eighty (80) shall be Tax Credit Units and one (1) shall be a resident manager unit (collectively, the “**Improvements**”), (ii) Phase S2 B-Permit Improvements described in the Authority Loan Documents, and (iii) the preliminary unit types, with their associated square footage, bedroom distribution and program designation (i.e. RAD, PBV, or unrestricted) are described in Exhibit B.

Section 2.2 **Tenant Lease.** As of the date of closing on the construction financing HUD has approved the tenant lease pursuant to the RAD Requirements (as defined in the Authority Loan Agreement). However, the Authority and some of the other financial partners continue to have comments on the form of tenant lease. The Partnership agrees to work with the Authority and other lenders and investors, as applicable, to finalize a tenant lease form and to obtain HUD approval of the revised tenant lease form (to the extent HUD approval is required) at least one hundred twenty (120) days before initiating lease-up activities for the Project. [HACLA/TMO to confirm applicable]
Section 2.3 Financing Plan. The approved Financing Plan is attached hereto as Exhibit D. Except as otherwise set forth in the Ground Lease and Authority Loan Documents, any changes in the Financing Plan must be approved by the Authority in accordance with this Agreement.

Section 2.4 Business Terms. The Parties have agreed to the following terms:

(a) The Authority shall be responsible for relocating selected residents from the Jordan Downs Site pursuant to the Relocation Plan attached hereto as Exhibit E. The Authority shall also be responsible for the costs associated with relocating any residents from the Jordan Downs Site pursuant to the Relocation Plan.

(b) The Authority and Partnership agree that upon execution of the Authority Loan Documents and consummation of the Closing of the Phase S2:

   (1) The Partnership shall disburse to the Authority (i) $________ in full satisfaction of that certain Phase-Related Predevelopment Loan evidenced by that certain Amended and Restated Non-Negotiable Predevelopment Loan Promissory Note for Jordan Downs – Phase S2 from the Partnership to the Authority dated July 1, 2020 (the “Phase S2 Predevelopment Note”), (ii) $_______ in partial satisfaction of that certain Multi-Phase Predevelopment Loan evidenced by that certain Non-Negotiable Multiphase Predevelopment Loan Promissory Note from the Master Developer to the Authority dated October 10, 2014, and (iii) zero dollars ($0) in partial satisfaction of that certain CNI & Strategic Grants Application Loan evidenced by that certain Non-Negotiable CNI & Strategic Grants Application Loan Promissory Note from the Master Developer to the Authority on or about October 14, 2016 (collectively (i) through (iii), “Predevelopment Loans”).

   (2) Upon disbursement of funds to the Authority for repayment of the Predevelopment Loans, Authority shall (i) return the Phase S2 Predevelopment Note marked “SATISFIED IN FULL” to the Partnership and (ii) deem the Predevelopment Loans repaid, as applicable to Phase S2 and the Partnership.

   (c) The Partnership shall at its cost and expense reimburse the Authority for third-party costs associated with the Closing of Phase S2 including, but not limited to, legal fees and consulting fees, up to a maximum of One Hundred Fifty Thousand Dollars ($150,000). The Authority shall provide Developer a total of all third-party costs incurred prior to Closing.

   (d) For services performed and to be performed by the Authority, the Developer shall pay the Authority a fee in the aggregate amount equivalent to twenty percent (20%) of any Developer Fee paid to the Developer or its affiliate for the Project (the “HACLA Fee”). The Developer Fee payable to the Developer for Phase S2 is Three Million Five Hundred Thousand Dollars ($3,500,000). The HACLA Fee shall be subject to the approval of the investor limited partner of the Partnership and the California Tax Credit Allocation Committee (CTCAC). The HACLA Fee in the aggregate amount of Seven Hundred Thousand Dollars ($700,000) shall be paid by the Partnership to the Authority as follows:
(i) Two Hundred Twenty Thousand Dollars ($220,000) paid at Closing as an Authority Coordination Fee (as defined in and paid under the Authority Loan Agreement);

(ii) Two Hundred Twenty Thousand Dollars ($220,000) paid at Closing for the Authority’s participation in the predevelopment and development process for Phase S2, including, but not limited to, securing necessary approvals from the City, assisting with applications for grant funds from HCD, general administration of predevelopment activities and entitlement processing; and

(iii) Two Hundred Sixty Thousand Dollars ($260,000) paid from Net Cash Flow (as defined in the Partnership Agreement) pursuant to that certain [HACLA Service Coordination Fee Agreement] by and between the Authority and the Partnership for the Authority’s ongoing coordination of services and provision of case management and educational and vocational services to residents of Phase S2.

(e) The Partnership shall pay the Authority a Fifty Thousand Dollar ($50,000) fee for construction and labor compliance, including state and federal labor and hiring requirements (the “Construction Management Fee”). The Construction Management Fee shall be paid in monthly installments during the construction period of Phase S2. For the avoidance of doubt, the Construction Management Fee shall be fully paid to the Authority prior to initiating lease up activities for Phase S2.

(f) The Partnership shall not charge interest on any deferred Developer Fee.

Section 2.5 AHP Financing.

(a) Developer and/or the Partnership shall make a good faith effort to apply for and obtain on behalf of the Partnership an Affordable Housing Program loan (“AHP Loan”) from the Federal Home Loan Bank (“FHLB”). Developer and/or the Partnership shall ensure that any AHP Loan application includes provisions that allot any amount awarded to the repayment of the Authority Acquisition Loan (as defined in the Ground Lease) and then to the repayment of the Authority CNI Loan (as defined in the Authority Loan Agreement). Developer and/or the Partnership shall apply for an AHP Loan during each available Federal Home Loan Bank funding round until the earlier to occur of (i) an AHP Loan is awarded for Phase S2, and (ii) Phase S2 is no longer eligible or qualified for an AHP Loan funding round. Developer and/or the Partnership shall provide each AHP Loan application to the Authority for review and approval no less than ten (10) business days before such application is submitted, the Authority shall not unreasonably withhold, condition or delay its approval of any AHP Loan application.

(b) If awarded an AHP Loan from FHLB, Developer and the Partnership shall diligently pursue closing and funding of the AHP Loan. The Partnership shall use the proceeds of the AHP Loan to (1) pay reasonable and customary costs of applying for the AHP Loan, not to exceed Twenty Thousand Dollars ($20,000) unless otherwise agreed to by the Authority, (2) to
the extent permitted by FHLB program rules governing uses of AHP Loan proceeds, to repay the Authority Acquisition Loan (as defined in the Ground Lease) and (3) to the extent permitted by FHLB program rules governing uses of AHP Loan proceeds, to repay the Authority CNI Loan (as defined in the Authority Loan Agreement). In the event that the parties hereto determine that the AHP Loan is necessary to meet Project development and operational costs, then notwithstanding anything to the contrary in the Authority Loan Documents, Ground Lease, or any other document between the Authority and the Partnership or its affiliates, the Partnership may use the AHP Loan to pay for costs approved by the Authority in its reasonable discretion in place of repaying or reducing the amount owed under the Authority Acquisition Loan.

Section 2.6 Certificate of Completion.

(a) Within ten (10) days after written request by Developer following completion of construction of Phase S2 in accordance with the Construction Plans and if applicable, upon Developer’s obtaining a certificate of occupancy or temporary certificate of occupancy from the City, the Authority shall deliver to Developer a Certificate of Completion for Phase S2 (the “Certificate of Completion”). For purposes of this Section 2.6 “Construction Plans” shall have the meaning set forth in the Authority Loan Agreement of even date herewith.

(b) The Authority shall not unreasonably withhold a Certificate of Completion, but shall not be obligated to issue such Certificate of Completion until construction of Phase S2 has been completed in accordance with the Construction Plans. Such Certificate of Completion shall be, and shall so state, conclusive determination of satisfactory completion of Phase S2 in accordance with this Agreement, the Ground Lease, and the Authority Loan Documents. In the event any requirements of this Agreement, including, but not limited to, construction of Phase S2 in conformance with the Construction Plans, have not been fully satisfied by Developer as of the date of Developer’s request for a Certificate of Completion, the Authority may deny Developer’s request for a Certificate of Completion or issue the Certificate of Completion subject to such conditions subsequent as the Authority may deem necessary to ensure full satisfaction with the requirements of this Agreement.

(c) The Certificate of Completion shall be in such form as to permit it to be recorded in the Office of the Recorder of Los Angeles County. If Authority fails to deliver the Certificate of Completion within ten (10) business days after written request from Developer, Authority shall provide Developer with a written statement of its reasons (the “Statement of Reasons”) within such ten (10)-day period. The statement shall also set forth the actions Developer must take to be entitled to obtain the Certificate of Completion. If the reasons are confined to the immediate unavailability of specific items or materials for landscaping, or to so-called “punch list” items identified by Authority, Authority shall issue the Certificate of Completion no later than five (5) days following the delivery of a bond or letter of credit by Developer to the Authority in an amount representing Authority’s estimate of the cost to complete the work, or other security deemed sufficient by the Authority to ensure completion of the work. Notwithstanding any other provision of this Agreement, the failure by Authority to issue a Certificate of Completion or Statement of Reasons within thirty (30) days after request by Developer shall be deemed to constitute Authority’s concurrence that construction of Phase S2 has been completed as required by this Agreement or the Authority Loan Documents; however,
this shall not relieve the Authority of its obligation to issue a Certificate of Completion in accordance with this Section.

(d) Such Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any lender except the Authority, or any other person or entity. Such Certificate of Completion is not notice of completion as referred to in Section 3093 of the California Civil Code. Such Certificate of Completion shall not be deemed to constitute satisfaction of any continuous obligations of the Developer under the Authority Loan Documents.

(e) As a condition of issuance of the Certificate of Completion, Developer’s construction manager/contractor and architect shall certify that Phase S2 has been constructed in compliance with all applicable disabled access requirements as of the date of the completion (when the last certificate of occupancy is issued by the City).

ARTICLE III
TERMINATION

Section 3.1 Events of Default by the Developer.

(a) The following shall constitute an “Event of Default” by the Developer:

(1) if the Partnership shall materially breach or fail to diligently pursue its obligations under this Agreement (other than due to Force Majeure as defined in Section 3.1 (b) below) and such failure shall continue after expiration of any applicable notice and cure period granted under the Authority Loan Documents; or

(2) any fraud or willful misconduct on the part of the Partnership or Jordan S2-Michaels LLC, a California limited liability company, the administrative general partner of the Partnership (the “Administrative General Partner”); or

(3) if the Partnership or its Administrative General Partner (i) is or becomes insolvent or bankrupt or otherwise ceases to pay its debts as they mature or makes any arrangement with or for the benefit of its creditors or consents to or acquiesces in the appointment of a receiver, trustee or liquidator for the Project or for any substantial part of either; (ii) institutes any bankruptcy, winding up, reorganization, insolvency, arrangement or similar proceeding under the laws of any jurisdiction, or any such proceeding is instituted against the Developer in any jurisdiction which is not stayed or dismissed within ninety (90) days after its institution; (iii) files any action or answer admitting, approving or consenting to any such proceeding; (iv) becomes subject to levy of any distress, execution or attachment upon its property which interferes with its performance hereunder, and the Developer fails within ninety (90) days to discharge such levy, execution or attachment, or to substitute another entity (whether or not an affiliate) acceptable to the Authority to perform the obligations of the Developer without material delay in performance; or (v) is convicted of any criminal offense.
A material Event of Default hereunder by the Developer with respect to any portion of
the Project shall constitute an Event of Default by the Developer for which the Authority may
exercise any of its remedies under this Agreement with respect to the Developer.

(b)  For purposes of this Article III, “Force Majeure” shall mean causes beyond the
reasonable control and without the fault or negligence of Developer. Such causes shall include
without limitation: (i) acts of God, or of the public enemy, (ii) court order, acts, delays, failure or
refusal to act on the part of a governmental entity in either its sovereign or contractual capacity,
(iii) acts of a contractor other than Developer, or subcontractor, in the performance of an
agreement with the Authority (and not pursuant to a contract with the Developer), (iv) riots, war
or acts of terrorism, (v) fires, (vi) floods or earthquakes, (vii) epidemics, (viii) quarantine
restrictions, (ix) strikes or lockouts, (x) freight embargoes, (xi) litigation, (xii) non-issuance of
permits, (xiii) lack of HUD approval, (xiv) unusually severe weather, (xv) the presence of
unknown Hazardous Materials or archeological finds on the Phase S2 Site, (xvi) delays of
subcontractors or suppliers at any tier arising from unforeseeable causes, or (xvii) in connection
with any action that the Authority is required to take pursuant to this Agreement, the Authority’s
failure to act within the applicable time period specified in this Agreement.

Section 3.2  Events of Default by the Authority.

(a)  The following shall constitute an “Event of Default” by the Authority:

(1)  if the Authority shall fail to perform its obligations under this Agreement and
such failure shall continue after written notice and a cure period of thirty (30) days, unless such
cure cannot reasonably be accomplished within such thirty (30) day period, in which event the
Authority shall have such time as is reasonably required to cure such default so long as the
Authority continues in good faith to diligently pursue the cure and such failure to perform by the
Authority does not cause the Partnership or the Developer to default on any of its other
obligations related to the Project.

(b)  It shall not be an Event of Default if any failure by Authority arises due to Force
Majeure.

Section 3.3  Procedure for Termination for Cause/Remedies.

(a)  The occurrence of any event described in Section 3.1 and 3.2 herein shall not
constitute an Event of Default unless the non-defaulting Party has delivered written notice of
default to the defaulting Party, and such defaulting Party shall fail to cure the default within
thirty (30) days from its receipt of such notice or, if such cure cannot reasonably be completed
within such thirty (30) day period, fails to commence such cure or having commenced, does not
prosecute such cure with diligence and dispatch to completion within a reasonable time period
thereafter, provided that such time period does not exceed 120 days.

(b)  Upon the occurrence of an Event of Default by any Party, the non-defaulting
Party shall be entitled to all remedies permitted by law or at equity, including but not limited to
specific performance. Notwithstanding any provision herein to the contrary, in no event shall any
party be liable for consequential damages or special damages arising out of or relating to this Agreement.

(c) Except with respect to any rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the Parties to this Agreement, whether provided by law, in equity or by this Agreement, are cumulative, and not in derogation of other rights and remedies found in this Agreement, or in the Authority Loan Documents or in the Ground Lease. The exercise by any Party of any one or more of such remedies will not preclude the exercise by it, at the same or a different time, of any other such remedies for the same default or breach, or the exercise of any of such remedies for any other default or breach by any other Party. No waiver made by a Party with respect to the performance, or manner or time of performance, or any obligation of another Party or any condition to its own obligation under this Agreement will be considered a waiver with respect to the particular obligation of any other Party or condition to its own obligation beyond those expressly waived to the extent of such waiver, or a waiver in any respect in regard to any other rights of the Party making the waiver or any other obligations of any other Party.

ARTICLE IV
MISCELLANEOUS

Section 4.1 Term. This Agreement shall commence upon the Effective Date, and unless sooner terminated in accordance with the provisions herein shall terminate upon satisfaction of the provisions of Sections 2.4, 2.5 and 2.6 herein.

Section 4.2 Decision Standards. In any approval, consent or other determination by any Party required under this Agreement, the Party shall act reasonably and in good faith, unless a different standard is explicitly stated.

Section 4.3 Notices. Any notice or other communication given or made pursuant to this Agreement shall be in writing, and shall be deemed given if (i) delivered by courier, (ii) sent by overnight express delivery, or (iii) mailed by registered or certified mail (return receipt requested), postage prepaid, to a Party at its respective address set forth below (or at such other address as shall be specified by the Party by like notice given to the other Party):

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

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

And a copy to: Housing Authority of the City of Los Angeles
2600 Wilshire Blvd., Third Floor
Section 4.4 Time of Performance.

(a) Expiration. All performance dates (including cure dates) expire at 5:00 p.m., Los Angeles, California time, on the performance or cure day, subject to subsection (b).

(b) Weekends and Holidays. A performance date which falls on a Saturday, Sunday or Authority holiday is deemed extended to the next working day.

(c) Days for Performance. All periods for performance specified in this Agreement in terms of days shall be calendar days, and not business days, unless otherwise expressly provided in this Agreement.

Section 4.5 Amendment. Neither this Agreement nor any of its terms may be terminated, amended or modified except by a written instrument executed by the Parties.

Section 4.6 Attorneys’ Fees. In the event any action, suit or proceeding is brought for the enforcement of, or the declaration of, any right or obligation pursuant to this Agreement or as a result of any alleged breach of any provision of this Agreement, each Party shall bear its own costs and expenses, including attorneys’ fees, and any judgment or decree rendered in such a proceeding shall not include an award thereof.

Section 4.7 Authority Approvals.
(a) For all actions requiring Authority approval, Developer shall submit the request for approval and supporting information with a notice that bears a bold face legend substantially as follows: “Important: Your Response is Required in insert number of days from applicable provision of this Agreement Days.”

(b) The Authority shall have a specified number of days to respond in writing. Authority’s response, if not an approval, must include the basis for any objection and suggested modifications to obtain approval. For issues identified in this Agreement, this Agreement identifies the number of days that Authority shall have to respond. For issues not specified, the amount of response time shall be stated in the notice, and shall be proportionate to the type and magnitude of the decision. For example, but not in limitation, the decision time for emergency situations shall be shorter than the time for review and approval of budgets.

(c) If the Developer does not receive a response within the specified number of days, it may send the Authority a notice of non-response, which shall be delivered to the President and Chief Executive Officer of the Authority in accordance with the formal notice provisions hereof and which shall bear the bold-faced legend, “Important: Notice of Non-response.” Following the giving of this notice, the Authority will have five (5) days in which to respond. If the Authority does not respond within such five (5) days, the Authority shall be deemed to have approved the action.

(d) Whenever this Agreement calls for Authority approval, consent, or waiver, the written approval, consent, or waiver of the President and Chief Executive Officer of the Authority or his or her designee shall constitute the approval, consent, or waiver of the Authority, without further authorization required from the Authority Commission. The Authority hereby authorizes the President and Chief Executive Officer or his or her designee to deliver such approvals or consents as are required by this Agreement, or to waive requirements under this Agreement, on behalf of the Authority. Any consents or approvals required under this Agreement shall not be unreasonably withheld or made, except where it is specifically provided that a sole discretion standard applies and no consent or approval shall be unreasonable delayed. The President and Chief Executive Officer or his or her designee is also hereby authorized to approve, on behalf of the Authority, requests by Developer for reasonable extensions of time deadlines set forth in this Agreement. The Authority shall not unreasonably delay in reviewing and approving or disapproving any proposal by Developer made in connection with this Agreement.

Section 4.8 Representatives. To facilitate communication, the Parties to this Agreement shall designate a representative with responsibility for the routine administration of each Party’s obligations under this Agreement. The Parties initially appoint the following as representatives:

Authority: Julie Mungai
Developer: Kecia Boulware
Section 4.9 Further Assurances. Each Party will promptly execute and deliver without further consideration such additional agreements and other documents as the other Parties may reasonably request to carry out the transactions contemplated herein, so long as the Parties’ rights and obligations thereunder are not substantively affected, modified or otherwise altered by such additional agreements and other documents, except as mutually agreed to between the Parties. Whenever this Agreement requires any Party to submit matters to another Party for approval, and there is no time specified herein for such approval, the submitting Party may submit a letter requiring approval or rejection by the other Party of the documents or matter submitted within twenty (20) days after submission or within sixty (60) days of submission if the document or matter requires approval by the Authority Board (unless another time frame is expressly set forth herein), and unless rejected within the stated time such documents or matter shall be deemed approved. Except where such approval is expressly reserved to the sole discretion of the approving Party, all approvals required hereunder by any Party shall be reasonable and not unreasonably withheld, conditioned or delayed.

Section 4.10 Counterparts. This Agreement may be executed on one or more counterparts, each of which shall be deemed an original, but all of which, when taken together, shall constitute one and the same instrument.

Section 4.11 Interpretation and Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

Section 4.12 Severability. If any provision of this Agreement is determined by any court of competent jurisdiction or arbitrator to be invalid, illegal, or unenforceable to any extent, that provision shall, if possible, be construed as though more narrowly drawn, if a narrower construction would avoid such invalidity, illegality, or unenforceability or, if that is not possible, such provision shall, to the extent of such invalidity, illegality, or unenforceability, be severed, and the remaining provisions of this Agreement shall remain in effect.

Section 4.13 Final Agreement. This Agreement, together with all Exhibits attached hereto, represents the final agreement of the Parties with respect to the subject matter hereof and may not be contradicted by evidence of prior or contemporaneous oral or written agreements of the Parties. There are no unwritten oral agreements between the Parties.

Section 4.14 Limitation of Liability. Except as may be expressly set forth herein, no present or future member, partner, shareholder, participant, employee, agent, commissioner, director, or officer of or in Developer or any transferee shall have any personal liability, directly or indirectly, under or in connection with this Agreement; provided, however, that the foregoing shall not void or diminish the obligations of Developer under this Agreement. No present or future employee, agent, commissioner, director, or officer of or in the Authority shall have any personal liability, directly or indirectly, under or in connection with this Agreement; provided, however, that the foregoing shall not void or diminish the obligations of the Authority under this Agreement.

Section 4.15 Developer Not an Agent. No provision of this Agreement and no acts of the Parties shall be deemed or construed by the Parties, or by any third person, to create the
relationship of principal and agent, or of partnership, or of joint venture, or of any association between the Parties to this Agreement.

Section 4.16 Conflict of Interest. Developer represents and warrants that to its actual knowledge, no member, official, employee, agent, consultant or contractor of the Authority or the City has any direct or indirect personal interest in this Agreement or participated in any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership or other entity in which he or she is, directly or indirectly, interested. Developer further represents and warrants to the Authority that it has not paid or given, and will not pay or give, to any third party (other than as specifically set forth in this Agreement) any money or other consideration for obtaining this Agreement. Notwithstanding the forgoing, the Developer and Authority acknowledge and approve La Cienega LOMOD, Inc., an affiliate of the Authority, as the managing general partner of the Partnership.

Section 4.17 Waivers. All waivers of the provisions of this Agreement shall be in writing and signed by the appropriate authorized representatives of the Authority and Developer, as applicable.

Section 4.18 Successors. This Agreement shall be binding upon and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of the Parties.

Section 4.19 Headings; Exhibits. The headings contained in this Agreement are inserted as a matter of convenience and for ease of reference only and shall be disregarded for all other purposes, including the construction or enforcement of this Agreement or any of its provisions. The Exhibits attached hereto are hereby incorporated into this Agreement by this reference.

Section 4.20 Construction. Whenever the context of any provisions hereof shall require it, words in the singular shall include the plural, words in the plural shall include the singular, and pronouns of any gender shall include the other genders. The terms “herein”, “hereof”, “hereto”, “hereunder” and similar terms refer to this Agreement and not to any particular section or subsection of this Agreement. The terms “include” and “including” shall be interpreted as if followed by the words “without limitation”. All references in this Agreement to sums denominated in dollars or with the symbol “$” refer to the lawful currency of the United States of America, unless such reference specifically identifies another currency.

Section 4.21 Cumulative Rights. The rights, powers, options, and remedies given to the Parties under this Agreement shall be cumulative, except as otherwise specifically provided for in this Agreement.

Section 4.22 Business Licenses. The Developer has obtained or will obtain all licenses required to conduct its business in the City, and is not in default of any fees or taxes due to the City.

[signature page(s) to follow]
IN WITNESS WHEREOF, the Parties have duly executed this Agreement by their duly authorized signatories effective on or as of the date written at the commencement of this Agreement.

AUTHORITY:

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

By: ________________________________
Douglas Guthrie
President and Chief Executive Officer

APPROVED AS TO FORM:
Authority Senior Staff Attorney

By: ________________________________
Becky Churchill Clark, Esq.

APPROVED AS TO FORM AND LEGALITY:
RENO & CAVANAUGH, PLLC
Authority Special Counsel

By: ________________________________
Megan Glasheen, Esq.

SIGNATURES CONTINUE ON FOLLOWING PAGE(S)
PARTNERSHIP:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

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

By: __________________________________________
Ken Crawford
Vice President

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

By: __________________________________________
Tina Smith-Booth
President
DEVELOPER:

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

By: ________________________________

John J. O’Donnell
President
EXHIBIT A

Description and Map of Phase S2 Site

The land referred to herein is situated in the State of California, County of Los Angeles, City of Los Angeles and 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
EXHIBIT B

Scope of Development
Scope of Development – Phase S2

Jordan Downs Phase S2 Apartments will be the new construction of five buildings comprising eighty one (81) apartments. Three of the buildings are two story walk up apartment buildings of eight apartments, one building is a two story walk up with five apartments, and the main building has a one story parking garage and ground floor community serving space with three stories of apartments above served by an elevator. The project has an on-grade parking structure containing forty six (46) parking spaces as well as fifteen (15) additional spaces configured as on-grade along a shared private driveway. The project is composed of 80 affordable apartments, plus one manager’s unit, a community room, and two small offices. The unit mix is as follows: 18 one-bedroom apartments, 33 two-bedroom apartments, 29 three-bedroom apartments, and 1 four-bedroom apartment. The one-bedroom apartments are around 675 square feet, the two-bedroom apartments are range between 900 and 1,000 square feet, the three-bedroom apartments range between 1,225 and 1,275 square feet, the four-bedroom apartment is approximately 1,900 square feet. All apartments have their own individual bathroom and kitchen, three-bedroom apartments and larger have two bathrooms. Each kitchen includes a sink, dishwasher, refrigerator, and a range/oven combination. Storage is provided with closets in each bedroom and, with upper and lower cabinetry in kitchens. Each unit also includes a washing machine and dryer. The unit plans are efficiently laid out and meet requirements for light and ventilation. The unit interiors are designed to provide privacy and maximize space.

In designing Jordan Downs Phase S2 Apartments, elements that take into account the livability, comfort and safety of the residents as well as the long-term management of the building were considered. Jordan Downs Phase S2 Apartments will promote pedestrian oriented design through the provision of apartment entrances directly on the street along Grape Street as well as 101st Street, thereby breaking up the size and perception of the apartment buildings more similar to the existing campus. Similarly, the community room for the property is located near the extension of Century Boulevard adjacent to the future Freedom Tree Park. Large operable windows and balconies provide two-sided natural day-lighting and ventilation. The project is designed to meet LEED Gold certification. The buildings and site plan were designed to re-define and re-develop the project area to provide an uplifting and safe environment for existing Jordan Downs households relocated as well as new residents to the neighborhood. The buildings are lower in height towards Grape Street and the adjacent community and increases in height from west to east.

There is an east-west pedestrian path through the project which also connects to the project to the adjacent under construction Phase S3 and helps provide better connections to the adjacent neighborhood. The northern entry of the project shares a border with extension of Century Boulevard and the future Freedom Tree Park which provides easy access for residents to use the adjacent open space, bicycle, and pedestrian connections. The project will respond to the unique needs of the existing households by providing replacement housing units to residents located within the footprint of the third phase of redevelopment projects. This allows for a ‘build first’ model where existing households
are not permanently relocated offsite during the redevelopment process. A neighborhood park, Freedom Tree Park, creates a community gathering space adjacent to the development’s northern edge.

**Security:** Security is well integrated into the design of Jordan Downs Phase S2 Apartments. The project provides a secure environment for all residents through the use of both physical systems and through good design by minimizing areas with no visual access and providing adequate site lighting in all areas.

- The entire site area has been designed with well-lit parking and open air visible interior walkways connecting the development’s units.
- Each unit has its own individual entrance facing the center of the property along the breezeway walkways, providing more eyes on the street and greater stewardship of the building and area by residents. Units also have courtyard or park frontage opposite their main entry.
- Attention has been paid to the location and provision of site lighting to maximize illuminating walkways and grounds while minimizing light intrusion into units.
- The main entry to the site, main mail location, and location of the community room is next to the development site office to increase awareness and oversight over that critical area.
- Security cameras will be placed around the perimeter of the building, along corridors, and at exit points to the building. Video monitoring equipment will be in the Property Manager’s office with remote online viewing capability.

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

Jordan Downs Phase S2 Apartments complies with Program accessibility requirements as stated under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR part 8. Jordan Downs Phase S2 Apartments is designed and constructed to be readily accessible to and usable by individuals with handicaps. Additionally, ten (10) total apartments are accessible for persons with mobility impairments. These apartments are on an accessible route and are otherwise in compliance with the standards set forth in 24 CFR 8.32. An additional six (6) apartments are accessible for persons with hearing or vision impairments.

Jordan Downs Phase S2 Apartments complies with design and construction requirements as stated under the Fair Housing Amendments Act of 1988 and implementing regulations at 24 CFR 100.205. Jordan Downs Phase S2 Apartments is designed and constructed to have at least one building entrance on an accessible route. Further, the public and common use areas are readily accessible to and usable by handicapped persons and all the doors on the premises are sufficiently wide to allow passage by handicapped persons in wheelchairs. All apartments contain the following features of adaptable design:

(i) An accessible route into and through the unit;
(ii) Light switches, electrical outlets, thermostats and other environmental controls in accessible locations;
(iii) Reinforcements in bathroom walls to allow later installation of grab bars around the toilet, tub, shower, stall and shower seat, where such facilities are provided; and
(iv) Usable kitchens and bathrooms such that an individual in a wheelchair can maneuver about the space.

The City of Los Angeles Department of Building and Safety (LADBS) considers 24 CFR in its existing procedures for the review and approval of newly constructed buildings and determinations as to whether the design and construction of such buildings are consistent with the applicable CFR sections.
SCOPE OF DEVELOPMENT - B-PERMIT

Specific public improvements necessary for the occupancy and operation of the Phase S2 project. These off-site public improvements are a part of work required by BR-004478/BT-004478. BR-004478 involves the offsite work of both Phase S3 and Phase S2 under a single B-permit.

For Phase S2 the off-site improvements include:

Street: Grape Street
Improvements: Sewer, Storm Drain, Water Service, Dry Utility Service, Sidewalk, Landscaping, Curb & Gutter, Street Improvements and Striping

Street: 101st Street
Improvements: Sewer, Storm Drain, Water Service, Dry Utility Service, Sidewalk, Landscaping, Curb & Gutter, Street Improvements and Striping, Road Reconstruction

Refer to the Phase 1 Improvements diagram from Tentative Tract 82633 for an indication of the work required for the Phase S2 and Phase S3 projects under the B-Permit.
EXHIBIT C

Concept Plan

[attached]
Jordan Downs Phase S2 Concept Plan

Century Blvd and 101st Street corner looking south
View of east-west paseo connecting S2 and S3, looking west at S2 from shared driveway
Looking east from the corner of Grape Street and 101st Street
View of courtyard and east west paseo looking northeast
View of Phases S2 and S3 – Phase S2 is in the foreground
EXHIBIT D

Financing Plan

[attached]
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*These projections do not guarantee actual operating results. Information herein may be revised based upon changes to assumptions and third-party information. Non-applicable schedules may be omitted. This information is proprietary and may be shared only with prior consent from The Michaels Organization.*
**PROPERTY INFORMATION**

Location: 10010 Grape Street, Los Angeles
County/MSA: Los Angeles County / Los Angeles Long Beach, CA HUD Metro FMR Area
Type of Development: New Construction
Building Type(s) and Gross Square Feet: 2 or 3 Story Walkups, Mid-Rise w/ Elevator / 109,333 sq. ft.
Resident Type(s): General Occup., Family
Number of Units: 81
UHDC Credit Type(s): 4%
Annual Federal UHDC: $2,663,274
First Year Credit: 222
Required Placed-In-Service Date: N/A
Closing Date: April 1, 2021

**DEVELOPMENT TEAM**

Developer/Owner: Michaels Affordable Development
Co-Developer: N/A
Architect: PSY Architects
General Contractor: Walton Construction
Property Management Company: Michaels Management Affordable
Tax Credit Syndicator: Berkadia/Riverside
Supportive Services Coordinator: Better Tomorrows
Local Partners and/or Funds: HACLA

**PROJECTIONS**

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**FEDERAL TAX CREDIT DELIVERY SCHEDULE**

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</table>

**SOURCES & USES**

<table>
<thead>
<tr>
<th>Source Description</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>Acquisition Costs</td>
<td>$3,400,000</td>
</tr>
<tr>
<td>Construction Costs</td>
<td>379,203,025</td>
</tr>
<tr>
<td>Constr. Contingency</td>
<td>2,016,000</td>
</tr>
<tr>
<td>Stewers</td>
<td>3,527,065</td>
</tr>
<tr>
<td>Soft Costs</td>
<td>6,255,637</td>
</tr>
<tr>
<td>Financing Costs</td>
<td>2,753,686</td>
</tr>
<tr>
<td>Developer Fee</td>
<td>3,500,000</td>
</tr>
<tr>
<td>Reserve for Replacment</td>
<td>202,500</td>
</tr>
<tr>
<td>Operating Reserve</td>
<td>467,000</td>
</tr>
<tr>
<td>Escrow 1st yr RE &amp; Tax &amp; Insurance</td>
<td>34,645</td>
</tr>
<tr>
<td>Section 8 Overhang Reserve</td>
<td>682,000</td>
</tr>
<tr>
<td>Debt Service Reserve</td>
<td>379,000</td>
</tr>
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</table>

**Total Uses**

<table>
<thead>
<tr>
<th>Total Uses</th>
</tr>
</thead>
<tbody>
<tr>
<td>$60,388,218</td>
</tr>
<tr>
<td>$745,534</td>
</tr>
<tr>
<td>100%</td>
</tr>
</tbody>
</table>

**Add Lenders**

<table>
<thead>
<tr>
<th>Source Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investor + GP Equity</td>
<td>$24,033,747</td>
</tr>
<tr>
<td>Conventional 1st Mortgage</td>
<td>15,075,000</td>
</tr>
<tr>
<td>Deferred Dev Fees</td>
<td>1,300,000</td>
</tr>
<tr>
<td>HACLA Ground Lease Note - Perm</td>
<td>3,400,000</td>
</tr>
<tr>
<td>Loan of CMG 1st Mortgage</td>
<td>1,064,000</td>
</tr>
<tr>
<td>Loan of Infl Infrastructure Grant</td>
<td>2,000,000</td>
</tr>
<tr>
<td>TCC AHD Loan</td>
<td>13,000,000</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>379,471</td>
</tr>
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</table>

**Total Permanent Sources**

<table>
<thead>
<tr>
<th>Total Permanent Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>$60,388,218</td>
</tr>
<tr>
<td>$745,534</td>
</tr>
<tr>
<td>100%</td>
</tr>
</tbody>
</table>

**TIE or TEL Needed during Construction**

<table>
<thead>
<tr>
<th>Source Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Additional Taxable Construction Loan Needed</td>
<td>$29,030,000</td>
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**Total**

<table>
<thead>
<tr>
<th>Total</th>
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<tbody>
<tr>
<td>$81</td>
</tr>
<tr>
<td>$1,087</td>
</tr>
<tr>
<td>$108</td>
</tr>
<tr>
<td>2,250</td>
</tr>
<tr>
<td>95%</td>
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### General Info

<table>
<thead>
<tr>
<th>Location</th>
<th>Improvements</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Name: Jordan Downs Phase S-2</td>
<td>Project type: New Construction</td>
<td>LIHTC Type: 4%</td>
</tr>
<tr>
<td>Street Address: 10010 Grape Street</td>
<td>Buildings: 5 [Single Site]</td>
<td>Allocation Year: 2021</td>
</tr>
<tr>
<td>City / State: Los Angeles CA</td>
<td>Tenants: Gen Occ</td>
<td>Investor Year End: 12/31</td>
</tr>
<tr>
<td>ZIP / County: 90002 Los Angeles County</td>
<td>LIHTC: 80 98.77%</td>
<td>Assumed Tax Rate: 21%</td>
</tr>
<tr>
<td>MSA: Los Angeles-Los Angeles-Long Beach, CA HUD Metro Area</td>
<td>AMI Restricted: 0.00%</td>
<td>Model: [PRE-CLOSE]</td>
</tr>
<tr>
<td>Developer: MDC</td>
<td>Unrestricted: 0.00%</td>
<td>Updated by: KB JT DL</td>
</tr>
<tr>
<td></td>
<td>Manager: 1 1.23%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Units: 81</td>
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### Projected Timeline

<table>
<thead>
<tr>
<th>Development</th>
<th>Stabilization</th>
<th>Exit</th>
</tr>
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<tbody>
<tr>
<td>Lower Tier Closing 4/1/21</td>
<td>Operations Begin 12/1/22</td>
<td>Last year of LIHTC Compliance 2037</td>
</tr>
<tr>
<td>Upper Tier Closing 4/1/21</td>
<td>Qualified LIHTC Lease Up Begin 12/1/22</td>
<td>Year of LP Put 2038</td>
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<tr>
<td>Construction Begin 4/2/21</td>
<td>100% QO 6/30/23</td>
<td>Date of Sale (End of Month) 1/31/38</td>
</tr>
<tr>
<td>Completion - First Bldg 2/28/22</td>
<td>Lease Up Period 7 Mo’s</td>
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</tr>
<tr>
<td>Completion - Last Bldg 3/31/23</td>
<td>Required PIS Date N/A</td>
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</tr>
<tr>
<td>Construction Term 24 Mo’s</td>
<td>First Tax Credit Month 1/1/23</td>
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</table>

### Sources & Uses

#### Construction Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
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<tbody>
<tr>
<td>HACLA Ground Lease Note - Perm</td>
<td>3,400,000</td>
</tr>
<tr>
<td>TEB or TEL - Drawdown TEB / TEL</td>
<td>29,030,000</td>
</tr>
<tr>
<td>Loan of Infill Infrastructure Grant</td>
<td>2,000,000</td>
</tr>
<tr>
<td>TCC AHD Loan</td>
<td>13,200,000</td>
</tr>
<tr>
<td>Loan of CNI Grant</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Taxable Construction/Bridge Loan</td>
<td>11,758,218</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>-</td>
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<tr>
<td>-</td>
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<tr>
<td>-</td>
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<td>-</td>
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<tr>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

#### Permanent Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing GP &amp; Administrative GP Ec</td>
<td>100</td>
</tr>
<tr>
<td>LP Equity</td>
<td>24,033,647</td>
</tr>
<tr>
<td>Conventional / Taxable 1st Mortgage</td>
<td>15,075,000</td>
</tr>
<tr>
<td>Deferred Dev Fees</td>
<td>1,300,000</td>
</tr>
<tr>
<td>Loan of CNI Grant</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Loan of Infill Infrastructure Grant</td>
<td>2,000,000</td>
</tr>
<tr>
<td>TCC AHD Loan</td>
<td>13,200,000</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>379,471</td>
</tr>
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</table>

#### Permanent Uses

<table>
<thead>
<tr>
<th>Use</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition Costs</td>
<td>3,400,000</td>
</tr>
<tr>
<td>Construction Costs</td>
<td>37,292,935</td>
</tr>
<tr>
<td>Constr. Contingency</td>
<td>2,016,000</td>
</tr>
<tr>
<td>Sitework</td>
<td>3,527,065</td>
</tr>
<tr>
<td>Soft Costs</td>
<td>6,255,637</td>
</tr>
<tr>
<td>Financing Costs</td>
<td>2,753,686</td>
</tr>
<tr>
<td>Developer Fee</td>
<td>13,200,000</td>
</tr>
<tr>
<td>Reserve for Replacement</td>
<td>20,250</td>
</tr>
<tr>
<td>Operating Reserve</td>
<td>467,000</td>
</tr>
<tr>
<td>Escrow 1st yr RE Tax &amp; Insurance</td>
<td>84,645</td>
</tr>
<tr>
<td>Section 8 Overhang Reserve</td>
<td>692,000</td>
</tr>
<tr>
<td>Debt Service Reserve</td>
<td>379,000</td>
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</table>

Total: $60,388,218
### OWNERSHIP STRUCTURE

<table>
<thead>
<tr>
<th>LOWER TIER ENTITY:</th>
<th>Jordan Downs Phase S2, LP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing GP</td>
<td>La Cienega LOMOD, Inc.</td>
</tr>
<tr>
<td>Administrative GP</td>
<td>Jordan Downs S2 Michaels, LLC</td>
</tr>
<tr>
<td>Investor LP</td>
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</tr>
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</table>

#### LP EQUITY

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
<th>Amount</th>
<th>As a Portion of:</th>
</tr>
</thead>
<tbody>
<tr>
<td>LT Closing</td>
<td>4/1/21</td>
<td>15.00%</td>
<td>3,605,047</td>
</tr>
<tr>
<td>25% Completion</td>
<td>10/1/21</td>
<td>5.00%</td>
<td>1,201,682</td>
</tr>
<tr>
<td>Certificate of Occupancy - Last Bldg.</td>
<td>4/1/23</td>
<td>10.00%</td>
<td>2,403,365</td>
</tr>
<tr>
<td>Permanent Loan Conversion</td>
<td>10/1/23</td>
<td>66.23%</td>
<td>15,936,553</td>
</tr>
<tr>
<td>Receipt of 8609s</td>
<td>7/1/24</td>
<td>1.83%</td>
<td>440,000</td>
</tr>
<tr>
<td>Fund Operating Reserve</td>
<td>10/1/28</td>
<td>1.94%</td>
<td>467,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100.00%</td>
<td>24,033,647</td>
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### DEVELOPER FEE SCHEDULE

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
<th>Amount</th>
<th>Fund Dev Fee</th>
<th>Total Fee</th>
<th>Credit Capital</th>
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</thead>
<tbody>
<tr>
<td>LT Closing</td>
<td>4/1/21</td>
<td>660,000</td>
<td>30%</td>
<td>19%</td>
<td>3%</td>
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<tr>
<td>Certificate of Occupancy - Last Bldg.</td>
<td>4/1/23</td>
<td>550,000</td>
<td>25%</td>
<td>16%</td>
<td>2%</td>
</tr>
<tr>
<td>Permanent Loan Conversion</td>
<td>10/1/23</td>
<td>550,000</td>
<td>25%</td>
<td>16%</td>
<td>2%</td>
</tr>
<tr>
<td>Receipt of 8609s</td>
<td>7/1/24</td>
<td>440,000</td>
<td>20%</td>
<td>13%</td>
<td>2%</td>
</tr>
<tr>
<td>Total Developer Fee</td>
<td></td>
<td>3,500,000</td>
<td>100%</td>
<td>63%</td>
<td>9%</td>
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</table>

Deferred Dev Fees

<table>
<thead>
<tr>
<th>Event</th>
<th>Amount</th>
<th>As a Portion of:</th>
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</thead>
<tbody>
<tr>
<td>Cash Developer Fee</td>
<td>2,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>Deferred Dev Fees</td>
<td>1,300,000</td>
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<tr>
<td>Total Developer Fee</td>
<td>3,500,000</td>
<td>100%</td>
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</table>
## SOURCES OF FUNDS

### PRE-PERM LOAN CONVERSION PERIOD SOURCES

<table>
<thead>
<tr>
<th>Sources</th>
<th>Amount</th>
<th>Loan Interest</th>
<th>Rate</th>
<th>Term</th>
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<tbody>
<tr>
<td>HACLA Ground Lease Note - Perm</td>
<td>3,400,000</td>
<td>A</td>
<td>339,990</td>
<td>4.000%</td>
</tr>
<tr>
<td>TEB or TEL - Drawdown TEB / TEL</td>
<td>29,030,000</td>
<td>P</td>
<td>957,886</td>
<td>1.850%</td>
</tr>
<tr>
<td>Loan of Infill Infrastructure Grant</td>
<td>2,000,000</td>
<td>-</td>
<td>-</td>
<td>0.000%</td>
</tr>
<tr>
<td>TCC AHD Loan</td>
<td>13,200,000</td>
<td>-</td>
<td>-</td>
<td>0.000%</td>
</tr>
<tr>
<td>Loan of CNI Grant</td>
<td>1,000,000</td>
<td>A</td>
<td>39,481</td>
<td>3.000%</td>
</tr>
<tr>
<td>Taxable Construction/Bridge Loan</td>
<td>11,758,218</td>
<td>P</td>
<td>379,745</td>
<td>3.350%</td>
</tr>
<tr>
<td>Total Pre-Conversion Financing</td>
<td>60,388,218</td>
<td>-</td>
<td>1,337,631</td>
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### PERMANENT SOURCES

#### Total Permanent Sources

<table>
<thead>
<tr>
<th>Equity</th>
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<tr>
<td>Managing GP &amp; Administrative GP</td>
</tr>
<tr>
<td>Investor LP</td>
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</table>

<table>
<thead>
<tr>
<th>Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conventional / Taxable 1st Mortgage</td>
</tr>
<tr>
<td>Deferred Dev Fees</td>
</tr>
<tr>
<td>HACLA Ground Lease Note - Perm</td>
</tr>
<tr>
<td>Loan of CNI Grant</td>
</tr>
<tr>
<td>Loan of Infill Infrastructure Grant</td>
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<tr>
<td>TCC AHD Loan</td>
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#### Other Capital

<table>
<thead>
<tr>
<th>Notes</th>
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<tbody>
<tr>
<td>Accrued Interest</td>
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<tr>
<td>Transfer Existing Reserves</td>
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<tr>
<td>Interest Income from Bond Proceeds</td>
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</table>

| Total Permanent Sources | 60,388,218 |

### Terms and Structure

#### Federal:
- LIHTC: -

#### Debt Analysis

<table>
<thead>
<tr>
<th>Rate</th>
<th>Term</th>
<th>Amort</th>
<th>Type</th>
<th>PMT</th>
<th>Begin Int</th>
<th>Begin PMT</th>
<th>Forecloseable Debt</th>
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</thead>
<tbody>
<tr>
<td>4.000%</td>
<td>18</td>
<td>480</td>
<td>Hard-Amort - T/E</td>
<td>756,051</td>
<td>10/1/23</td>
<td>11/1/23</td>
<td>Total 15,075,000</td>
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<tr>
<td>0.000%</td>
<td>12</td>
<td>144</td>
<td>DDF</td>
<td>100% of NCF</td>
<td>N/A</td>
<td>4/1/24</td>
<td>Per Unit 186,111</td>
</tr>
<tr>
<td>4.000%</td>
<td>65</td>
<td>780</td>
<td>Soft-Int-only-On Orig Princ</td>
<td>100% of NCF</td>
<td>10/1/23</td>
<td>4/1/24</td>
<td>% of Equity 63%</td>
</tr>
<tr>
<td>3.000%</td>
<td>55</td>
<td>660</td>
<td>Soft-Int-only-On Orig Princ</td>
<td>100% of NCF</td>
<td>10/1/23</td>
<td>4/1/24</td>
<td>% of TDC 25%</td>
</tr>
<tr>
<td>0.000%</td>
<td>55</td>
<td>660</td>
<td>Soft-Amort-% CF</td>
<td>0% of NCF</td>
<td>10/1/23</td>
<td>4/1/24</td>
<td>% of Equity 87%</td>
</tr>
<tr>
<td>0.000%</td>
<td>55</td>
<td>660</td>
<td>Soft-Amort-% CF</td>
<td>0% of NCF</td>
<td>10/1/23</td>
<td>4/1/24</td>
<td>% of TDC 35%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Soft Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total 20,930,000</td>
</tr>
<tr>
<td>Per Unit</td>
</tr>
<tr>
<td>% of Equity</td>
</tr>
<tr>
<td>% of TDC</td>
</tr>
</tbody>
</table>
### Total Development Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
<th>Federal LIHTC Basis</th>
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<tbody>
<tr>
<td><strong>Acquisition Costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>3,400,000</td>
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</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>3,400,000</td>
<td></td>
</tr>
<tr>
<td><strong>Construction Costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction New (On-Site)</td>
<td>26,996,473</td>
<td>- 26,996,473 -</td>
</tr>
<tr>
<td>Construction (Off-Site)</td>
<td>4,530,219</td>
<td>- 4,530,219 -</td>
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<tr>
<td>Sitework</td>
<td>3,027,065</td>
<td>- 3,027,065 -</td>
</tr>
<tr>
<td>GC - General Requirements</td>
<td>2,245,994</td>
<td>- 2,245,994 -</td>
</tr>
<tr>
<td>GC - Overhead</td>
<td>1,243,191</td>
<td>- 1,243,191 -</td>
</tr>
<tr>
<td>GC - Profit</td>
<td>1,243,191</td>
<td>- 1,243,191 -</td>
</tr>
<tr>
<td>G/L Insurance</td>
<td>496,797</td>
<td>- 496,797 -</td>
</tr>
<tr>
<td>Constr. Contingency</td>
<td>2,016,000</td>
<td>- 2,016,000 -</td>
</tr>
<tr>
<td>Letter of Credit/P&amp;P Bond</td>
<td>537,070</td>
<td>- 537,070 -</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>42,336,000</td>
<td>- 42,336,000 -</td>
</tr>
<tr>
<td><strong>Site Work (Not in GC Contract)</strong></td>
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</tr>
<tr>
<td>Site Work (General)</td>
<td>500,000</td>
<td>- 500,000 -</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>500,000</td>
<td>- 500,000 -</td>
</tr>
<tr>
<td><strong>Personal Property</strong></td>
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<td></td>
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<tr>
<td>FF&amp;E</td>
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<td>- 200,000 -</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>200,000</td>
<td>- 200,000 -</td>
</tr>
<tr>
<td><strong>Soft Costs</strong></td>
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<tr>
<td>Accounting</td>
<td>30,000</td>
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<td>Appraisal</td>
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<td>Architectural Design</td>
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<td>200,000</td>
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<tr>
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<td>33,000</td>
<td>- 33,000 -</td>
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<tr>
<td>Cost Certification</td>
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<td>Civil Engineering</td>
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<td>Impact Fees &amp; Zoning</td>
<td>547,500</td>
<td>- 547,500 -</td>
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<td>Insurance</td>
<td>855,571</td>
<td>- 855,571 -</td>
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<tr>
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<td>75,000</td>
<td>- 48,750 26,250</td>
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<td>Legal - Permanent Loan</td>
<td>60,000</td>
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<td>Legal - Bond Counsel</td>
<td>100,000</td>
<td>- - 100,000</td>
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<tr>
<td>Legal - Developer</td>
<td>200,000</td>
<td>- - 130,000 70,000</td>
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<tr>
<td>Legal - HACLA</td>
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<td>Market Study &amp; RCS</td>
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<td>Marketing (Rent Up)</td>
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<td>Monitoring Fees (LIHTC)</td>
<td>33,210</td>
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<td>Organizational Fees</td>
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<td>Permits</td>
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<td>- 143,748 143,747</td>
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<td>Deputy Inspector &amp; LEED</td>
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</table>
## Total Development Costs

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>HACLA Site Prep &amp; Relocation Fee</td>
<td>220,000</td>
</tr>
<tr>
<td>HACLA Compliance &amp; Coordination Fee</td>
<td>220,000</td>
</tr>
<tr>
<td>Master Planning Reimbursement</td>
<td>275,000</td>
</tr>
<tr>
<td>Transit Passes</td>
<td>158,400</td>
</tr>
<tr>
<td>HACLA Labor Compl. &amp; Constr. Mon.</td>
<td>50,000</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>6,055,637</strong></td>
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### Financing Costs

<table>
<thead>
<tr>
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<tr>
<td>Predevelopment Loan Interest</td>
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<tr>
<td><strong>Construction Interest Capitalized</strong></td>
<td><strong>944,251</strong></td>
</tr>
<tr>
<td>Construction Interest Expensed</td>
<td></td>
</tr>
<tr>
<td>Taxable Construction Loan Fees</td>
<td></td>
</tr>
<tr>
<td>Taxable Bridge Loan Fees</td>
<td></td>
</tr>
<tr>
<td>Permanent Loan Fees</td>
<td></td>
</tr>
<tr>
<td>All TEB &amp; TEL Fees</td>
<td></td>
</tr>
<tr>
<td>Syndication Costs</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>2,753,686</strong></td>
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### Developer Costs

<table>
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<td><strong>Subtotal</strong></td>
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### Reserves (Long Term Only)

<table>
<thead>
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<th>Item</th>
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<tr>
<td>Reserve for Replacement</td>
<td>20,250</td>
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<tr>
<td>Operating Reserve [6 mos.]</td>
<td>467,000</td>
</tr>
<tr>
<td>Escrow 1st yr RE Tax &amp; Insurance</td>
<td>84,645</td>
</tr>
<tr>
<td>Section 8 Overhang Reserve</td>
<td>692,000</td>
</tr>
<tr>
<td>Debt Service Reserve [6 mos.]</td>
<td>379,000</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>1,642,895</strong></td>
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</table>

**TOTAL USES**                                               **60,388,218**

### Federal LIHTC Basis

<table>
<thead>
<tr>
<th>Item</th>
<th>Acquisition</th>
<th>New/Rehab</th>
<th>Non - Eligible</th>
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<tbody>
<tr>
<td>HACLA Site Prep &amp; Relocation Fee</td>
<td>-</td>
<td>-</td>
<td>220,000</td>
</tr>
<tr>
<td>HACLA Compliance &amp; Coordination Fee</td>
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<td>-</td>
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<td>-</td>
<td>-</td>
<td>158,400</td>
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<td>25,000</td>
<td>-</td>
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<tr>
<td>Construction Interest Capitalized</td>
<td>-</td>
<td>944,251</td>
<td>-</td>
</tr>
<tr>
<td>Construction Interest Expensed</td>
<td>-</td>
<td>-</td>
<td>772,851</td>
</tr>
<tr>
<td>Taxable Construction Loan Fees</td>
<td>-</td>
<td>60,490</td>
<td>-</td>
</tr>
<tr>
<td>Taxable Bridge Loan Fees</td>
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<td>-</td>
<td>49,510</td>
</tr>
<tr>
<td>Permanent Loan Fees</td>
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<td>-</td>
<td>150,750</td>
</tr>
<tr>
<td>All TEB &amp; TEL Fees</td>
<td>-</td>
<td>-</td>
<td>685,834</td>
</tr>
<tr>
<td>Syndication Costs</td>
<td>-</td>
<td>-</td>
<td>65,000</td>
</tr>
<tr>
<td>Predevelopment Loan Interest</td>
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<td>25,000</td>
<td>-</td>
</tr>
<tr>
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<td>-</td>
<td>-</td>
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<td>-</td>
<td>692,000</td>
</tr>
<tr>
<td>Debt Service Reserve [6 mos.]</td>
<td>-</td>
<td>-</td>
<td>379,000</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>51,216,810</strong></td>
<td></td>
<td><strong>9,171,408</strong></td>
</tr>
</tbody>
</table>
**USES OF FUNDS**

### Total Development Costs

<table>
<thead>
<tr>
<th>Sum of:</th>
<th>$29,030,000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TEB + TEL</strong></td>
<td></td>
</tr>
</tbody>
</table>

Divided by sum of:

- **Acquisition Basis**: 3,400,000
- **Land**: 51,216,810

**TEB / TEL %**: 53.20%

### Development Costs - 95% Good/5% Bad Costs:

#### Good Costs highlighted in green above*

| $36,541,898 |

*Less Retainage Withheld from Constr. Costs

#### Developer fee in Good Costs:

- N/A; Dev Fee not paid by TEB/TEL

#### TEB + TEL Interest in Good Costs:

<table>
<thead>
<tr>
<th>$286,816</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TEB + TEL Interest - Capitalized</strong>: 286,816</td>
</tr>
<tr>
<td><strong>TEB + TEL Interest - Expensed</strong>: -</td>
</tr>
</tbody>
</table>

#### Portion of other costs highlighted in yellow above

| $36,828,714 |

*See Supporting Schedules for details and calculation

### Total Potential Good Costs

| $36,828,714 |

Divided by:

- **Total Tax-Exempt Bond Proceeds**: 29,030,000

**Good Costs %**: 126.86%

### Total TEB + TEL

| $29,030,000 |

#### Times Needed Good Costs %

**Minimum Good Costs needed**: $27,578,500

**Less Current Potential Good Costs**: (36,828,714)

**Surplus of Good Costs**: $9,250,214

### TEB + TEL Funding - 95% Good/5% Bad Costs:

<table>
<thead>
<tr>
<th>$36,828,714</th>
<th>126.86%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TEB/TEL max potential funding of Good Costs per Draw Schedule</strong>:</td>
<td></td>
</tr>
</tbody>
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**Minimum Good Costs needed**: $27,578,500

**Surplus of Good Costs**: $9,250,214

31.86%
### DRAW SCHEDULE - MAP

<table>
<thead>
<tr>
<th>Page</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Payment/Conversion of Construction Sources</td>
</tr>
<tr>
<td>2</td>
<td>Payment/Conversion of HACLA Ground Lease Note - Perm</td>
</tr>
<tr>
<td>3</td>
<td>Payment/Conversion of TEB or TEL - Drawdown</td>
</tr>
<tr>
<td>4</td>
<td>Payment/Conversion of Loan of Infill Infrastructure Grant</td>
</tr>
<tr>
<td>5</td>
<td>Payment/Conversion of TCC AHD Loan</td>
</tr>
<tr>
<td>6</td>
<td>Payment/Conversion of Loan of CNI Grant</td>
</tr>
<tr>
<td>7</td>
<td>Payment/Conversion of Taxable Construction/Bridge Loan Payoff/Conversion of Construction Sources</td>
</tr>
<tr>
<td>8</td>
<td>TOTAL SOURCES (PERMANENT + CONSTRUCTION) DETAILS:</td>
</tr>
<tr>
<td>9</td>
<td>Payment/Conversion of TEB or TEL - Drawdown</td>
</tr>
<tr>
<td>10</td>
<td>Payment/Conversion of Loan of Infill Infrastructure Grant</td>
</tr>
<tr>
<td>11</td>
<td>Payment/Conversion of TCC AHD Loan</td>
</tr>
<tr>
<td>12</td>
<td>Payment/Conversion of Loan of CNI Grant</td>
</tr>
<tr>
<td>13</td>
<td>Payment/Conversion of Taxable Construction/Bridge Loan Payoff/Conversion of Construction Sources</td>
</tr>
<tr>
<td>14</td>
<td>TOTAL SOURCES (CONSTRUCTION + PERMANENT) DETAILS:</td>
</tr>
<tr>
<td>15</td>
<td>Payment/Conversion of TEB or TEL - Drawdown</td>
</tr>
<tr>
<td>16</td>
<td>Payment/Conversion of Loan of Infill Infrastructure Grant</td>
</tr>
<tr>
<td>17</td>
<td>Payment/Conversion of TCC AHD Loan</td>
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<td>18</td>
<td>Payment/Conversion of Loan of CNI Grant</td>
</tr>
<tr>
<td>19</td>
<td>Payment/Conversion of Taxable Construction/Bridge Loan Payoff/Conversion of Construction Sources</td>
</tr>
<tr>
<td>20</td>
<td>TOTAL SOURCES (PERMANENT) DETAILS:</td>
</tr>
</tbody>
</table>

Use this Map as a guide to help understand the detailed Draw Schedule that follows. Note that the line item descriptions on the left side of each page of the Draw Schedule appear on every page and that across the top of each page appears the months of the project.
## DRAW SCHEDULE

### PERMANENT USES

<table>
<thead>
<tr>
<th>Description</th>
<th>Total Amount</th>
<th>25% Completion</th>
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</thead>
<tbody>
<tr>
<td><strong>Land</strong></td>
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<td><strong>Acquisition Costs</strong></td>
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<td>-</td>
</tr>
<tr>
<td>Construction New (On-Site)</td>
<td>26,996,473</td>
<td>6,749,118</td>
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<tr>
<td>Construction (Off-Site)</td>
<td>4,530,219</td>
<td>1,132,555</td>
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<tr>
<td>Sitework</td>
<td>3,027,065</td>
<td>756,766</td>
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<tr>
<td>GC - General Requirements</td>
<td>2,245,994</td>
<td>561,499</td>
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<tr>
<td>GC - Overhead</td>
<td>1,243,191</td>
<td>310,798</td>
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<tr>
<td>GC - Profit</td>
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<td>310,798</td>
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<tr>
<td>G/L Insurance</td>
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<td>124,200</td>
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<td>Retainage</td>
<td>(49,680)</td>
<td>(12,420)</td>
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<td>Constr. Contingency</td>
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<td><strong>Construction Costs</strong></td>
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<tr>
<td>Site Work (Not in GC Contract)</td>
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<tr>
<td><strong>FF&amp;E</strong></td>
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</tr>
<tr>
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<tr>
<td>Construction Monitoring</td>
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<tr>
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<td>- 547,500</td>
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<td>Insurance</td>
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<td>Legal - Developer</td>
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<td>Marketing (Rent Up)</td>
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<td>Monitoring Fees (LIHTC)</td>
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<td>Organization Fees</td>
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<td>Soft Cost Contingency</td>
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<td>-</td>
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<tr>
<td>Survey</td>
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<td>-</td>
</tr>
</tbody>
</table>

**NOTE**: The table above lists the costs associated with different phases of the project, categorized under various headings such as Land, Acquisition Costs, and FF&E. Each category includes specific items and their allocated amounts, with a notable 25% completion milestone marked across the board.
# DRAW SCHEDULE

### PERMANENT USES

| Land | 3,400,000 |
| Acquisition Costs | $3,400,000 |

**Construction Costs**

| Site Work (General) | 500,000 |
| Site Work (Not in GC Contract) | - |
| FF&E | - |

**Personal Property**

| Accounting | - |
| Appraisal | - |
| Architectural Design | - |
| Architectural Supervision | - |
| Construction Monitoring | - |
| Cost Certification | - |
| Civil Engineering | - |
| Impact Fees & Zoning | - |
| Insurance | - |
| Legal - Taxable Constr/Bridge Loan | - |
| Legal - Permanent Loan | - |
| Legal - Bond Counsel | - |
| Legal - Developer | - |
| Legal - HACLA | - |
| Market Study & RCS | - |
| Marketing (Rent Up) | - |
| Monitoring Fees (LIHTC) | - |
| Organizational Fees | - |
| Permits | - |
| Phase I Environmental | - |
| Soft Cost Contingency | - |
| Soils Tests / Geotech | - |
| Survey | - |

**Certificate of TCO**

- Certificate of TCO - 1st Bldg.
- Certificate of Occupancy - 1st Bldg.
- 75% Completion

**Construction New (On-Site)**

| - | 26,996,473 |

**Construction (Off-Site)**

| - | 4,530,219 |

**Sithwork**

| - | 3,027,065 |

**GC - General Requirements**

| - | 2,245,994 |

**GC - Overhead**

| - | 1,243,191 |

**GC - Profit**

| - | 1,243,191 |

**G/L Insurance**

| - | 496,797 |

**Retainage**

| - | (267,860) |

**Constr. Contingency**

| - | 2,016,000 |

**Letter of Credit/P&P Bond**

| - | 537,070 |

**Construction Costs**

| - | 42,336,000 |

**Site Work (General)**

| - | 500,000 |

**Site Work (Not in GC Contract)**

| - | 200,000 |

**Personal Property**

| - | 200,000 |

**Site Work (General)**

| - | 1,943,000 |

**Site Work (Not in GC Contract)**

| - | 1,943,000 |

**Personal Property**

| - | 1,943,000 |

**Site Work (General)**

| - | 1,943,000 |

**Site Work (Not in GC Contract)**

| - | 1,943,000 |

**Personal Property**

| - | 1,943,000 |

**Site Work (General)**

| - | 1,943,000 |

**Site Work (Not in GC Contract)**

| - | 1,943,000 |

**Personal Property**

| - | 1,943,000 |

**Site Work (General)**

| - | 1,943,000 |

**Site Work (Not in GC Contract)**

| - | 1,943,000 |

**Personal Property**

| - | 1,943,000 |
## Permanents Uses

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### Monitoring Fees (LIHTC)

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Printed: 2/9/2021 at 6:59 PM - Page 3 of 20
## DRAW SCHEDULE

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Printing: 2/9/2021 at 6:59 PM - Page 5 of 20
### DRAW SCHEDULE

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| Tax Credit Fees  | - 28,613                             | -              |
| Lease Up Fee     | - 40,000                             | -              |
| Title & Recording| - 150,000                            | -              |
| Working Cap/Stabilization Reserves | - 233,328                     | -              |
| Design / Construction Fee | - 50,000                              | -              |
| Deputy Inspector & LEED | - 215,000                          | -              |
| HACLA Site Prep & Relocation Fee | - 220,000                          | -              |
| HACLA Compliance & Coordination Fee | - 220,000                          | -              |
| Master Planning Reimbursement | - 275,000                             | -              |
| Transit Passes   | - 158,400                            | -              |
| HACLA Labor Compl. & Constr. Mon. | - 50,000                            | -              |

#### Soft Costs

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#### PAYDOWN / PAYOFF / PERM LOAN CONVERSION OF CONSTRUCTION SOURCES

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### TOTAL USES (PERMANENT + CONSTRUCTION SOURCES PAYOFF)

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**Draw Schedule**
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Printed: 2/9/2021 at 6:59 PM - Page 7 of 20
## DRAW SCHEDULE

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### PAYDOWN / PAYOFF / PERM LOAN CONVERSION OF CONSTRUCTION SOURCES

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<td>Payment/Conversion of Taxable Construction/Bridge Loan</td>
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### TOTAL USES (PERMANENT + CONSTRUCTION SOURCES PAYOFF)

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<th>$171,775</th>
<th>$171,775</th>
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## PERMANENT SOURCES

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<tr>
<td>HACLA Ground Lease Note - Perm</td>
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### Permanent Sources SubTotal

- $60,388,218
- $3,995,047
- $518,289
- $479,972
- $412,713
- $316,512
- $191,370
- $1,238,968
- $1,055,942
- $2,163,974

## CONSTRUCTION SOURCES (will be paid off by Permanent Sources)

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### Construction Sources SubTotal

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- $6,991,973
- $290,968
- $545,918
- $801,227
- $1,056,894
- $1,437,923
- $1,694,307
- $2,211,731

## TOTAL SOURCES (CONSTRUCTION + PERMANENT)

- $122,768,218
- $10,987,020
- $809,257
- $1,025,890
- $1,213,940
- $1,373,410
- $1,629,293
- $2,933,275
- $4,326,994
- $4,372,132

### Balance

- $506,556
- $468,639
- $401,380
- $305,179
- $180,037
- $25,953
- $1,044,609
- $2,152,641
- $1,911,731

---

**Jordan Downs S-2_PreClose_KB JT DL_02.09.21**

**Draw Schedule**

**Printed: 2/9/2021 at 6:59 PM - Page 9 of 20**
### DRAW SCHEDULE

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<td>$ 1,013,152</td>
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<td>$ 13,833</td>
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<td>- $ 3,400,000</td>
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<tr>
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<tr>
<td>Taxable Construction/Bridge Loan</td>
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<td><strong>Construction Sources SubTotal</strong></td>
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<td><strong>Total Sources (Construction + Permanent)</strong></td>
<td>- $ 122,768,218</td>
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<td>- $ 3,621,555</td>
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<td>- $ 2,794,920</td>
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<td>- $ 2,207,703</td>
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**Balance**

**Surplus Funds**

- 1,641,879
- 1,343,086
- 1,001,819
- 421,481

---

**Notes**

- **Draw Schedule**
- **Printed:** 2/9/2021 at 6:59 PM - Page 10 of 20
## DRAW SCHEDULE

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### PERMANENT SOURCES

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<tr>
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<tr>
<td>Accrued Interest</td>
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<td>13,833</td>
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<td>13,833</td>
<td>13,833</td>
<td>13,833</td>
<td>$60,388,218</td>
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**Permanent Sources SubTotal** | - $60,388,218 | 13,833 | 13,833 | 13,833 | 13,833 | 13,833 | 13,833 | 13,833 | 2,742,198 | 1,583,032 | 1,498,866 |

### CONSTRUCTION SOURCES (will be paid off by Permanent Sources)

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<th>12/1/22</th>
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<th>4/1/23</th>
<th>5/1/23</th>
<th>6/1/23</th>
<th>Subtotal</th>
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<tr>
<td>Taxable Construction/Bridge Loan</td>
<td>13,750,000</td>
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<td>1,004,782</td>
<td>709,226</td>
<td>412,851</td>
<td>3,275,448</td>
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<td>$62,380,000</td>
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**Construction Sources SubTotal** | $62,380,000 | 1,612,375 | 1,299,514 | 1,004,782 | 709,226 | 412,851 | 3,275,448 | -      | -      | -      | $62,380,000 |

### TOTAL SOURCES (CONSTRUCTION + PERMANENT)

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<th>5/1/23</th>
<th>6/1/23</th>
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**TOTAL SOURCES (CONSTRUCTION + PERMANENT)** | $122,768,218 | $1,626,208 | $1,313,347 | $1,018,615 | $723,059 | $426,684 | $3,289,281 | $2,742,198 | $1,583,032 | $1,498,866 |

**Substantial Completion / TCO - Last Bldg.**

- **Certificate of Occupancy - Last Bldg.**
- **Begin Leaseup of Last Bldg.**
## PERMANENT SOURCES

<table>
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<tr>
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<th>2023</th>
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<td>- $100</td>
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<tr>
<td>Capital - L.P.</td>
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<td>- $15,916,553</td>
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<td>- $325,000</td>
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<td>- $1,000,000</td>
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<td>- $1,000,000</td>
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<tr>
<td>Loan of Infill Infrastructure Grant</td>
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<td>-</td>
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<tr>
<td>TCC AHD Loan</td>
<td>- $13,200,000</td>
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<td>- $13,200,000</td>
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<tr>
<td>Accrued Interest</td>
<td>- $379,471</td>
<td>- $13,833</td>
<td>- $13,833</td>
<td>- $13,833</td>
<td>- $13,833</td>
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<tr>
<td>Surplus Funds</td>
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## CONSTRUCTION SOURCES (will be paid off by Permanent Sources)

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<tr>
<td>HACLA Ground Lease Note - Perm</td>
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<tr>
<td>TEB or TEL - Drawdown TEB / TEL</td>
<td>- $29,030,000</td>
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<td>Taxable Construction/Bridge Loan</td>
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## TOTAL SOURCES (CONSTRUCTION + PERMANENT)

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<tr>
<td>Surplus Funds</td>
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<td>- $923,041</td>
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## TAXABLE CONSTRUCTION/BRIDGE LOAN

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<th>25% Completion</th>
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<td>Construction</td>
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### Prior Month's Balance
- $13,750,000

### Current Month's Draw
- $29,030,000

### Total Drawn To Date
- $3,591,973
- $3,860,009
- $4,360,062
- $5,092,492
- $6,057,657
- $7,255,918
- $8,687,631
- $10,353,157

### Less Paydowns/Payoff/Perm Conversion
- Balance

### Total
- Interest (3.35%) in Current Period
- $379,745

### TEB or TEL - Drawdown TEB / TEL

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<tbody>
<tr>
<td>Construction</td>
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### Prior Month's Balance
- $13,200,000

### Current Month's Draw
- $13,200,000

### Total Drawn To Date
- $13,200,000

### Less Paydowns/Payoff/Perm Conversion
- Balance

### Total
- Interest (0.00%) in Current Period
- $0

---

**TEB or TEL - Drawdown TEB / TEL**

**TCC AHD Loan**

<table>
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<tr>
<th>Sources Details</th>
<th>To Allocate</th>
<th>Total</th>
<th>DEVELOPER CLOSING</th>
<th>25% Completion</th>
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<tbody>
<tr>
<td>Construction</td>
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### Prior Month's Balance
- $13,200,000

### Current Month's Draw
- $13,200,000

### Total Drawn To Date
- $13,200,000

### Less Paydowns/Payoff/Perm Conversion
- Balance

### Total
- Accrued Interest (0.00%) in Current Period
- $0
## Taxable Construction/Bridge Loan

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<tr>
<td>Total in Current Period</td>
<td>379,745</td>
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## TEB or TEL - Drawdown TEB / TEL

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<tbody>
<tr>
<td>Prior Month’s Balance</td>
<td>12,252,857</td>
<td>14,387,091</td>
<td>16,756,220</td>
<td>19,360,608</td>
<td>21,969,011</td>
<td>24,897,799</td>
<td>27,159,693</td>
<td>28,865,164</td>
<td>29,030,000</td>
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<tr>
<td>Current Month’s Draw</td>
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<td>2,261,894</td>
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<td>14,387,091</td>
<td>16,756,220</td>
<td>19,360,608</td>
<td>21,969,011</td>
<td>24,897,799</td>
<td>27,159,693</td>
<td>28,865,164</td>
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<td>29,030,000</td>
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<tr>
<td>Balance</td>
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<td>16,756,220</td>
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<td>21,969,011</td>
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<td>28,865,164</td>
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## TCC AHD Loan

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<tr>
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### Taxable Construction/Bridge Loan

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<th>25/1/22</th>
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<tbody>
<tr>
<td>Prior Month's Balance</td>
<td>4,370,327</td>
<td>5,982,702</td>
<td>7,282,216</td>
<td>8,286,998</td>
<td>8,996,224</td>
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<td>8,286,998</td>
<td>8,996,224</td>
<td>9,409,075</td>
<td>12,684,523</td>
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<tr>
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<td>8,996,224</td>
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### TEB or TEL - Drawdown TEB / TEL

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<tr>
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### TCC AHD Loan

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<tr>
<td>Less Paydowns/Payoff/Perm Conversion</td>
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<tr>
<td>Accrued Interest (0.00%) in Current Period</td>
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### Taxable Construction/Bridge Loan

<table>
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<th>Source</th>
<th>Prior Month's Balance</th>
<th>Current Month's Draw</th>
<th>Total</th>
<th>Less Paydowns/Payoff/Perm Conversion</th>
<th>Balance</th>
<th>Total Drawn To Date</th>
<th>Less Paydowns/Payoff/Perm Conversion</th>
<th>Balance</th>
<th>Total Drawn To Date</th>
<th>Interest (3.35%) in Current Period</th>
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### TEB or TEL - Drawdown TEB / TEL

<table>
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<th>Prior Month's Balance</th>
<th>Current Month's Draw</th>
<th>Total</th>
<th>Less Paydowns/Payoff/Perm Conversion</th>
<th>Balance</th>
<th>Total Drawn To Date</th>
<th>Less Paydowns/Payoff/Perm Conversion</th>
<th>Balance</th>
<th>Total Drawn To Date</th>
<th>Interest (1.85%) in Current Period</th>
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<tr>
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<td>$29,030,000</td>
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<td>957,886</td>
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### TCC AHD Loan

<table>
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<th>Prior Month's Balance</th>
<th>Current Month's Draw</th>
<th>Total</th>
<th>Less Paydowns/Payoff/Perm Conversion</th>
<th>Balance</th>
<th>Total Drawn To Date</th>
<th>Less Paydowns/Payoff/Perm Conversion</th>
<th>Balance</th>
<th>Total Drawn To Date</th>
<th>Accrued Interest (0.00%) in Current Period</th>
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**Notes:**
- Prior Month's Balance: $13,750,000
- Current Month's Draw: $29,030,000
- Total Drawn To Date: $379,745
- Interest (3.35%) in Current Period: $35,411
- Total Drawn To Date: $957,886
- Interest (1.85%) in Current Period: $44,755
- Prior Month's Balance: $13,200,000
- Current Month's Draw: $1,320,000
- Total Drawn To Date: $35,411
- Interest (0.00%) in Current Period: $0
## DRAW SCHEDULE

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<th>25% Completion</th>
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<tr>
<td>To Allocate</td>
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<tr>
<td>Total Accrued Interest (4.00%) in Current Period</td>
<td>339,990</td>
<td>11,333</td>
<td>11,333</td>
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### Loan of Infill Infrastructure Grant

| Prior Month's Balance | - | - | 22,932 | 68,797 | 137,594 | 229,323 | 468,985 | 731,579 | 1,017,105 |
| Current Month's Draw | $ 2,000,000 | - | 45,865 | 68,797 | 91,729 | 239,662 | 262,594 | 285,526 | 308,458 |
| Total Drawn To Date | - | 22,932 | 68,797 | 137,594 | 229,323 | 468,985 | 731,579 | 1,017,105 | 1,325,563 |
| Less Paydowns/Payoff/Perm Conversion | - | - | - | - | - | - | - | - | - |
| Balance | - | 22,932 | 68,797 | 137,594 | 229,323 | 468,985 | 731,579 | 1,017,105 | 1,325,563 |
| Accrued Interest (0.00%) in Current Period | - | - | - | - | - | - | - | - | - |

### Loan of CNI Grant

| Prior Month's Balance | - | - | - | - | - | - | - | - | - |
| Current Month's Draw | $ 1,000,000 | - | - | - | - | - | - | - | - |
| Total Drawn To Date | - | - | - | - | - | - | - | - | - |
| Less Paydowns/Payoff/Perm Conversion | - | - | - | - | - | - | - | - | - |
| Balance | - | - | - | - | - | - | - | - | - |
| Total Accrued Interest (3.00%) in Current Period | 39,481 | - | - | - | - | - | - | - | - |

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<td>18,055</td>
<td>19,184</td>
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### PIS Schedule Per Unit Delivery tab; % to be Expensed prior to Completion

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<tr>
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<td>17,284</td>
<td>18,055</td>
<td>19,184</td>
<td>20,672</td>
<td>22,519</td>
<td>24,726</td>
<td>27,294</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Month</th>
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<th>Bldg 1</th>
<th>Certificate of Occupancy - 1st Bldg</th>
<th>75% Completion</th>
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### HACLA Ground Lease Note - Perm

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<td>Accrued Interest (4.00%) in Current Period</td>
<td>339,990</td>
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### Loan of Infill Infrastructure Grant

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### Total Interest

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<td>41,181</td>
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<td>50,056</td>
<td>54,846</td>
<td>59,561</td>
<td>65,480</td>
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### PIS Schedule Per Unit Delivery tab; % to be Expensed prior to Completion

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## DRAW SCHEDULE

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<td>Accrued Interest (4.00%) in Current Period</td>
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### Year (Interest Deduction)

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### PIS Schedule Per Unit Delivery tab; % to be Expensed prior to Completion >

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## Notes

- HACLA Ground Lease Note - Perm
- Loan of Infill Infrastructure Grant
- Loan of CNI Grant
- Year (Interest Deduction)
- Total Interest
- PIS Schedule Per Unit Delivery tab; % to be Expensed prior to Completion

**Printed:** 2/9/2021 at 6:59 PM - Page 19 of 20
## DRAW SCHEDULE

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### PIS Schedule Per Unit Delivery tab; % to be Expensed prior to Completion

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### HACLA Ground Lease Note - Perm

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### Loan of Infill Infrastructure Grant

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### Loan of CNI Grant

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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Total Drawn To Date</td>
<td>$1,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Less Paydowns/Payoff/Perm Conversion</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,000,000)</td>
<td>-</td>
</tr>
<tr>
<td>Balance</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Accrued Interest (3.00%) in Current Period</td>
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<td>2,500</td>
<td>2,500</td>
<td>2,500</td>
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### Fund Operating Reserve Receipt of $860,100

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<th>2023</th>
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<tbody>
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<td>28</td>
<td>29</td>
<td>30</td>
<td>39</td>
<td>90</td>
</tr>
<tr>
<td>7/1/23</td>
<td>8/1/23</td>
<td>9/1/23</td>
<td>10/1/23</td>
<td>7/1/24</td>
<td>10/1/28</td>
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</tbody>
</table>

### Note

- **Prior Month's Balance**: Prior month's balance carried over to the current month.
- **Current Month's Draw**: Current month's draw from the fund.
- **Total Drawn To Date**: Total amount drawn to date.
- **Less Paydowns/Payoff/Perm Conversion**: Amount to be reduced due to paydowns, payoff, or permanent conversion.
- **Balance**: Fund balance after adjustments.
- **Accrued Interest**: Interest accrued in the current period.
# CREDIT SUMMARY

## CREDIT CAPITAL

<table>
<thead>
<tr>
<th></th>
<th>Federal LIHTC</th>
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<tbody>
<tr>
<td>Total Credits to Investor(s)</td>
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<td>Price Per Credit</td>
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<td>LP Equity</td>
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## CREDIT BENEFITS

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<th>Amount</th>
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<td>2,663,274</td>
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<tr>
<td>Investor Allocation</td>
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<td>Annual Credit to Investor</td>
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## BASIS & CREDIT DETERMINATION

### FEDERAL LIHTC

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<th>Acquisition</th>
<th>New Construction</th>
<th>Total</th>
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<tr>
<td>Less: Other</td>
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</tr>
<tr>
<td>Less: Other</td>
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<tr>
<td>Basis Boost</td>
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### ANCILLARY TAX CREDITS

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<th>Credit Delivery</th>
<th>Credits Begin upon</th>
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<th>CREDIT PERIOD</th>
<th>Credit Period</th>
<th>Begin (auto)</th>
<th>Begin (Manual)</th>
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<tr>
<td></td>
<td>Less: State HTC</td>
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<tr>
<td></td>
<td>Less: Other</td>
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<td></td>
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### CREDIT DETERMINATION

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## UNIT DELIVERY SCHEDULE

**< To Change the Method selected to setup this schedule **

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<th>Month</th>
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<tr>
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<tr>
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<tr>
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<tr>
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<tr>
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<tr>
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<td>Mar-24</td>
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<td>80</td>
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</tr>
<tr>
<td>Apr-24</td>
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<td>80</td>
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<td>May-24</td>
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</tr>
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<td>Jul-24</td>
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<td>Oct-24</td>
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<td>Nov-24</td>
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<td>80</td>
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</tr>
<tr>
<td>Dec-24</td>
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<table>
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<tr>
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<td>24</td>
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<tr>
<td>40</td>
<td>50%</td>
</tr>
<tr>
<td>56</td>
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<td>68</td>
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<td>100%</td>
</tr>
<tr>
<td>80</td>
<td>100%</td>
</tr>
<tr>
<td>80</td>
<td>100%</td>
</tr>
<tr>
<td>80</td>
<td>100%</td>
</tr>
<tr>
<td>80</td>
<td>100%</td>
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<td>80</td>
<td>100%</td>
</tr>
<tr>
<td>80</td>
<td>100%</td>
</tr>
</tbody>
</table>
# Jordan Downs Phase S-2

## UNIT BY BUILDING DELIVERY SCHEDULE

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<thead>
<tr>
<th>Building Identifier</th>
<th># of LIHTC Units in Bldg.</th>
<th>December-22</th>
<th>January-23</th>
<th>February-23</th>
<th>March-23</th>
<th>April-23</th>
<th>May-23</th>
<th>June-23</th>
<th>1st Month Building Number Credits</th>
<th>Total Building Number Credits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bldg A - 2045 E. 101st St</td>
<td>52</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>4</td>
<td></td>
<td>December-22 52</td>
<td></td>
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<td>Bldg B - 2063 E. 101st St</td>
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<td>8</td>
<td></td>
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<td>8</td>
<td></td>
<td></td>
<td></td>
<td>January-23 8</td>
<td></td>
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<td>Bldg C - 2031 E. 101st St</td>
<td>8</td>
<td>8</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>February-23 8</td>
<td></td>
</tr>
<tr>
<td>Bldg D - 10016 Grape St</td>
<td>8</td>
<td>8</td>
<td></td>
<td></td>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td>March-23 8</td>
<td></td>
</tr>
<tr>
<td>Bldg E - 10010 Grape St</td>
<td>4</td>
<td>8</td>
<td>16</td>
<td>16</td>
<td>12</td>
<td>8</td>
<td>4</td>
<td></td>
<td>April-23 4</td>
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</tr>
<tr>
<td>TOTALS</td>
<td>80</td>
<td>82</td>
<td>16</td>
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<td>12</td>
<td>8</td>
<td>4</td>
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### Notes
- Jordan Downs Phase S-2
- Printed: 2/9/2021 at 6:55 PM - Page 1 of 1

---

**Building Identifier:**
- Bldg A - 2045 E. 101st St
- Bldg B - 2063 E. 101st St
- Bldg C - 2031 E. 101st St
- Bldg D - 10016 Grape St
- Bldg E - 10010 Grape St

**LIHTC Units in Bldg.**
- 52, 8, 8, 8, 8, 8, 4

**Delivery Schedule:**
- December-22: 52 units
- January-23: 8 units
- February-23: 8 units
- March-23: 8 units
- April-23: 4 units

**Totals:**
- 80 units
### Table 1: # of units by BR size and AMI%:

<table>
<thead>
<tr>
<th>BR Size</th>
<th>30%</th>
<th>40%</th>
<th>50%</th>
<th>Non-Income</th>
<th>Total by BRs</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 Bedroom</td>
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<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1 Bedroom</td>
<td>2</td>
<td>3</td>
<td>13</td>
<td>0</td>
<td>18</td>
</tr>
<tr>
<td>2 Bedroom</td>
<td>9</td>
<td>3</td>
<td>20</td>
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<td>33</td>
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<tr>
<td>3 Bedroom</td>
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<td>19</td>
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<td>29</td>
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<tr>
<td>4 Bedroom</td>
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<td>0</td>
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<tr>
<td>5 Bedroom</td>
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<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total by AMIs</strong></td>
<td><strong>14</strong></td>
<td><strong>14</strong></td>
<td><strong>52</strong></td>
<td><strong>1</strong></td>
<td><strong>81</strong></td>
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</tbody>
</table>

### Table 2: # of units by BR size and Subsidy Type

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<th>RAD</th>
<th>Total by BRs</th>
</tr>
</thead>
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<td>0</td>
</tr>
<tr>
<td>1 Bedroom</td>
<td>17</td>
<td>1</td>
<td>18</td>
</tr>
<tr>
<td>2 Bedroom</td>
<td>23</td>
<td>9</td>
<td>33</td>
</tr>
<tr>
<td>3 Bedroom</td>
<td>22</td>
<td>7</td>
<td>29</td>
</tr>
<tr>
<td>4 Bedroom</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>5 Bedroom</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total by Subsidies</strong></td>
<td><strong>63</strong></td>
<td><strong>17</strong></td>
<td><strong>81</strong></td>
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</tbody>
</table>

### Table 3: # of units by BR size and AMI & Subsidy Type

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<th>50%</th>
<th>30% &amp; 40%</th>
<th>Total by BRs</th>
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</thead>
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<td>0</td>
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<tr>
<td>1 Bedroom</td>
<td>1</td>
<td>3</td>
<td>13</td>
<td>10</td>
<td>18</td>
</tr>
<tr>
<td>2 Bedroom</td>
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<td>20</td>
<td>9</td>
<td>33</td>
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<tr>
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<td>29</td>
</tr>
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<td>Type</td>
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Averages Per LIHTC Unit

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<th>Sub Type</th>
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<th># of Units</th>
<th>Sq. Feet</th>
<th>Utility All.</th>
<th>Net Rents</th>
<th>Subsidy</th>
<th>Total PUPM</th>
<th>PUPM Rents</th>
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Averages Per Non-LIHTC Unit

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<th># of Units</th>
<th>Sq. Feet</th>
<th>Utility All.</th>
<th>Net Rents</th>
<th>Subsidy</th>
<th>Total PUPM</th>
<th>PUPM Rents</th>
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Non-Income Units

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<tr>
<td>3 BR</td>
<td>$2,735</td>
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<td>4 BR</td>
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<td>5 BR</td>
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<td>6 BR</td>
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<td>8 BR</td>
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HUD FMR Income Limits: 50% AMI

Effective Dates: FMRs = 10/01/2020 | AMIs = 06/01/2020

Jordan Downs S-2_PreClose_KB JT DL_02.09.21
Rent Unit Mix
Printed: 2/9/2021 at 7:02 PM - Page 1 of 2
## RENT & UNIT MIX DETAIL

**Jordan Downs Phase S-2**

**Post-LIHTC award / Pre-Closing**

### RESIDENTIAL

<table>
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<tr>
<th># of Units</th>
<th># of BRs / BAs</th>
<th>Square Feet</th>
<th>Tenant Tenancy</th>
<th>AMI %</th>
<th>Tenant Gross Rent</th>
<th>Utility Allowance</th>
<th>Tenant Net Rent</th>
<th>Subsidy Type</th>
<th>Subsidy per Unit</th>
<th>Total PUM</th>
<th>Income Monthly</th>
<th>Income Annual</th>
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<td>673 Gen Occ</td>
<td>30%</td>
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<td>$50 Section 8 HAP</td>
<td>$1,671 $1,721</td>
<td>$1,721</td>
<td>$20,652</td>
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<tr>
<td>3</td>
<td>3.7% 3 / 2</td>
<td>1,276 Gen Occ</td>
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<td>$156 $56</td>
<td>$100 Section 8 HAP</td>
<td>$2,107 $2,207</td>
<td>$2,207</td>
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<tr>
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<td>$- N/A</td>
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<td>$-</td>
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<tr>
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**NET DEVELOPER FEE = $2,200,000 / 3.6% OF TDC**
**BASE YEAR OPERATING BUDGET**

### REVENUE

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<th>Description</th>
<th>Proforma</th>
<th>PUPA</th>
<th>PUPM</th>
<th>Vacancy</th>
<th>Trending</th>
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<td>LIHTC Tenant- Paid Rents</td>
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<td>1,281</td>
<td>107</td>
<td>5%</td>
<td>102.0%</td>
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<td>Subsidized Rents</td>
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<td>22,268</td>
<td>1,856</td>
<td>5%</td>
<td>102.0%</td>
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<td>Affordable Vacancy</td>
<td>(95,375)</td>
<td>(1,177)</td>
<td>(98)</td>
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<td>Non-LIHTC Rents</td>
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<td>-</td>
<td>-</td>
<td></td>
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</tr>
<tr>
<td>Non-LIHTC Vacancy</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Miscellaneous, Net</td>
<td>-</td>
<td>-</td>
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<tr>
<td>All Other Income, Net</td>
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<tr>
<td><strong>Total</strong></td>
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<td>1,864</td>
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**Base Year: 2024**

- Underwritten Occ: 95.0%
- Breakeven Occ: 88.6%

### EXPENSES

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<th>Amount</th>
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<td>Utilities</td>
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<td><strong>Total Opex Not Including R4R</strong></td>
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**Base Year: 2024**

- Management Fee: 5.00% times the greater of actual net rents or max net LIHTC rents;
- Base Year Mgmt Fee is increased by 2.0% per year which is the annual income trending %.

### NOI Before DS & RR

- 919,321

### R4R Deposits

- 40,500

### NOI available for Debt Svc

- 878,821

### Hard Debt Service + Must-Pay Fees

- 756,051

### Base Year DSCR

- 1.16

### Opex + R4R + Debt Service / Month

- 140,780
## OPERATING CASH FLOW

### Jordan Downs Phase S-2

### NET OPERATING INCOME

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<tr>
<th>Year</th>
<th>REVENUE</th>
<th>EXPENSES</th>
<th>Total Income</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>LHTC Tenant-Paid Rents</td>
<td></td>
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<tr>
<td></td>
<td>Subsidized Rents</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Affordable Vacancy</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Non-UHTC Rents</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td>Miscellaneous, Net</td>
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### OPERATING CASH FLOW

- **Holdback (8,250)**
- **Non-Use Fees**
- **Deferred Defer Fees**
- **Non-Profit Tax Exempt Fees**
- **Lien on Improvements**

### REERVE Draws (Deposits)

- **Operating Reserve**
- **Debit Service Reserve**

### TO Partnership for GP / LP Split

- **MUST-PAY OCR**

---

*Base Year Management Fee is 5.00% of the maximum LIHTC net rents for LHTC units and actual net rents for unreserved units (both in vacua). The Base Year fee is increased by 2.00%.

---

**епутание:**

- **RESERVE Draws (Deposits)**
- **MUST-PAY OCR**
- **Annual IR Deposit**
- **NOI for Debt Service & Waterfall**

---

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**Cash Flow**

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**Printed:** 2/7/2021 at 7:03 PM - Page 1 of 3
### NET OPERATING INCOME

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<th>[ Vacancy / Trend ]</th>
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<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
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<td>199,702</td>
<td>142,496</td>
<td>146,346</td>
<td>148,253</td>
<td>151,218</td>
<td>154,242</td>
<td>157,327</td>
<td>160,474</td>
<td>163,683</td>
<td>166,957</td>
<td>170,296</td>
<td>173,702</td>
<td>177,176</td>
<td>180,720</td>
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<td>2,476,106</td>
<td>2,525,628</td>
<td>2,576,141</td>
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<td>2,680,217</td>
<td>2,732,821</td>
<td>2,786,897</td>
<td>2,844,267</td>
<td>2,903,152</td>
<td>2,953,157</td>
<td>3,003,559</td>
<td>3,057,726</td>
<td>3,140,201</td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Non-LHTC Rents</td>
<td>[10% / 2.0%]</td>
<td>128,365</td>
<td>(130,980)</td>
<td>(133,549)</td>
<td>(136,220)</td>
<td>(138,944)</td>
<td>(141,713)</td>
<td>(144,557)</td>
<td>(147,449)</td>
<td>(150,398)</td>
<td>(153,405)</td>
<td>(156,474)</td>
<td>(159,603)</td>
<td>(162,795)</td>
<td>(165,051)</td>
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<td>Non-LHTC Vacancy</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous, Net</td>
<td>[5% / 2.0%]</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Other Income, Net</td>
<td>[0% / 2.0%]</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

### EXPENSES

| Mgmt Fee            | See Note Below* | 128,343 | 130,910 | 133,528 | 136,199 | 138,503 | 141,704 | 144,535 | 147,426 | 150,375 | 153,383 | 156,451 | 159,580 | 162,722 | 165,947 |
| Operating & Maint   | [3.0%] | 373,368 | 384,569 | 396,106 | 407,889 | 420,229 | 432,836 | 442,821 | 450,196 | 467,922 | 481,161 | 501,766 | 533,829 | 554,334 | 584,104 |
| RE Taxes            | [3.0%] | 18,298 | 18,847 | 19,412 | 19,994 | 20,594 | 21,212 | 21,848 | 22,563 | 23,178 | 23,873 | 24,589 | 25,327 | 26,087 | 26,870 |
| **Total Operating Expenses** |      | 1,370,746 | 1,410,585 | 1,491,592 | 1,493,805 | 1,537,258 | 1,581,966 | 1,628,028 | 1,675,423 | 1,724,212 | 1,774,434 | 1,826,134 | 1,879,354 | 1,934,140 | 1,990,536 |
| NOI (Before DS & RR) |      | 1,068,148 | 1,077,087 | 1,085,813 | 1,094,369 | 1,102,680 | 1,110,750 | 1,118,163 | 1,126,099 | 1,133,340 | 1,140,270 | 1,146,863 | 1,153,104 | 1,158,967 | 1,164,434 |
| Annual RR Deposit   |      | 63,098 | 64,991 | 66,940 | 68,049 | 71,017 | 73,148 | 75,342 | 77,402 | 79,930 | 82,328 | 84,798 | 87,342 | 89,952 | 92,661 |
| **NOI for Debt Service & Waterfall** |      | 1,030,150 | 1,013,096 | 1,013,853 | 1,015,420 | 1,001,097 | 1,002,622 | 1,014,483 | 1,025,540 | 1,027,942 | 1,028,062 | 1,040,472 | 1,060,762 | 1,063,065 | 1,075,748 |

*Base Year Management Fee is 5.00% of the maximum LHTC.

### CASH FLOW WATERFALL

#### Interim Fee Holdback

#### Loan or Cash Flow Payment

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<tr>
<th>WATERFALL DESCRIPTION</th>
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<th>OPERATIONS OR IF</th>
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<tr>
<td>Conventional / Taxable 1st Mortgage</td>
<td>MUST-PAy</td>
<td></td>
</tr>
<tr>
<td>LP Asset Management Fee</td>
<td>NCF</td>
<td></td>
</tr>
<tr>
<td>Deferred Dev Fees</td>
<td>NCF</td>
<td></td>
</tr>
<tr>
<td>Non-Profit Tax Exempt Fee</td>
<td>NCF</td>
<td></td>
</tr>
<tr>
<td>GP (Michaelis Equity) Incentive Mgmt Fee A</td>
<td>NCF</td>
<td></td>
</tr>
<tr>
<td>Resident Council Oversight Fee</td>
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<td></td>
</tr>
<tr>
<td>GP (Michaelis Equity) Incentive Mgmt Fee B</td>
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<td>HAGC Ground Lease Note - Perm</td>
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</tr>
<tr>
<td>Loan of DM Grant</td>
<td>NCF</td>
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#### RESERVE Draw (Deposits)

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<th>OPERATING RESERVE</th>
<th>DEBT SERVICE RESERVE</th>
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#### To Partnership for GP / LP Split

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<th>MUST-PAy ORC</th>
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<th>1.34</th>
<th>1.35</th>
<th>1.36</th>
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<th>1.42</th>
<th>1.42</th>
<th>1.42</th>
<th>1.42</th>
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### AMORTIZATION AND CASH FLOW WATERFALL SCHEDULES

**Jordan Downs Phase S-2**

#### 1. Conventional / Taxable 1st Mortgage

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<tr>
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<th>Payment</th>
<th>Ending</th>
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</thead>
<tbody>
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<td>Principal</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2022</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2023</td>
<td>251,205</td>
<td>15,075,000</td>
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<td>878,821</td>
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<td>2025</td>
<td>888,018</td>
<td>14,892,520</td>
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<td>2026</td>
<td>897,149</td>
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<td>906,204</td>
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<td>915,171</td>
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<td>924,042</td>
<td>14,198,210</td>
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<td>2030</td>
<td>932,809</td>
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<td>949,981</td>
<td>13,599,643</td>
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<td>2045</td>
<td>1,043,221</td>
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<td>2046</td>
<td>1,048,497</td>
<td>9,991,497</td>
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<td>2047</td>
<td>1,053,410</td>
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<td>2048</td>
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### LP Asset Management Fee

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<th>Ending Payment</th>
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### Deferred Dev Fees

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<td>Balance</td>
<td>Total</td>
<td>Principal</td>
<td>Interest</td>
<td>Deferred Balance</td>
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*Printed: 2/9/2021 at 7:03 PM - Page 2 of 14*
## Non-Profit Tax Exempt Fee

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<td><strong>Term</strong></td>
<td>65</td>
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<td><strong>Cumulative Balance</strong></td>
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### Fee Payment Info

- **PMT Begin**: 4/1/2024
- **Annual PMT**: 20,000
- **Annual Inflation**: 3%
- **% of Avail CF**: 100%
- **Tier Split**: 100%

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<th>Deferred Balance</th>
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<td>-</td>
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</tr>
<tr>
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<td>-</td>
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<td>-</td>
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- **PMT Begin**: 4/1/2024
- **Annual PMT**: Variable
- **Annual Inflation**: 0%
- **% of Avail CF**: 20%
- **Tier Split**: 100%

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Jordan Downs S-2_PreClose_KB JT DL_02.09.21

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**Note:**
- **Interest Begin:** 10/1/2023
- **PMT Begin:** 4/1/2024
- **Annual PMT:** Variable
- **Annual Inflation:** 0%
- **% of Avail CF:** 100%
- **Tier Split:** 100%
- **Printed:** 2/9/2021 7:03 PM

**Loan Amort & CF Fees (auto)**

Jordan Downs 5-2_PreClose_KB JT DL_02.09.21

Printed: 2/9/2021 at 7:03 PM - Page 10 of 14
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### Perm Loan Payment Info

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| Tier Split                       | 100%            |

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<td>MDC</td>
<td>Proforma</td>
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<tr>
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</tr>
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<tr>
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<td>INSPECTION FEES</td>
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<td>Office Expenses</td>
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<td>OFFICE SUPPLIES</td>
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<td>BANK CHARGES</td>
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<td>Telephone, Answering &amp; Cable</td>
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<td>ANSWERING SERVICE</td>
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<tr>
<td>CABLE TV / INTERNET EXPENSE</td>
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<td>TELEPHONE</td>
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<tr>
<td>PAGERS &amp; CELLULAR PHONE EXPENSE</td>
<td>1,000</td>
</tr>
<tr>
<td>Social Services</td>
<td>56,000</td>
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<td>SOCIAL SERVICES - RESIDENT ASSOCIATION</td>
<td>2,000</td>
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<tr>
<td>SOCIAL SERVICE EXPENSE - 3rd Party</td>
<td>54,000</td>
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<tr>
<td>General</td>
<td>20,500</td>
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<tr>
<td>BAD DEBT EXPENSE</td>
<td>6,500</td>
</tr>
<tr>
<td>TRAINING EXPENSE</td>
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<tr>
<td>TRAVEL EXPENSE</td>
<td>2,000</td>
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<tr>
<td>AGENCY SERVICE FEE</td>
<td>10,000</td>
</tr>
<tr>
<td>Total Administrative</td>
<td>257,997</td>
</tr>
</tbody>
</table>

Notes:
- Mgt Fee Method = Rev %
- % and Calc. > 5.00% times the greater of actual net rents or max net LIHTC rents; operating pro forma shows Base Yr Fee is increased by 2.0% per yr. which is the annual income trending %.
<table>
<thead>
<tr>
<th></th>
<th>Proforma</th>
<th>Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>85,050</td>
<td>1,050</td>
</tr>
<tr>
<td>DECORATING - CYCLE PAINTING</td>
<td>12,150</td>
<td>150</td>
</tr>
<tr>
<td>JANITOR SUPPLIES</td>
<td>6,850</td>
<td>85</td>
</tr>
<tr>
<td>MISC MAINT EXP - Fire Prev Sys</td>
<td>1,300</td>
<td>16</td>
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<tr>
<td>MISC MAINT EXPENSE - Other</td>
<td>4,000</td>
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<td>60,750</td>
<td>750</td>
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<td>Security</td>
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<td>1,235</td>
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<tr>
<td>PROTECTION/SECURITY COSTS</td>
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<td>1,235</td>
</tr>
<tr>
<td>Grounds</td>
<td>9,000</td>
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<td>37</td>
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<tr>
<td>GROUNDS - Contract</td>
<td>6,000</td>
<td>74</td>
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<tr>
<td>Repairs</td>
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<td>3,125</td>
<td>39</td>
</tr>
<tr>
<td>REPAIRS - CARPENTRY</td>
<td>3,125</td>
<td>39</td>
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<tr>
<td>REPAIRS - CARPET &amp; FLOORS</td>
<td>3,125</td>
<td>39</td>
</tr>
<tr>
<td>REPAIRS - ELECTRICAL</td>
<td>3,125</td>
<td>39</td>
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<tr>
<td>REPAIRS - HVAC</td>
<td>3,125</td>
<td>39</td>
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<tr>
<td>REPAIRS - PLUMBING</td>
<td>3,125</td>
<td>39</td>
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<tr>
<td>EXTERIOR REPAIRS AND PAINTING</td>
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</tr>
<tr>
<td>REPAIRS - Elevator Contract</td>
<td>12,000</td>
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<td>Service Contracts</td>
<td>8,100</td>
<td>100</td>
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<tr>
<td>EXTERMINATING</td>
<td>8,100</td>
<td>100</td>
</tr>
<tr>
<td>Tools &amp; Equipment</td>
<td>500</td>
<td>6</td>
</tr>
<tr>
<td>SMALL TOOLS EXPENSE</td>
<td>500</td>
<td>6</td>
</tr>
<tr>
<td>Total Operating and Maintenance</td>
<td>239,650</td>
<td>2,959</td>
</tr>
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<td></td>
<td>MDC (Proforma)</td>
<td>Per Unit</td>
</tr>
<tr>
<td>--------------------------</td>
<td>----------------</td>
<td>----------</td>
</tr>
<tr>
<td><strong>PAYROLL &amp; BENEFITS</strong></td>
<td></td>
<td></td>
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<tr>
<td>Maintenance Payroll</td>
<td>42,500</td>
<td>525</td>
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<tr>
<td>Office Payroll</td>
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<td>Payroll Taxes</td>
<td>11,245</td>
<td>139</td>
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<tr>
<td>Health Insurance</td>
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<td>241</td>
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<tr>
<td>Workers Comp Insurance</td>
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<tr>
<td><strong>Total Payroll &amp; Benefits</strong></td>
<td>180,245</td>
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<tr>
<td>Sewer</td>
<td>37,500</td>
<td>463</td>
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<tr>
<td>Garbage &amp; Rubbish Removal</td>
<td>22,275</td>
<td>275</td>
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<tr>
<td><strong>Total Utilities</strong></td>
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<td>Insurance</td>
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<tr>
<td><strong>INSURANCE EXPENSE</strong></td>
<td>72,900</td>
<td>900</td>
</tr>
<tr>
<td><strong>REAL ESTATE TAXES</strong></td>
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<tr>
<td>Real Estate Taxes</td>
<td>11,745</td>
<td>145</td>
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<tr>
<td><strong>TAXES - REAL ESTATE</strong></td>
<td>11,745</td>
<td>145</td>
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<tr>
<td><strong>RESERVE FOR REPLACEMENT</strong></td>
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<tr>
<td>Reserve for Replacement</td>
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<td>500</td>
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<tr>
<td><strong>PROV FOR REPLACEMENTS</strong></td>
<td>40,500</td>
<td>500</td>
</tr>
</tbody>
</table>
EXHIBIT E

Relocation Plan

[attached]
JORDAN DOWNS
RELOCATION PLAN

Prepared by:
THE HOUSING AUTHORITY OF
THE CITY OF LOS ANGELES

UPDATED
DECEMBER 2019
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1. Introduction

The construction of a new development in an urbanized setting often requires the relocation of site occupants, for purposes of the Jordan Down’s Project the relocation of tenants will be necessary. This Relocation Plan sets forth procedures to assure the fair, uniform and equitable treatment of persons displaced from their homes when development occurs. It identifies the administrative requirements for conducting relocation and sets forth relocation standards, occupancy standards, methods for obtaining replacement housing, payments available and other related provisions of relocation practices.

The Housing Authority of the City of Los Angeles (HACLA) plans to revitalize the Jordan Downs community, an obsolete 670-unit public housing community located between Grape and Alameda Streets, 97th and 103rd Streets in the City of Los Angeles. HACLA proposes to develop a newly revitalized mixed-income community with a highly-organized recreation and enrichment center that will offer quality education, exceptional training and employment opportunities, to support the residents and their children in their effort to break the intergenerational cycle of poverty. The revitalized community is expected to house approximately 1,410 units of rental and ownership housing units, 120,000+ square feet of retail and approximately eight acres of open space. HACLA has selected Michaels Development Company and BRIDGE Housing Corporation as its co-developers. The following plan demonstrates how HACLA intends to comply with the regulatory requirements, as well as the spirit and intent of the Uniform Relocation Act.

The key opportunity at Jordan Downs is that HACLA owns a vacant 21-acre former industrial parcel of land within Jordan Downs. With this large parcel of vacant land, HACLA has committed to a “Build First” strategy for redevelopment and relocation. The redevelopment will proceed in phases which will allow new construction work to begin without dislocating existing households. It is the intent to sequence the delivery of new units with the demolition of existing obsolete units, to avoid the need for temporary relocation. HACLA is committed to a sensitive and choice-based relocation process. All applicable relocation options are available to the families at the site, whether they choose to move into a newly constructed unit or take the opportunity to move permanently off-site. The redevelopment is designed to occur in six distinct phases over a course of 10 years. The current phasing plan (see Attachment 1) anticipates the ability to manage a build-first approach throughout construction. This phasing plan may change based upon the pattern of building vacancies and tenant absorption. The first phase of construction began in May 2017. The relocation of Phase 1 is broken into 3 different phases, Phase 1A, Phase 1B and Phase 1C, the planning stage for which began in March 2018. The overall relocation process for the entire Phase 1 segment is estimated at 18 months with an expected completion date of August 2019.

Funding for the project is anticipated to come from: affordable housing tax credits; bonds; conventional loans; private and public grants including competitive State and Federal grants such as Choice Neighborhood Implementation grants, Community Development Block Grants, Affordable Housing Sustainable Communities funds, HUD Replacement Housing Factor funds and Demolition or Disposition Transitional Funding. In addition, HACLA has been approved for 190
units under the Rental Assistance Demonstration (RAD) program. Due to the funding sources and nature of funds involved, the requirements of the Uniform Relocation and Real Property Acquisition Policies Act of 1970, as amended (“URA”) and corresponding relocation requirements at 49 CFR Part 24, HUD Handbook 1378, California Government Code 7260, and Title 25 of the California Code of Regulations apply to the relocation planning and implementation components of this Project.

Any change of funding sources may require the plan to be updated accordingly to reflect compliance and statutory requirements adequate to the funding source.

2. PROJECT AREA DESCRIPTION

a) Regional Location
The Jordan Downs site is located east of the I-110 Freeway, west of the I-710 Freeway, south of the I-10 Freeway and north of the I-105 Freeway within the City of Los Angeles. The Project site is in the south Los Angeles area in the Watts neighborhood and is neighboring the communities of South Gate, Westmont, Willowbrook, Lynwood and Cudahy. (See Figure 1 Project Regional Location)
b) Project Site Location
The existing site is a 670-unit public housing community of Jordan Downs is located between Grape and Alameda Streets and 97th and 103rd Streets in the City of Los Angeles (See Figure 2 Project Site Boundary and Figure 3 Project Site Aerial Photo.)

Figure 2 Project Site Boundary

Figure 3 Project Site Aerial Photo
3. GENERAL DEMOGRAPHIC AND HOUSING CHARACTERISTICS

According to the 2016 U.S. Census, the population of the City of Los Angeles is 3,976,322, and based on 2010 information, the population of the impacted Census Tract 2421 is 2,714 (see Table 1: 2010 Census Population – City of Los Angeles & Impacted Tract). Corresponding Census data concerning the housing mix is shown in Table 2: 2010 Census Housing Units – City of Los Angeles & Impacted Tract.

Table 1: 2010 Census Population – City of Los Angeles & Impacted Tract

<table>
<thead>
<tr>
<th>Population</th>
<th>Tract 2421</th>
<th>%</th>
<th>City</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
<td>2,714</td>
<td>100.0%</td>
<td>3,792,621</td>
<td>100.0%</td>
</tr>
<tr>
<td>White</td>
<td>573</td>
<td>21.1%</td>
<td>1,888,158</td>
<td>49.8%</td>
</tr>
<tr>
<td>Black or African American</td>
<td>881</td>
<td>32.5%</td>
<td>365,118</td>
<td>9.6%</td>
</tr>
<tr>
<td>American Indian or Alaska Native</td>
<td>26</td>
<td>1.0%</td>
<td>28,215</td>
<td>0.7%</td>
</tr>
<tr>
<td>Asian</td>
<td>17</td>
<td>0.6%</td>
<td>426,959</td>
<td>11.3%</td>
</tr>
<tr>
<td>Native Hawaiian or Other Pacific Islander</td>
<td>0</td>
<td>0.0%</td>
<td>5,577</td>
<td>0.1%</td>
</tr>
<tr>
<td>Some Other Race</td>
<td>1,056</td>
<td>38.9%</td>
<td>902,959</td>
<td>23.8%</td>
</tr>
<tr>
<td>Two or More Races</td>
<td>161</td>
<td>5.9%</td>
<td>175,635</td>
<td>4.6%</td>
</tr>
<tr>
<td>Hispanic or Latino (of Any Race)</td>
<td>1,808</td>
<td>66.6%</td>
<td>1,838,822</td>
<td>48.5%</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, QT-PL. Race, Hispanic or Latino, and Age: 2010
2016 Census Data Not Available for Tract 2421

Table 2: 2010 Census Housing Units – City of Los Angeles & Impacted Tract

<table>
<thead>
<tr>
<th>Type</th>
<th>Tract 2421</th>
<th>%</th>
<th>City</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Units</td>
<td>708</td>
<td>100.0%</td>
<td>1,413,995</td>
<td>100.0%</td>
</tr>
<tr>
<td>Total Occupied Units</td>
<td>698</td>
<td>98.6%</td>
<td>1,318,168</td>
<td>93.2%</td>
</tr>
<tr>
<td>Owner-Occupied</td>
<td>6</td>
<td>0.2%</td>
<td>503,863</td>
<td>38.2%</td>
</tr>
<tr>
<td>Renter-Occupied</td>
<td>692</td>
<td>99.1%</td>
<td>814,305</td>
<td>61.8%</td>
</tr>
<tr>
<td>Vacant Housing Units</td>
<td>10</td>
<td>1.4%</td>
<td>95,827</td>
<td>6.8%</td>
</tr>
<tr>
<td>Available for Sale Only (of Total Vacant Units)</td>
<td>0</td>
<td>0.0%</td>
<td>10,930</td>
<td>0.8%</td>
</tr>
<tr>
<td>Available for Rent – Full Time Occupancy (of Total Vacant Units)</td>
<td>6</td>
<td>0.8%</td>
<td>53,309</td>
<td>3.8%</td>
</tr>
<tr>
<td>Sold or Rented – Not Occupied</td>
<td>1</td>
<td>0.1%</td>
<td>5,038</td>
<td>0.4%</td>
</tr>
<tr>
<td>Otherwise Not Available (e.g. seasonal, recreational, migratory, occasional use)</td>
<td>0</td>
<td>0.0%</td>
<td>7,540</td>
<td>0.5%</td>
</tr>
<tr>
<td>Other Vacant</td>
<td>3</td>
<td>0.4%</td>
<td>19,010</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

2016 Census Data Not Available for Tract 2421
4. **ASSESSMENT OF IMPACTED RESIDENTS AND RELOCATION NEEDS**

   a) **Survey Method**

   Information necessary for the preparation of this Plan was obtained through personal interviews conducted with the residents of Jordan Downs between March 3, 2018 and April 10, 2018 as well as electronic resident data provided by HACLA. Inquiries of residential occupants concerned; household size and composition, income, monthly rent obligation, length of occupancy, ethnicity, home language, disabilities/health problems, transportation needs, pets, legal presence status, and general information regarding the resident’s attitudes towards the Jordan Downs community and their desire to either remain within the community or relocate to a different development.

   The descriptive data in this Plan concerning residents is based solely on the verbal information provided by the interviewed residents. Multiple attempts (in writing, in person, and phone calls) were made to contact and interview each household. As of April 10, 2018, the relocation consultant was successful at interviewing 203 households out of 666 occupied households or 30% of households for the purpose of updating this relocation plan.

   b) **Project Survey Data**

   As of April 2018, there are currently 666 occupied units, and 4 vacant units. Of those 4 vacant units, 1 has been designated for non-residential use (RAC), and 3 are pending new occupancy. Most tenants are currently paying 30% of their gross household monthly income towards rent, while the balance of the rent is subsidized. (Mixed Family Households with both legally and non-legally present persons in the United States will pay more than 30%.)

   I. **Housing Mix**

   Table 3: Unit Bedroom Sizes outlines the existing breakdown of bedrooms by units occupied in Jordan Downs.

<table>
<thead>
<tr>
<th># of Bedrooms</th>
<th>One</th>
<th>Two</th>
<th>Three</th>
<th>Four</th>
<th>Five</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Units</td>
<td>77</td>
<td>239</td>
<td>265</td>
<td>62</td>
<td>23</td>
</tr>
</tbody>
</table>

   II. **Project Rents**

   Monthly rents in the Jordan Downs Project are based on tenants' ability to pay at an adjusted 30% of annual gross household income. Based on data provided by HACLA, below, Table 4: Actual Project Rents represents the average, rounded, monthly rent payments of the 666 occupied tenant households.
Table 4: Actual Project Rents

<table>
<thead>
<tr>
<th>Bedrooms</th>
<th>One</th>
<th>Two</th>
<th>Three</th>
<th>Four</th>
<th>Five</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>$251.03</td>
<td>$351.80</td>
<td>$530.57</td>
<td>$600.31</td>
<td>$543.39</td>
</tr>
</tbody>
</table>

III. Occupancy

The Project households interviewed that reported number of occupants and data received by HACLA consist of 2,297 individuals among 666 households, 1,224 of whom are adults and 1,073 of whom are children (Under the age of 18). The average household size is 3.44 persons per unit. The distribution of household sizes is provided in Table 5: Current Household Sizes.

Table 5: Current Household Sizes

<table>
<thead>
<tr>
<th># of People in Household</th>
<th># Households</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>100</td>
<td>15.02</td>
</tr>
<tr>
<td>Two</td>
<td>137</td>
<td>20.57</td>
</tr>
<tr>
<td>Three</td>
<td>124</td>
<td>18.62</td>
</tr>
<tr>
<td>Four</td>
<td>123</td>
<td>18.47</td>
</tr>
<tr>
<td>Five</td>
<td>89</td>
<td>13.36</td>
</tr>
<tr>
<td>Six</td>
<td>55</td>
<td>8.26</td>
</tr>
<tr>
<td>Seven</td>
<td>23</td>
<td>3.45</td>
</tr>
<tr>
<td>Eight</td>
<td>13</td>
<td>1.95</td>
</tr>
<tr>
<td>Nine</td>
<td>1</td>
<td>.15</td>
</tr>
<tr>
<td>Ten</td>
<td>1</td>
<td>.15</td>
</tr>
</tbody>
</table>

IV. Replacement Housing Needs

Replacement housing needs, as expressed in this Plan, are defined by the total number of required replacement units and the distribution of those units by bedroom size. The projected number of required units by bedroom size is calculated by comparing survey data relative to household size with HACLA’s replacement housing occupancy standards. These standards, allow for occupancy based on HACLA’s Public Housing Occupancy policy and is reflected in Table 6: Occupancy Standard:

Table 6: Occupancy Standard

<table>
<thead>
<tr>
<th>Size of Family</th>
<th>Number of Bedrooms in Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2</td>
<td>1</td>
</tr>
<tr>
<td>2-4</td>
<td>2</td>
</tr>
<tr>
<td>4-6</td>
<td>3</td>
</tr>
</tbody>
</table>
In addition, where a live-in aide has been approved, HACLA will first determine the appropriate number of bedrooms for the family in accordance with the above chart. HACLA will then approve one additional bedroom to accommodate a live-in aide provided the aide has met the requirements of Section 6.12 of HACLA’s Administrative Plan. The Occupancy Standard will be subject to all other appropriate provisions in the Section 8 Administrative Plan at the time it is applied as well as HUD Section 8 Program Regulations found in § 982.401 Housing Quality Standards (HQS) and § 982.402 Subsidy Standards.

Over-housed households will be eligible for HACLA subsidy based on the qualifying Section 8 Voucher size, not the size of the unit. Similarly, under-housed households may be required to move with a voucher for the number of bedrooms for which the household qualifies so they are right-sized. If a household cannot be immediately right-sized at the time of their relocation, HACLA will provide the household with the option to be temporarily over-housed in an on-site unit at no additional cost to the household. When a new unit becomes available in that phase or a future phase, the household will then be moved into the right-sized unit.

Table 7: Replacement Housing Needs, the following illustrates replacement housing needs requirements based on the 203 conducted interviews and data provided by HACLA:

<table>
<thead>
<tr>
<th>Bedroom Size</th>
<th>One</th>
<th>Two</th>
<th>Three</th>
<th>Four</th>
<th>Five</th>
</tr>
</thead>
<tbody>
<tr>
<td># Needed</td>
<td>237</td>
<td>247</td>
<td>144</td>
<td>36</td>
<td>2</td>
</tr>
</tbody>
</table>

HACLA continues to review the bedroom needs of existing households as their family composition changes. Appropriate actions will be taken to accommodate households that are under- or over-housed.

V. Income

Income information was obtained via household interviews and information provided by HACLA. According to income standards for the County of Los Angeles (Attachment 2) adjusted for family size as published by the Department of Housing and Urban Development (HUD) in April 2018, Project household incomes are presented in Table 8: Household Incomes.
Table 8: Household Incomes

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Extremely Low</th>
<th>Very Low</th>
<th>Low</th>
<th>Above Low</th>
</tr>
</thead>
<tbody>
<tr>
<td># Households</td>
<td>529</td>
<td>109</td>
<td>21</td>
<td>7</td>
</tr>
</tbody>
</table>

VI. Ethnicity/Language

Ethnicity and preferred language reported amongst the 203 households interviewed and data provided by HACLA is summarized in Table 9: Ethnicity and Table 10: Language. Although the majority of the residents within Jordan Downs Public Housing community are Hispanic/Latino, there are two other distinct ethnic groups of which the larger is African American and the “other” would consist of Asian American.

Table 9: Ethnicity

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Non-Hispanic / Latino</th>
<th>Hispanic/ Latino</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households</td>
<td>269</td>
<td>397</td>
</tr>
</tbody>
</table>

Table 10: Language

<table>
<thead>
<tr>
<th>Preferred Language</th>
<th>English</th>
<th>Spanish</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households</td>
<td>354</td>
<td>311</td>
<td>1</td>
</tr>
</tbody>
</table>

Moving forward, all required notices and assistance will be provided in the language understood by the household or translation services will be provided.

VII. Senior/Handicapped Households

Based on the 203 conducted interviews and data provided by HACLA, there are 113 known senior households (head of household or spouse 62 years or older), and 159 households reported having a member with physical and/or psychological disabilities that could affect the relocation process. Care will be taken to meet the special needs of each household, particularly as these needs involve physical access to accommodations. HACLA will take into consideration the number of replacement units needed to house all families with approved Reasonable Accommodations. In all cases involving physical or mental impairments, extra efforts will be made to provide close individual case management and monitoring.

VIII. Vehicles

Based on the 203 conducted interviews, of those households, there are 180 automobiles and 12 motorcycles. No information was provided in determining the remaining 463 occupied units.
IX. Pets / Animals

Based on the 203 conducted interviews and data provided by HACLA, it was determined that there are 34 dogs (26 HACLA verified Assistance/ Support Animals “Dogs”), 3 cats (1 HACLA verified Assistance/ Support Animal “cats”) and 5 other small animals. Other animals include; fish, turtle, rabbit and birds.

5. RELOCATION PROGRAM

The following items are intended to guide the relocation effort. All households will be given notices and ongoing communications regarding the relocation process, the assistance available to them, and related timeframes for resident relocations. All households were provided with the HUD required General Information Notice (Attachment 3) coupled with invitations to multiple resident meetings held on site during the same time frame to discuss the Project plans, relocation process and available resident options. HACLA continues to track any change in tenancy and provide General Information Notices to new resident households upon execution of new leases.

In order to move forward with the first phase of new construction, improve management and security on-site, 28 households in four separate buildings were transferred to other locations on-site in preparation for phase 1 construction activities. HACLA utilized existing vacancies and prioritized previously submitted transfer requests to ensure that a sufficient number of units were available at Jordan Downs for on-site transfers. These on-site transfers were completed in May 2016. The on-site transfers were processed under the existing authority and are not a subject of this relocation plan.

All residents, who are in “good standing” under their current leases at Jordan Downs, that is, the household is not evicted or terminated from housing assistance, will be eligible to move into new units once the new construction has been completed. HACLA will provide counseling through many outlets to help families during the entire relocation process, from initial briefings through the re-occupancy period. A Relocation Consultant will be assigned to each household prior to their scheduled relocation and will work with each household throughout the relocation process. In addition, during the transition to new housing, case managers through HACLA’s on-site service provider will assist the families with coordination of services, referrals to community resources as needed, and with the local schools for admission and transfers of resident students.

HACLA will also offer support for families during the transition to their newly constructed on-site unit and those residents who elected to move permanently off site by means of other assisted housing or under the Housing Choice Voucher (HCV) Program.

Residents electing to move offsite will also receive assistance with their housing search. The Relocation Agent will provide housing referrals, transportation, Section 8 inspection and contracting coordination and assist with rental negotiations, for those electing to move from the Jordan Downs development via the HCV program.
As part of the relocation process, HACLA or its development partners will provide a moving allowance or provide payment for the actual cost of a moving company (Actual Move) to move to a new unit as part of the relocation process, up to a 50-mile radius of Jordan Downs.

Regardless of whether existing Jordan Downs residents decide to move to the newly constructed housing or opt to move off site, HACLA intends to provide 700 units of replacement housing within the larger redevelopment.

The replacement unit breakdown of the initial 700 units is stated in Table 11: New Unit Sizes below.

<table>
<thead>
<tr>
<th>Unit Size</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 bedroom</td>
<td>81</td>
</tr>
<tr>
<td>2 bedrooms</td>
<td>257</td>
</tr>
<tr>
<td>3 bedrooms</td>
<td>276</td>
</tr>
<tr>
<td>4 bedrooms</td>
<td>62</td>
</tr>
<tr>
<td>5 bedrooms</td>
<td>24</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>700</strong></td>
</tr>
</tbody>
</table>

The first phase of the redevelopment of Jordan Downs commenced in May 2017. Under HACLA’s redevelopment plan, Jordan Downs will be preserved as affordable housing with RAD Vouchers and Project Based Vouchers. If HACLA does not receive all RAD vouchers, the balance of units will be ACC units (Annual Contributions Contract – Section 9 Housing.)

HACLA has determined that no resident will be involuntarily displaced, because all residents, in good standing, will be eligible to be relocated on site in the designated replacement units.

The following steps will be implemented during the relocation process:

a) Relocation Staff
   Implementation of this Relocation Plan will be the responsibility of the Relocation Consultant, or other individual(s) identified by HACLA. The Relocation Consultant will be the primary contact person for the residents. This person will be responsible for preparing and distributing all required relocation notices, maintaining the original list of households to be relocated, establishing and maintaining a recordkeeping system, identifying replacement units and coordinating the relocation of households within the required timelines.

b) Develop Individual Move Plans with each Head-of-Household
   The Relocation Consultant will meet with all households to confirm their options and relocation plans/needs and will provide all necessary assistance throughout the relocation process. Prior to, and upon completion of, the newly constructed units, the Relocation Consultant will do the following:
   - Assist residents with the completion of any necessary forms, whether for assistance or otherwise;
- Identify an appropriate replacement unit on site that meets HACLA occupancy requirements, which is suitable in its living conditions and has comparable amenities to the current unit.
- Identify at least three off-site comparable housing options with at least one option for an off-site comparable housing opportunity located in an area that is not minority-concentrated or poverty-concentrated and has access to community assets such as public transit, employment opportunities and education for each household. (A census tract is considered an opportunity tract, if <40% of the population is living below the poverty level and <40.1% of the population is non-white.)
- Conduct relocation information sessions with each head-of-household;
- Facilitate and schedule resident moves, and assist with utility transfers, completion of change of address forms, etc.

c) Moving Expense Payments
Moving assistance will be provided to all households moving to newly constructed Project units or off-site to other permanent units. This assistance includes:

- Transportation for the households and any personal property;
- Packing, crating, uncrating and unpacking of personal property for people who request reasonable accommodations;
- Storing of personal property (if applicable);
- Disconnecting, dismantling, removing, reassembling, and reinstalling relocated household appliances and other personal property as long as they have been installed with the approval of management and are in compliance with the lease;
- Reinstallation of utilities and/or services, i.e. telephone, gas and cable service;
- Insurance for the replacement value of the property in connection with the move and necessary storage;
- The replacement value of property lost, stolen or damaged in the process of moving (not through the fault or negligence of the displaced person) where insurance covering such loss, theft or damage is not reasonably available;
- Other moving related expenses deemed reasonable by the Relocation Coordinator, including any approved reasonable accommodations.

All residential occupants to be relocated will be eligible to receive a payment for moving expenses. Moving expense payments will be made based upon the actual cost of a professional move, a fixed payment based on a room-count schedule, or a combination of both.

I. Actual Cost (Professional Move)
Residents may elect to have a licensed professional mover perform the move. The actual cost of the moving services, based on at least two acceptable bids, will be compensated by HACLA in the form of a direct payment to the moving company upon presentation of an invoice. Transportation costs are limited to a distance of 50 miles. In addition to the actual move, costs associated with utility re-connections (i.e., gas, water, electricity, telephone, and cable, if any), are eligible for reimbursement.
II. **Actual Cost (Room Count)**

The Relocation Consultant will contract with 3 separate movers and provide a fee schedule according to eligible rooms. In this case, the approved mover would be compensated by HACLA in the form of a direct payment to move the occupant to the replacement unit based on the number of eligible rooms.

III. **Fixed Payment (based on Room Count Schedule)**

A household may elect to receive a fixed payment for moving expenses which is based on the number of rooms occupied in the displacement dwelling. In this case, the person to be relocated takes full responsibility for the move. The fixed payment includes all utility connections as described in (a), above. The fixed payment is a one-time, all-inclusive allowance that does not require back-up documentation. The current schedule for fixed payments is set forth in Table 12: Schedule of Fixed Moving Payments on the following page:

<table>
<thead>
<tr>
<th>Room count</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>Each additional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>$725</td>
<td>$930</td>
<td>$1,165</td>
<td>$1,375</td>
<td>$1,665</td>
<td>$1,925</td>
<td>$2,215</td>
<td>$2,505</td>
<td>$265</td>
</tr>
</tbody>
</table>

**Source:** California Department of Transportation, August 2015

<table>
<thead>
<tr>
<th>Room count</th>
<th>1</th>
<th>each additional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>$475</td>
<td>$90</td>
</tr>
</tbody>
</table>

**Furnished Dwelling**

- Right to Return

All tenants in good standing will be afforded the “right to return” and move into a newly constructed Project unit (Attachment 4). Although all Jordan Downs residents retain the right to remain within the Jordan Downs Project and will be offered a one-time direct move into a newly constructed Project unit, they may also be offered two other permanent replacement housing options.

If resident’s incomes are at or below 50% AMI, they can qualify for and may elect to receive a tenant-based Section 8 voucher and move to a comparable replacement unit within the City of Los Angeles. The Voucher Subsidy will be issued at a bedroom size equivalent to the number of bedrooms the household currently occupies, unless the household is found to be over-housed or under-housed. If right sizing is required, it will be based on the application of the minimum person per bedroom count under the Public Housing Occupancy standard for which the household is eligible based on existing members on the lease and any pre-approved additional bedroom accommodation. The Voucher Subsidy is issued specifically for use within the City of Los Angeles. If the resident desires to port out of the City of Los Angeles, the
subsidy standard and portability cannot be guaranteed but HACLA and its Relocation Consultant will work with the resident household to determine feasibility.

Residents may also choose to move to an available comparable public housing unit within a different public housing development owned by HACLA, if a unit is available at the time of their relocation. Residents will be given 30 days from receipt of their 90-Day Notice to inform HACLA of their desire to move to another public housing site so HACLA may have time to determine if a right-sized unit is available. During the time that HACLA is reviewing availability, the resident has not forfeited their option to either a Section 8 voucher or newly constructed Project unit and may select one of these alternative options if HACLA cannot find an appropriate public housing unit at the time of the request.

Residents returning to a newly constructed Project unit will be offered an appropriate replacement unit based on replacement unit availability and associated restrictions. Units will be matched to household composition and size as determined by HACLA records and information garnered from household interviews. Households needing ADA-restricted units will be paired first. HACLA will then look at all other approved reasonable accommodations on record and match household income with any regulatory restrictions on the replacement unit.

Once matches have been made, HACLA will determine if there are enough available replacement units for all households to receive their minimum number of person per bedroom ratio under the Public Housing Occupancy Standard. If HACLA finds there is a limited number of larger bedrooms available for households with similar income limits, size or composition, households with the most Seniority will be provided the first right to the larger units. Seniority is defined by length of tenancy at the effected public housing site and will be based on the initial date the Head of Household executed their lease. Seniority preference will conform to oldest lease date to newest within the group of impacted residents receiving a Notice to Move. Notices will go out with the unit size designation listed. If households receiving larger bedrooms decline the unit or voluntarily choose to take a smaller unit, HACLA will provide that larger unit to the next qualifying household who has the longest length of tenancy. If there are available Replacement Units still remaining, prior to initial lease up, HACLA will identify the next set of public housing residents to be noticed and will apply the same criteria set out above. This process does not replace any household’s right to submit a formal request for reasonable accommodation at any time or grieve their relocation benefit or process.

Relocation counselors will have pre-identified areas in the surrounding metro that meet the qualifications of not being minority or poverty concentrated areas and will access listings from the Housing Authority (public housing developments and Section 8 units) and market resources (including Section 8 units) in those areas and ensure that options are provided for families to move to those areas. If either of these alternative options is selected by the resident, they will forfeit their right to return to a Project unit.
When interviewed, the residents were asked to state their preferred choice as of the date of the interview. Residents were also advised they will be offered the three choices again closer to the time they are actually being required to move, and they may choose differently at that time. The summary of the choices indicated by the 203 households interviewed is stated in Table 13: Resident Choices - Permanent Housing below:

<table>
<thead>
<tr>
<th>Choice</th>
<th>New Jordan Downs Unit</th>
<th>Other Public Housing Unit</th>
<th>Tenant-based Section 8 Voucher</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td># Households</td>
<td>167</td>
<td>6</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>%</td>
<td>82.27</td>
<td>2.96</td>
<td>7.88</td>
<td>6.90</td>
</tr>
</tbody>
</table>

e) Resident Owned Fixtures
In all relocation methods, residents are responsible for disconnecting items that they have installed or attached inside or outside or their unit such as ceiling fans, wall-mounted televisions or other electronic devices, and exterior security gates or bars. Items that have been disconnected and removed from the fixed mounting will be packed and moved with all other furnishings. Items not removed will be considered abandoned and unclaimed and will be removed as part of the rehabilitation work. Assistance with removing personal items will be provided as needed pursuant to a request for reasonable accommodations.

6. DEFINITIONS

- **Act** - The United States Housing Act of 1937, as amended (42 U.S.C. 1401 et seq.)
- **Authority / HACLA** – The Housing Authority of the City Los Angeles.
- **CRAL** – California Government Code Section 7260 et seq. and the California Relocation Assistance and real Property Acquisition Guidelines, Title 15, CCR, Section 6000 et seq., the Guidelines and collectively the California Relocation Law.
- **Development Partners** - The selected development teams for each phase of the Jordan Downs Project
- **Eligible Resident** - Any resident of the project at the time of Initiations of Negotiations (ION) that is not unlawfully occupying a unit and is in good standing as a tenant in the Jordan Downs housing community.
- **Extended Temporary Relocation** – Relocation twelve months or more, in which the tenant retains their right to return to the RAD converted property.
- **HUD** - The United States Department of Housing and Urban Development
- **Ineligible Residents** – A resident that is unlawfully occupying a unit shall not be eligible for relocation assistance
- **ION Date** - Initiation of Negotiations for RAD projects is the date of the issuance of the RAD Conversion Commitment (RCC). Initiation of Negotiations under the State of California is the date of the Option to Lease and Purchase Agreement for each property.
• **PBV** – Project Based Vouchers; the form of subsidy to be provided to the property post-RAD conversion under a Housing Assistance Payment (HAP) Contract.
• **HCV** – Housing Choice Vouchers
• **On-site Moves** - A transfer to another unit on-site without moving off of the property.
• **Off-site Moves** - A transfer to another unit, either an approved section 8 unit or to another HACLA development.
• **Program** - A program or project undertaken by the Housing Authority of the City of Los Angeles to redevelop Jordan Downs.
• **Public Housing** – Housing developed under Section 9 of the 1937 Housing Act governed by an Annual Contributions Contract (ACC) between HUD and HACLA.
• **Redevelopment/Renovation** - The act or process of revitalizing the entire Jordan Downs site includes the demolition of 700 (670 Existing, 30 Previously Demolished) units of obsolete public housing and the construction of 1,410 new apartment and homeownership units for a mixed income community.
• **Rehabilitation** - A construction program to make physical improvements to the property necessary to extend the development’s long-term viability which may require residents to relocate.
• **Relocation** - Resident required moves as a result of a Rental Assistance Demonstration conversion under the Public Housing component of the demonstration.
• **Relocation Consultant** - A representative or agent of the Housing Authority of the City of Los Angeles, whose specific task, as a result of the redevelopment, is to relocate each resident, monitor and coordinate all relocation activity, and implement the relocation plan to ensure compliance with applicable relocation regulations, guidelines and laws.
• **Relocation Period** - The period during which residents may need to be relocated, determined by the period of rehabilitation or construction and specific to each property.
• **Relocation Plan** - The written document adopted by the Board of Commissioners of the Housing Authority of the City of Los Angeles that governs the policies and procedures to be utilized by the Relocation Agents, HACLA Staff and Developer in the implementation of the relocation program.
• **Right to Return** - The right of Eligible Residents that are relocated (through temporary relocation or extended temporary relocation) to return to a property converted under RAD after completion of the rehabilitation and/or construction.
• **Temporary Relocation** - Relocation of less than twelve months in which the resident retains their right to return to the property.
• **Temporary Relocation Assistance** – All relocation assistance and payments required under URA and CRAL for temporary relocation.
• **Unlawful Occupancy** - Unlawful occupancy is: (1) occupancy by a person that has been ordered to move by a court of competent jurisdiction; (2) or, if the person’s tenancy has been lawfully terminated by HACLA for cause, the tenant has vacated the premises, and
the termination was not undertaken for the purpose of evading relocation assistance obligations.

- **Voluntary Permanent Relocation** - Relocation option based on resident choice when relocation time period will exceed 12 months and resident chooses not to proceed with extended temporary relocation as confirmed by written consent of resident, relinquishing their right to return.

7. **RELOCATION SCHEDULE**

The relocation schedule is designed to provide minimum disruptions to residents without compromising the redevelopment.

Following receipt of all necessary HUD approvals, all households will receive notices on a rolling basis as determined by when their units are scheduled to be demolished within the phasing plan. The delivery of the first phase of replacement housing is anticipated in late 2018.

Although only 38% of the replacement units will be RAD units, all Project households will receive a RAD Relocation Notice and at least 90 days’ written notice to vacate per RAD and URA requirements. Because the proposed redevelopment is both a RAD conversion and a Section 18 disposition, HACLA has adopted the policy of following the RAD guidelines and providing relocation assistance as required to all Project occupants, regardless of whether or not they are designated to move into a RAD unit. HACLA’s policy includes the right to return, no-rescreening, relocation assistance, and resident choices regarding replacement housing.

8. **RELOCATION SERVICES**

Through the Relocation Consultant, the following services will be provided to all households prior to the commencement of each applicable phase of the redevelopment of the property:

- One-on-one meetings to identify household needs and preferences;
- Identifying and responding to special needs and reasonable accommodation issues and requests;
- Identifying available units that meet the needs of the households;
- Ensuring decent, safe and sanitary conditions in replacement dwellings;
- Scheduling moves and working closely with moving contractors to ensure moves are completed on schedule;
- Delivering all relevant relocation notices required in accordance with applicable federal, state and local regulations and maintaining all required documentation in household relocation files;
- Providing referrals to social service provider(s) as needed to address social service-related barriers to relocation.
- All persons with Limited English Proficiency Needs will be identified and translation services will be provided on a case by case basis.

Relocation staff will be available to assist any displaced household with questions and or assistance in relocation. Relocation staff will be located at the Jordan Downs Community Center located at 2010 E. 101st Street, Los Angeles, CA 90002 and available Monday thru Friday between the hours of 8:00am and 4:30pm.

9. **PROGRAM ASSURANCES AND STANDARDS**

Adequate funds are available to relocate all displaced households. Relocation assistance services will be provided to ensure that displacement does not result in different or separate treatment of households based on race, nationality, color, religion, national origin, sex, marital status, familial status, disability or any other basis protected by the federal Fair Housing Amendments Act, the Americans with Disabilities Act, Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, the California Fair Employment & Housing Act, and the Unruh Act, as well as, any other arbitrary or unlawful discrimination.

a) **Relocation Tax Consequences**

In general, relocation payments are not considered income for the purpose of the Internal Revenue Code of 1968, or the Personal Income Tax Law, Part 10 of the Revenue and Taxation Code. The above statement on tax consequences is not intended to be a provision of tax advice by HACLA, the co-developers, or Relocation Consultant. HACLA, the co-developers and Relocation Consultant cannot give specific advice related to tax law and residents are responsible for consulting with their own tax advisors concerning the tax consequences of relocation payments.

b) **Grievances Procedures**

HACLA’s appeals process will be consistent with the Provisions of Article 5 of the State relocation guidelines (Appendix A). The right to appeal shall be described in all relocation explanatory material distributed to displacees. HACLA’s grievance procedures are provided in detail in Attachment 5.

c) **Eviction Policy**

I. Eviction will cause the forfeiture of a displacees right to relocation assistance or benefits. Relocation records will be documented to reflect the specific circumstances surrounding any eviction action.

II. Eviction may be undertaken for one or more of the following reasons:
   a. Failure to pay rent, except in those cases where the failure to pay is due to the owner's failure to keep the premises in habitable condition; is the result of harassment or retaliatory action; or, is the result of discontinuation, or a substantial interruption of services;
   b. Performance of a dangerous, and/or illegal act in the unit;
c. A material breach of the rental agreement, and failure upon notification to correct said breach within 30 days of Notice;

d. Maintenance of a nuisance, and failure to abate such nuisance upon notification within a reasonable time following Notice to Correct;

e. Refusal to accept one of a reasonable number of offers of replacement dwellings; and/or,

f. A requirement under State, or local law or emergency circumstance

d) Termination of Public Housing Lease

Upon receipt of the RAD Conversion Commitment (RCC), the Development Teams shall provide each tenant with a 30-Day Notice of Termination of the Public Housing Lease Agreement from HACLA. The specific reason for termination of the Public Housing lease agreement is cited as follows:

“The property you currently occupy is participating in the Department of Housing and Urban Development’s (HUD) Rental Assistance Demonstration (RAD) Program. HUD will issue the RAD Conversion Commitment (RCC) to convert your property from Public Housing to Project Based Vouchers. Thus, your Public Housing Dwelling Lease will terminate 30 days from the date of this notice.”

Jointly with the issuance of the termination of the Public Housing lease agreement, the Development Team shall issue an offer of a new lease. All tenants will be required to execute the new lease effective the first of the month after closing of the RAD transaction. Each Development Team will utilize a lease of their choice but will include certain terms and conditions that will be consistent among all RAD converted properties and will include, as a minimum, the following documentation.

- HUD Project Based Voucher Tenancy Addendum
- RAD PBV lease rider
- PBV Statement of Family Obligations
- RAD House Rules

e) Termination of Lease During Temporary Relocation

A material breach of the lease agreement or temporary housing lease agreement and failure to correct such breach, within the stated notice requirements under the lease, state law or federal regulation may result in eviction action during the temporary relocation period.

f) Record Keeping

HACLA shall be responsible for retention of all General Information Notices issued prior to the implementation of the relocation program. The Relocation Consultant shall be responsible for all other records related to the resident relocation process. Records and documentation shall be kept in sufficient detail to demonstrate compliance with all CRAL, URA and RAD requirements. Such records shall include all notices and claim forms.
including evidence of payment of claims, and shall be retained for at least three years after the latest date of (1) the issuance of all payments to affected tenants; (2) the date of project completion; or (3) resolution of all issues resulting from litigation, negotiation, audit, or other action.

10. **SUMMARY**

This Plan will be provided to each household and will be made available to the public for the mandatory thirty (30) day review period. Comments to this Plan will be included as a Plan addendum prior to submission to the HACLA Board of Commissioners for its review and approval. A copy of the approved Plan will be forwarded to the California Department of Housing and Community Development (HCD).

HACLA proposes to revitalize the aging Jordan Downs development via the new construction of sustainable subsidized housing units within an expanded existing Project site. A variety of funding sources, including the RAD program, will be utilized to convert the public housing units to a mixed-finance housing development.

HACLA and its co-developers have adopted a build-first program, which is intended to eliminate the need for existing Project residents to relocate temporarily. Residents will have the right to move one time into a newly constructed Project unit, or they may choose to move off-site into another public housing development or via a tenant-based Section 8 voucher to another community of their choice. Moving assistance and advisory services will be provided to all Project occupants.

All relocation noticing and relocation activities will be conducted in compliance with RAD program and URA requirements. A qualified relocation consultant will be hired to provide relocation assistance services to the Project residents via the relocation program and plan described herein. Further, details are provided in the Frequently Asked Questions and Answers provided to the residents at the community meetings and presented in **Attachment 6**.

Residents who are relocated under temporary, extended temporary or voluntary permanent relocation, as a result of the rehabilitation shall be relocated to other decent, safe, sanitary and affordable housing (at rents no higher than permitted under the Act) on a non-discriminatory basis without regard to race, color, religion, creed, national origin, handicap, age, familial status, sex, sexual preference, sexual orientation or gender identity and in compliance with Federal, State and Local laws.
ATTACHMENT 1 – PHASING PLAN
Existing Conditions
Phase 3

Phase 3A: 135 Units
- New Construction: 135 Units
- Cumulative Demolition: 326 Units
- Relocate 24 households in preparation for Phase 3A demolition

Phase 3B: 125 Units
- New Construction: 125 Units
- Demolition for Phase 3B: 24 Residential units
- Cumulative Housing: 760 Units
- Cumulative Demolition: 350 Units
- Relocate 95 households in preparation for Phase 4A demolition
Phase 5

Phase 5A: 115 Units
- New Construction: 115 Units
- Cumulative Housing: 1,085 Units
- Cumulative Demolition: 580 Units.

Phase 5B: 75 Units
- New Construction: 75 Units
- Cumulative Housing: 1,150 Units
- Cumulative Demolition: 590 Units.
- Relocate 120 households in preparation for Phase 6A demolition.
Attachment 2

HUD INCOME LIMITS – LOS ANGELES COUNTY

The following figures are approved by the U. S. Department of Housing and Urban Development (HUD) for use in the County of Los Angeles to define and determine housing eligibility by income level.

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Extremely Low</th>
<th>Very Low</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Person</td>
<td>18,250</td>
<td>30,400</td>
<td>48,650</td>
</tr>
<tr>
<td>2 Person</td>
<td>20,850</td>
<td>34,750</td>
<td>55,600</td>
</tr>
<tr>
<td>3 Person</td>
<td>23,450</td>
<td>39,100</td>
<td>62,550</td>
</tr>
<tr>
<td>4 Person</td>
<td>26,050</td>
<td>43,400</td>
<td>69,450</td>
</tr>
<tr>
<td>5 Person</td>
<td>28,440</td>
<td>46,900</td>
<td>75,050</td>
</tr>
<tr>
<td>6 Person</td>
<td>32,580</td>
<td>50,350</td>
<td>80,600</td>
</tr>
<tr>
<td>7 Person</td>
<td>36,730</td>
<td>53,850</td>
<td>86,150</td>
</tr>
<tr>
<td>8 Person</td>
<td>40,890</td>
<td>57,300</td>
<td>91,700</td>
</tr>
</tbody>
</table>

Figures are per the Department of Housing and Urban Development (California), updated in March 28, 2016.
ATTACHMENT 3 – SAMPLE GENERAL INFORMATION NOTICE
June 7, 2016

<Resident>
<Address>
<City / Zip >

Dear <Resident>:

The property you currently occupy is being proposed to be redeveloped as new affordable housing by the Housing Authority of the City of Los Angeles (HACLA), which will require the ultimate demolition of your building prior to new construction. At this time, HACLA expects that the proposed demolition and new construction of Jordan Downs may require you to be relocated permanently from your unit. The redevelopment of Jordan Downs is a large endeavor and is expected to potentially take up to ten years to complete. It is unlikely that any resident will be required to relocate anytime in the next year or more.

This notice does not mean that you need to leave the property at this time. This is not a notice of eligibility for relocation assistance or a notice to vacate. The remainder of this letter only applies to situations where you will need to be relocated from your unit.

HACLA is proposing this as a “Build First” Project and is supporting one-for-one unit replacement in the new development. However, it is our duty, under Federal Law, to provide this notice to inform you of your potential rights. This notice serves to inform you of your potential rights under a federal law known as the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA). If the proposed project receives HUD approval, and if you are displaced permanently as a result, you may become eligible for relocation assistance and payments under the URA, including:

1) Relocation advisory services that include referrals to replacement properties, help in filing payment claims and other necessary assistance to help you successfully relocate;
2) At least 90 days’ advance written notice of the date you will be required to move;
3) Payment for moving expenses; and
4) Payments to enable you to rent a similar replacement home.

Note that pursuant to Public Law 105-117, aliens not lawfully present in the United States are not eligible for relocation assistance, unless such ineligibility would result in exceptional hardship to a qualifying spouse, parent, or child. All persons seeking relocation assistance will be required to certify that they are a United States citizen or national, or an immigrant lawfully present in the United States.

As a resident of Jordan Downs, HACLA intends to provide your household with a right to return to the Project as units are completed. If you are in good standing under your lease, you will be able to lease and occupy a unit in the converted project when the new construction is complete.

If you are permanently displaced from your home, you will not be required to move until you are given at least 90 days’ advance written notice of any required move and at least one comparable replacement
dwelling has been made available to you. Although it is not anticipated, if you are temporarily relocated, and your temporary relocation lasts more than one year, you will be contacted and offered permanent relocation assistance as a displaced person under the URA. This assistance would be in addition to any assistance you may receive in connection with temporary relocation and will not be reduced by the amount of any temporary relocation assistance you have already received.

If you are required to relocate from the property in the future, you will be informed in writing. HACLA or their designated representative will inform you of the assistance and payments for which you are eligible, and how you will receive these payments. If you become a displaced person, you will be provided reasonable assistance necessary to complete and file any required claim to receive a relocation payment. If you feel that your eligibility for assistance is not properly considered, you will also have the right to appeal a determination on your eligibility for relocation assistance. Complete details on appeal procedures are available upon request from HACLA.

You should continue to pay your rent and meet any other requirements specified in your lease. If you fail to do so, HACLA may have cause for your eviction. If you choose to move, or if you are evicted, prior to receiving a formal notice of relocation eligibility, you may become ineligible to receive relocation assistance. It is very important for you to contact us before making any moving plans.

HACLA has retained the professional firm of Overland, Pacific & Cutler, Inc. (OPC) to represent HACLA and assist in the relocation planning process. In order to assess and better plan for the relocation needs of possible displaced residential occupants in the Project, HACLA is preparing a Relocation Plan. To prepare this Relocation Plan, OPC staff will need to meet with you in your home to assess your relocation needs. If you have not already made an appointment with a Relocation Agent, please contact OPC to make an appointment that is convenient for you by calling:

Norma Jacquez or Liset Corona  
(800) 400-7356

Again, this is not a notice to vacate and does not establish eligibility for relocation payments or other relocation assistance. If HACLA decides not to move forward with the proposed Project, you will be notified in writing.

If you have any questions about this or any other relocation issues, please contact Norma Jacquez or Liset Corona at (800) 400-7356. Please execute the original version of this letter and return it to your Relocation Agent. You may retain the second copy for your personal records.

Sincerely,

Jenny Scanlin  
Development Director

Received by

Delivered on/by: ____________/___________

X

Posted on/by: ____________/___________

Recipient’s Signature

Mailed/receipt received on: ____________/___________

Date
March 24, 2016

Dear [Resident Name],

The property you currently occupy is being proposed for participation in the Department of Housing and Urban Development’s (HUD) Rental Assistance Demonstration (RAD) program. At this time, we expect that the proposed demolition and new construction of Jordan Downs Phase II may require you to be relocated permanently from your unit. We will provide further details to you as plans develop.

This notice does not mean that you need to leave the property at this time. This is not a notice of eligibility for relocation assistance or a notice to vacate. The remainder of this letter only applies to situations where you will need to be relocated from your unit.

This notice serves to inform you of your potential rights under the RAD program and a federal law known as the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA). If the proposed RAD project receives HUD approval, and if you are displaced permanently as a result, you may become eligible for relocation assistance and payments under the URA, including:

1) Relocation advisory services that include referrals to replacement properties, help in filing payment claims and other necessary assistance to help you successfully relocate;
2) At least 90 days’ advance written notice of the date you will be required to move;
3) Payment for moving expenses; and
4) Payments to enable you to rent a similar replacement home.

NOTE: Aliens not lawfully present in the United States are not eligible for URA relocation assistance, unless such ineligibility would result in exceptional and extremely unusual hardship to a qualifying spouse, parent, or child as defined at 49 CFR 24.208(h). All persons seeking relocation assistance will be required to certify that they are a United States citizen or national, or an immigrant lawfully present in the United States.

As a resident of a property participating in RAD, you have the right to return to the project after the project is complete. If you are in good standing under your lease, you will be able to lease and occupy a unit in the converted project when the new construction is complete.

If you are permanently displaced from your home, you will not be required to move until you are given at least 90 days’ advance written notice of any required move and at least one comparable replacement dwelling has been made available to you. Although it is not anticipated, if you are temporarily relocated, and your temporary relocation lasts more than one year, you will be contacted and offered permanent relocation assistance as a displaced person under the URA. This assistance would be in addition to any assistance you may receive in connection with temporary relocation and will not be reduced by the amount of any temporary relocation assistance you have already received.

If you are required to relocate from the property in the future, you will be informed in writing. HACLA or their designated representative will inform you of the assistance and payments for which you are eligible,
if you will be relocated because of RAD and how you will receive these payments. If you become a
placed person, you will be provided reasonable assistance necessary to complete and file any required
claim to receive a relocation payment. If you feel that your eligibility for assistance is not properly
considered, you will also have the right to appeal a determination on your eligibility for relocation
assistance.

You should continue to pay your rent and meet any other requirements specified in your
lease. If you fail to do so, HACLA may have cause for your eviction. If you choose to move, or
if you are evicted, prior to receiving a formal notice of relocation eligibility, you may become
ineligible to receive relocation assistance. It is very important for you to contact us before
making any moving plans.

HACLA has retained the professional firm of Overland, Pacific & Cutler, Inc. (OPC) to assist in the
relocation planning process. In order to assess and better plan for the relocation needs of displaced
residential occupants in the Project, HACLA is preparing a Relocation Plan. To prepare this relocation
plan, OPC staff will need to meet with you in your home to assess your relocation needs. OPC will be in
the area beginning the week of March 28th and will be trying to contact you then. If you want to make
an appointment that is convenient for you, please call the relocation agent identified below.

Norma Jacquez or Liset Corona
(800) 400-7356

You will be contacted soon so that we can provide you with more information about the proposed
project. If the project is approved, we will make every effort to accommodate your needs. In the
meantime, if you have any questions about our plans, please contact Norma Jacquez or Liset Corona
at: (800) 400-7356; nJacquez@opcservices.com or lcorona@opcservices.com; 3750
Schaufele Avenue, Long Beach, CA 90808.

This letter is important to you and should be retained.

Sincerely,

Jenny Scanlin
Development Director

Received by: ____________________________

Delivered on/by: ____________ / ____________

X____________________________

Recipient’s Signature

Posted on/by: ____________ / ____________

Mailed/receipt received on: ______ / ________

Date
### Relocation Budget Estimate

**Jordan Downs Redevelopment - HACLA**

#### August 26, 2016

<table>
<thead>
<tr>
<th>Relocation (Pikou)</th>
<th>CA (DOT Schedule)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-BR</td>
<td>1165</td>
</tr>
<tr>
<td>2-BR</td>
<td>1375</td>
</tr>
<tr>
<td>3-BR</td>
<td>1665</td>
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<td>4-BR</td>
<td>1925</td>
</tr>
<tr>
<td>5-BR</td>
<td>2215</td>
</tr>
</tbody>
</table>

**Relocation Benefit Costs For Residents**

<table>
<thead>
<tr>
<th>Estimated Residents at Relocation Date</th>
<th>1-BR</th>
<th>2-BR</th>
<th>3-BR</th>
<th>4-BR</th>
<th>5-BR</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households (Estimated Occupancy)</td>
<td>78</td>
<td>242</td>
<td>263</td>
<td>63</td>
<td>23</td>
<td>669</td>
</tr>
<tr>
<td>California DOT Schedule</td>
<td>1165</td>
<td>1375</td>
<td>1665</td>
<td>1925</td>
<td>2215</td>
<td></td>
</tr>
</tbody>
</table>

**Relocation Benefits Totals**

- $90,870
- $332,750
- $437,805
- $121,275
- $50,945

**TOTAL: $1,033,735**

**Security Deposits for Section 8 Clients**

<table>
<thead>
<tr>
<th>Estimated Residents at Relocation Date</th>
<th>1-BR</th>
<th>2-BR</th>
<th>3-BR</th>
<th>4-BR</th>
<th>5-BR</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households on-site</td>
<td>78</td>
<td>242</td>
<td>263</td>
<td>63</td>
<td>23</td>
<td>669</td>
</tr>
<tr>
<td>Households going into Section 8 (40%)</td>
<td>31</td>
<td>97</td>
<td>105</td>
<td>25</td>
<td>9</td>
<td>268</td>
</tr>
</tbody>
</table>

**Average Deposits for Section 8**

- $1,750
- $2,050
- $2,650
- $3,250
- $3,650

**TOTAL: $9,620**

**Relocation Costs for Security Deposits**

- $54,600
- $198,440
- $278,780
- $81,900
- $33,580

**TOTAL: $647,300**

### Relocation Counseling/Advisory Services - REQUIRED UNDER URA

<table>
<thead>
<tr>
<th>Per Unit/Household</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relocation Counseling</td>
<td>$1,714.00</td>
</tr>
<tr>
<td>Relocation Counseling</td>
<td>$250.00</td>
</tr>
<tr>
<td>Resident Transportation</td>
<td>$345.00</td>
</tr>
<tr>
<td>Site Security</td>
<td>$</td>
</tr>
</tbody>
</table>

**TOTAL: $1,406,376**

### Replacement Housing Payments

- Potential Replacement Housing Payments for Families

| 40 | 50 | 42 | $84,000 |

**GRAND TOTAL**

- $3,171,411

- Relocation Costs: $1,033,735
- Section 8 Deposits and Credit Checks: $647,300
- Relocation Counseling/Management: $1,406,376
- Replacement Housing Payments: $84,000

**Total: $3,171,411**

**Estimated Cost Per Household:** $4,741
ATTACHMENT 5 – GRIEVANCE PROCEDURES
Relocation - Appeals Policy and Procedures

Purpose and Governing Law
Any person who is aggrieved by a determination as to eligibility, the amount of payment, the failure of the Housing Authority of the City of Los Angeles (HACLA) to provide comparable permanent or adequate temporary replacement housing or the HACLA’s property management practices may, at his/her election have his/her claim reviewed and reconsidered by HACLA or an authorized designee (other than the person who made the determination in question) in accordance with the procedures set forth here.

The Grievance Officer shall promptly hear all complaints brought by aggrieved persons of a redevelopment project area relating to relocation and shall determine if HACLA has complied with the provisions of these Rules and Regulations and where applicable, with federal law and regulations as codified in 24 CFR 966 Subpart B.

The grievance procedure’s purpose is to set requirements, standards, and criteria to make sure that the tenants of HACLA’s public housing program are afforded an opportunity for an appeals procedure.

Reasonable Accommodations
HACLA shall provide reasonable accommodations to Tenants with disabilities such as providing qualified sign language interpreters, readers, and selecting accessible locations. If the Tenant is visually impaired, any notice that is required under this procedure will be in an accessible format.

Informal Conference
A. An Informal Conference is provided to the Tenant so that both the tenant and the HACLA have an opportunity to discuss and settle a relocation grievance without the need for a Formal Hearing.
B. A request for an Informal Conference will be required by the Tenant to the designated HACLA Relocation Manager.
C. Within fourteen (14) calendar days after the Tenant requests an informal conference, the Tenant will be given an opportunity to personally present his/her grievance, either orally or in writing, to the designated HACLA Relocation Manager or a supervisor of the designated HACLA Relocation Manager.
D. The person who conducted the Informal Conference and heard the Tenant’s Grievance shall prepare a written Manager’s Decision regarding the Informal Conference. It shall specify:
   1. The date of the meeting;
   2. The names of the participants;
   3. The nature of the Grievance;
   4. The proposed disposition of the Grievance and specific reasons therefor; and
   5. A brief statement of the procedure the Tenant must follow in order to obtain a Formal Hearing should the Tenant be dissatisfied with the Manager’s Decision.
E. The Manager’s Decision will be mailed, first class mail, proof of mailing required, within thirty (30) calendar days of the date of the Informal Conference. Additionally, the
mailing shall include (i) a Tenant Request for a Formal Hearing, a copy of which is attached hereto to this Grievance Procedure.

F. Failure to timely request or attend an Informal Conference shall be deemed a waiver of the Tenant’s right to proceed under the Grievance Procedure. However, such waiver shall not affect any other rights or remedies the Tenant may have under the law.

**Formal Hearings**

A. The Formal Hearing’s purpose is to provide a Tenant with an opportunity to have his/her Grievance resolved by HACLA when dissatisfied with the Manager’s Decision.

B. A Tenant has to complete the Informal Conference procedure before requesting a Formal Hearing.

C. Time, Place and Manner of Requesting a Formal Hearing.

1. In order to obtain a Formal Hearing regarding the Tenant’s Grievance, the Tenant shall timely submit completed Tenant Request For A Formal Hearing, which shall:
   a) Specify the nature of the Grievance;
   b) The action or relief sought;
   c) The need and type of interpreter services, if any; and
   d) The need and nature of any reasonable accommodation, if the Tenant is disabled and desires an accommodation.

2. A Tenant Request for a Formal Hearing shall be submitted to HACLA by certified mail, return receipt requested, within thirty (30) days following the mailing of the Manager’s Decision. The Tenant Request for a Formal hearing shall be addressed to the HACLA’s Director of Development, at the central administrative offices of HACLA, ATTN: Grievance Administrator.

3. Failure to timely request a Formal Hearing shall be deemed a waiver of the Tenant’s right to proceed under the Grievance Procedure. However, such waiver shall not affect any other rights or remedies the Tenant may have under the law.

4. The Grievance Administrator shall reject any Tenant Request for a Formal Hearing not made in accordance with the Grievance Procedure or involve matters that are not in relation to relocation process. In either event, the Tenant shall be notified in writing of the rejection and the reasons therefore.

D. Formal Hearing Setting, Continuances and Failure to Appear

1. A date for the Formal Hearing will be set within thirty (30) calendar days of receipt of a request by the Grievance Administrator.

2. A Notice of Formal Hearing shall be sent first class mail not less than fourteen (14) calendar days before the date of the Formal Hearing to the Tenant, or if represented, the Tenant’s Formal Representative, and the Housing Authority’s Formal Representative. Such notice shall state the date, time and place for the Formal Hearing.

3. Continuances may be granted:
   a) Only by a written agreement between HACLA’s Formal Representative and the Tenant, or the Tenant’s Formal Representative, received by the Grievance Administrator at least five (5) calendar days before the scheduled Formal Hearing; or
   b) By agreement of HACLA’s Formal Representative and the Tenant, or the Tenant’s Formal Representative, at the time of the Formal Hearing; or
c) Upon a showing of good cause to the Hearing Officer at the time of the Formal Hearing; but, in no event may the Hearing Officer continue the Formal Hearing more than (i) five (5) calendar days where the Tenant fails to appear at the time of the Formal Hearing.

4. If the Tenant fails to appear at the time of the Formal Hearing, the Hearing Officer may either continue the case, as set forth above, or deem the Tenant’s failure to appear as a waiver of the Tenant’s right to a Formal Hearing. However, such waiver shall not affect any other rights or remedies the Tenant may have under the law.

E. Exchange of Evidence

As soon as the Tenant’s request for a Formal Hearing is made and no later than ten (10) business days before the Formal Hearing, both the Tenant or the Tenant’s Formal Representative and HACLA’s Formal Representative may request of the other, in writing, copies of all relevant documents and regulations intended to be used by the other at the time of the Formal Hearing. The cost of such copies shall be at the expense of the requestor. The Tenant’s right to request documents, as set forth above, shall be in addition to the right that the Tenant has to obtain, upon timely request, copies of any and all documents that are within the tenant file HACLA keeps with respect to the Tenant. If the complainant requests more time to gather and prepare additional material for consideration review and demonstrate a reasonable basis therefore, the complainant should be granted additional time.

F. Rules Governing the Hearing

The following rules shall govern the hearing:

1. Formal Hearing shall be set before an impartial and independent Hearing Office, selected in accordance with Grievance Procedure. The Manager’s Decision and a completed Tenant Request for a Formal Hearing shall serve as the pleadings, to frame the issues, before the Hearing Officer.

2. Unless the Tenant requests a public hearing, the tenant shall have the right to a private hearing.

3. Only documents provided in accordance with the Grievance Procedure may be presented at the time of the Formal Hearing.

4. The Tenant has the right to be represented by counsel or other persons chosen by the Tenant to present evidence and arguments on his/her behalf. Counsel, the individual who held the Informal Conference with the Tenant, or by some other person approved by the Director of HACLA’s Director of Development, may represent HACLA.

5. The Tenant has the right to present evidence and arguments in support of his/her Grievance, to controvert evidence relied upon by HACLA and to confront and cross-examine all witnesses upon whose testimony or information HACLA relies.

6. The Hearing shall be conducted informally. Oral and documentary evidence pertinent to the facts and issues raised by complainant may be received as evidence without regard to admissibility under the rules of evidence which apply to judicial proceedings.

7. Testimony shall be given under oath. The Hearing Officer will administer oaths.
8. The Hearing Officer shall hear all the testimony and accept the records, reports, documents and materials into evidence as submitted by the Tenant and HACLA. The Hearing Officer shall evaluate and give weight to the evidence to the extent of its relevance. The Hearing Officer shall have the right to examine any persons testifying and evidence submitted at the hearing. If a party or witness refuses to answer or comply with a request by the Hearing Officer for the opportunity to examine the evidence, the Hearing Officer may disregard the testimony of that person or that evidence.

9. The Grievance Administrator must electronically record the Formal Hearing and either HACLA or the Tenant may request to have a written transcript of the proceedings prepared at its expense.

10. The Hearing Officer shall require all individuals at the Formal Hearing to adhere to orderly conduct. Failure to comply with the direction of the Hearing Officer may result in the disorderly party being excluded from the hearing.

11. The parties to the grievance may stipulate to any or all factual allegations. Where all factual allegations are agreed, the Hearing Officer may make a decision without holding a hearing.

12. The Hearing Officer may make a decision without holding a hearing if the Hearing Officer determines that the issue has been decided in a previous grievance hearing.

13. A settlement may be reached at any time, provided such settlement is not contrary to law, regulation or a contract between HACLA and HUD.

G. The Decision

1. The Hearing Officer shall prepare a written decision. Such decision shall be:
   a) Made within thirty (30) calendar days of the conclusion of the Formal Hearing;
   b) State the reasons for the decision and the evidence relied upon (the Hearing Officer may only consider testimony and evidence presented at the time of the hearing);
   c) Dated and signed by the Hearing Officer who presided over the Formal Hearing; and
   d) Delivered to the Grievance Administrator who shall, within ten (10) calendar days thereafter, mail a copy to the Tenant, or the Tenant’s representative, and deliver a copy to the Director of Development.

2. If the Hearing Officer is unable to reach a decision within the time allowed, the relief sought by the Tenant shall be granted.

H. Effect of Decision

1. The decision of the Hearing Officer shall be binding on HACLA and HACLA shall take all actions, or refrain from actions, necessary to carry out that decision, unless the Housing Authority Board of Commissioners determines and notifies the Tenant within sixty (60) calendar days following the decision that:
   a) The Tenant dispute did not constitute a grievance as defined in this Grievance Procedure; OR,
   b) The decision is contrary to applicable, law, regulations, or contract between the Housing Authority and HUD.
2. A decision by the Hearing Officer or HACLA Board of Commissioners in favor of HACLA or one which denies the relief requested by the Tenant in whole or in part shall not constitute a waiver of, nor affect in any manner whatever, any rights the Tenant may have to pursue and appropriate judicial proceeding thereafter.

Selection of a Hearing Officer
When a Formal hearing is required, the Grievance Administrator shall select an impartial Hearing Officer from a list of certified Hearing Officers who:

a) Neither made nor approved HACLA’s action under review, or is a subordinate or such a person described; or

b) Does not reside or is employed at the same development as the Tenant.

Grievance Administrator
The Director of Development, or his or her designee, shall serve as the Grievance Administrator and shall administer all aspects of the Formal Hearing Grievance Procedure. Duties shall include, without limitation:

a) Receiving Formal Hearing requests;
b) Setting the date, time and place of Formal Hearings;
c) Maintaining a list of certified Hearing Officers;
d) Selecting a certified Hearing Officer for each Formal Hearing;
e) Providing Notice of Formal Hearing;
f) Mailing copies of Decisions to all parties;
g) Issuing subpoenas requiring the attendance of witnesses or the production of books and papers at the request of either the Tenant or HACLA;
h) Maintaining all documents directly relevant to the Formal Hearing submitted evidence and the original decision of the Hearing Officer; and
i) Maintaining copies of all decisions, with all names and identifying references deleted, for the purpose of inspection by prospective Tenants and Hearing Officers.

Certification Procedure of Hearing Officers
To be certified as a Hearing Officer, a person:

a) Must be recommended by the Director of Development;
b) Must be selected after consultation with resident organizations and consideration of any comments submitted in response; and

c) Must have a combination of three years working experience with the interpretation, implementation, management and/or application of public housing landlord-tenant rental agreements (i.e. a public housing manager or former manager) or three years working experience as a professional mediator or attorney.
TENANT REQUEST FOR A FORMAL HEARING

DATE: _________________________

TO:

________________________________________________________________________

Tenant’s Name

:________________________________________________________________________

Address Unit #

:________________________________________________________________________

City State Zip:

________________________________________________________________________

PLEASE TAKE NOTICE that if you are dissatisfied with the Manager’s Decision (delivered herewith) and wish a formal hearing in accordance with the Authority’s grievance procedure, you may complete this Tenant Request for a Formal Hearing form and mail it, certified mail, return receipt requested, to The Director of Development, Housing Authority of the City of Los Angeles, 2600 Wilshire Boulevard, Los Angeles CA 90057: Attn: Grievance Administrator. You must mail this form within (30) days of the mailing of the Manager’s Decision to you. Failure to complete and mail this form within ten (30) days will result in waiver of your rights to a formal hearing.

________________________________________________________________________

Pursuant to federal regulation and in accordance with the Housing Authority’s grievance procedure, you must set forth below the specific reasons for your grievance and the action or relief you want. Simple statements such as, “I disagree with the decision” will be rejected as nonspecific.

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IF NECESSARY, CONTINUE ON A SEPARATE SHEET OF PAPER

Date: ____________________
Resident(s) Signature: ____________________

Address where I desire to receive notices concerning this request and/or the scheduling of the hearing is:

_________________________________________________________________
_________________________________________________________________
_________________________________________________________________
_________________________________________________________________
ATTACHMENT 6 – SAMPLE FREQUENTLY ASKED QUESTIONS
Frequently Asked Questions and Answers about Jordan Downs Revitalization and Relocation
Prepared For: Relocation Meetings

1. What is the new Jordan Downs redevelopment project?
   Jordan Downs Revitalization is the development of new housing adjacent to and on the existing Jordan Downs public housing site to create a new healthy, mixed-income neighborhood. Jordan Downs’ residents and Watt’s neighbors worked with HACLA for two years to create the Jordan Downs Master Plan. The master plan includes up to 1,800 affordable and market rate housing units, including 700 replacement housing units for existing residents, new parks, new streets and utilities, and a new neighborhood hubs with retail, child care, after school programs, and recreation and fitness for the entire family.

2. How will the revitalization take place?
   The first phase of this project will be built on a 21-acre former industrial property adjacent to Jordan Downs Public Housing, purchased by HACLA in 2009. The first phase will include 250-units of housing, approximately 120,000 square feet of retail, the extension of Century Boulevard to Tweedy Street and a series of new open and recreation spaces. Future phases will be developed over time as residents relocate into the new units built. HACLA has partnered with BRIDGE Housing and Michaels Development Company to plan, construct and manage the housing and Primestor Inc. to plan, construct and manage the retail center. Funding for the development will come from public and private sources and will include loans and grants.

3. When will construction for the revitalization of Jordan Downs begin? How long will it take?
   Construction of the first two affordable housing developments, Housing Phases 1A and 1B, are planned to start in late 2016 and complete construction in early 2018. The construction at Jordan Downs will be divided into phases, with new streets and sidewalks, utilities, and housing. The next phase will include new parks and neighborhood serving facilities, such as a community center. The total construction period is approximately 10 years, depending on funding.

4. Will my rent change once the new housing is built?
   Rent levels for public housing replacement units in the new community will still be based on 30% of your household’s adjusted gross income, just as it is now. For the majority of households, your rent will only change for the same reasons it could change now: for instance if your household income changes or your family size changes. However, if your household income is over 80% Area Median Income; you are currently paying a flat rent; or you have household members who are not legal residents, you may be subject to other rent adjustments. In these limited cases, if your rent increases more than 10% and requires you to pay more than $25 per month in additional rent, your new rent will be phased in over 3 years.
5. Will the Housing Authority still be my landlord?
No, the Housing Authority will not be the landlord. Instead, an affiliate of Michaels Development Company or BRIDGE Housing is expected to manage the buildings with public housing replacement units. Michaels Development Corporation and BRIDGE Housing are affordable housing developers committed to providing permanent affordable housing to low-income households.

While the buildings will not be owned and managed by the Housing Authority of the City of Los Angeles, the Housing Authority will keep ownership of the land and lease the land to each building’s new owner. By keeping ownership of the land, the Housing Authority can make sure that the housing always stays affordable and set standards and requirements for management and maintenance of the site.

6. How will the design of each building be determined?
Each new affordable housing building constructed will be designed by architects selected by Michaels/BRIDGE and approved by HACLA. Michaels and BRIDGE will organize community design meetings of residents and neighbors to participate in the design. Funding sources for the new buildings set the standards for the size of unit each family will get. The unit size depends on the number of people who are in the household and on the lease. All units will be brand new, energy efficient, and adequately sized to meet each household’s needs.

7. Can I have a pet in my new apartment?
Michaels/BRIDGE will organize a series of community meetings in the future to address house rules, including policies about pets. You will be invited to participate in those meetings to provide input on house rules.

8. How long will the new development remain affordable?
At minimum, the housing will remain affordable for a period of 99 years. It is the intention of both HACLA and Michaels/BRIDGE that the housing will remain affordable forever.

9. Will the rebuilding of Jordan Downs generate employment opportunities for residents?
Yes. The Housing and Urban Development Department and HACLA require that construction and permanent jobs in the revitalization projects are made available to public housing residents, Watt’s residents, and local businesses. Each developer must create a jobs plan and work with local non-profits and schools to help prepare residents, including both adults and youth, for construction-related jobs, as well as other employment opportunities that may arise through the development process.

10. Will I have the opportunity to move into new housing?
All existing Jordan Downs households are provided a right to relocate in the new housing being developed as long as they are in Good Standing under their lease.

11. What does good standing mean?
Good standing means the household has not been evicted or terminated from housing assistance by the Housing Authority of the City of Los Angeles by the time the household
receives a written Notice of Eligibility for relocation benefits, which is given to the household at least 90 days before it is time for the household to move and prior to the household executing its lease for a new unit. To help ensure that your household remains in good standing as well as remains eligible for relocation benefits, it is very important that each household is paying rent and complying with the HACLA lease until it is time for your household to move.

12. What is a Relocation Plan?
A Relocation Plan is a document that outlines the Housing Authority’s and Michaels/BRIDGE’s obligations to provide assistance to families who have to relocate because of new development. The Plan defines what laws apply, and estimates the budget necessary to carry out relocation activities. A Relocation Plan is required by HUD in order to carry out the revitalization of Jordan Downs.

13. Will residents have the opportunity to participate in the creation of the Relocation Plan?
Yes. Residents are invited to community meetings to learn about the Relocation Plan, and to provide input on what the Plan says. In addition, HACLA’s Relocation Coordinators will interview each household to learn how HACLA, Michael’s and BRIDGE can meet the relocation needs of residents.

14. Who approves the Relocation Plan?
Once the Relocation Plan has been drafted, it will be made available to the public for comments during a 30-day public comment period. Following that comment period, the Relocation Plan must be approved by the HACLA Board of Commissioners in a public hearing.

15. When will I have to move?
Existing households will not have to move until demolition or construction is scheduled for the area where you live. The first phase of demolition that could trigger relocation is anticipated to begin in fall 2018 at the area between E. Century Boulevard and East 101st Street. Households living in different areas of Jordan Downs will relocate at different times.

16. What moving assistance will be provided to my household?
Moving assistance will be provided in accordance with the Uniform Relocation Act (URA) and the State of California Relocation Assistance Guidelines (Guidelines). Each household will be provided 1) advisory assistance and services by HACLA’s Relocation Coordinator to plan and execute your move; 2) assistance with reasonable increased out of pocket housing costs; and 3) actual and reasonable moving expenses. If a household chooses to be relocated to a unit outside of Jordan Downs, the household will be offered at least one comparable housing unit, and where possible, three or more comparable units and will be provided with a Tenant Protection Voucher.

17. How will I be notified of what relocation assistance I will be eligible to receive?
You will get a written Notice of Eligibility (NOE) describing these relocation benefits at least 90 days before you will be required to move, and you will receive relocation advisory
assistance before that. If you move before you receive a NOE you will not be eligible for relocation assistance and benefits.

**Households should not move out of Jordan Downs until they receive a NOE. If they move prior to receiving the NOE, they may forfeit their rights to receiving relocation assistance and their right to return to a new unit at Jordan Downs.**

18. **What relocation assistance is available to households who voluntarily moved after they received the General Information Notice (GIN)?**

Households who voluntarily move after the receipt of the GIN and prior to receiving a Notice of Eligibility (NOE), are not eligible to receive relocation assistance. Former residents that have already moved, who feel they are eligible to receive relocation assistance, may request a review of their case to the Housing Authority of the City of Los Angeles. **Again, please note that households should not move out of Jordan Downs until they receive a NOE. Should they move prior to receiving the NOE they may forfeit their rights to receiving relocation assistance and their right to return to a new unit at Jordan Downs.**

19. **Will vouchers be available to families that do not want to move into the new units?**

Tenant Protection Vouchers are expected to be available to residents who do not want to move into a new unit in the Jordan Downs redevelopment.

20. **What are next steps?**

The next step is to develop a Relocation Plan. You are encouraged to participate in one of the upcoming Relocation Planning meetings, as well as to schedule your one-on-one conversation with one of HACLA’s Relocation Coordinators.

---

**Primary Contacts:**

**HACLA**
John King, Community Relations Officer  213-252-5464  John.King@hacla.org

**BRIDGE Housing**
Marco Ramirez, Senior Manager, Community Development  213-440-4485  
MRamirez@bridgehousing.org
Kassie Bertumen, Community Development Mngr.  415-989-1111 x4008  
KBertumen@bridgehousing.org

**Relocation Consultant (Overland Pacific & Cutler)**
Hernando Avilez, Project Manager  800-400-7356  HAvilez@opcservices.com
### JORDAN DOWNS RELOCATION PLAN

**RESPONSES TO RESIDENT COMMENTS RECEIVED DURING THE 30 DAY PUBLIC COMMENT PERIOD**

<table>
<thead>
<tr>
<th>Resident Question/Concern</th>
<th>RESPONSE</th>
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</table>
| 1. What kind of relocation assistance will be provided to tenants with disabilities? | HACLA and its Relocation Consultant will assist tenants with disabilities throughout the relocation process and closely follow all provisions under the Federal Code of Regulations to ensure that no displaced person with disabilities is excluded from participating in, denied the benefits of, or subjected to discrimination in the provision of relocation assistance because of the person’s disability. The Relocation Plan acknowledges the needs of those tenants in relation to both relocation on-site at the redeveloped Jordan Downs or off-site with a Section 8 voucher, as follows:  

“There are 60 known senior households (head of household or spouse 62 years or older), and 96 households reported having a member with physical and/or psychological disabilities that could affect the relocation process. **Care will be taken to meet the special needs of each household, particularly as these needs involve physical access to accommodations. HACLA will take into consideration the number of replacement units needed to house all families with approved Reasonable Accommodations. In all cases involving physical or mental impairments, extra efforts will be made to provide close individual case monitoring.**” (p. 10)  

“The Relocation Consultant will meet with all households to confirm their choices and relocation plans/needs and will provide all necessary assistance throughout the relocation process. Prior to, and upon completion of, the newly constructed units, the Relocation Consultant will do the following:  

- **Identify an appropriate replacement unit on site that meets HACLA occupancy requirements, which is suitable in its living conditions and has comparable amenities to the current unit;**” (p. 12)  

“Moving assistance will be provided to all households moving to newly constructed Project units or off-site to other permanent units. This assistance includes:  

2. **Packing, crating, uncrating and unpacking of personal property for people who request reasonable accommodations;**” (p. 13) |
“Through the Relocation Consultant, the following services will be provided to all households prior to the commencement of each applicable phase of the redevelopment of the property:

- **Identifying and responding to special needs and reasonable accommodation issues and requests;**
- **Identifying available units that meet the needs of the households;**
- **Providing referrals to social service provider(s) as needed to address social service-related barriers to relocation”** (p. 16)

On a permanent basis, the newly constructed units at Jordan Downs will provide accommodations for disabled persons, as at least 10% of the units will be accessible to people with mobility impairments and at least 4% of the units will be accessible to people with communication disabilities, per the 2015 Minimum Construction Standards of the California Tax Credit Allocation Committee.

HACLA’s Section 8 inspectors will work with tenants and relocation consultants to inspect units selected for occupancy and ensure they meet all ADA requirements before allowing the tenant to move into the unit.

| 2. If I move before receiving my Notice of Eligibility, will I be able to receive priority or preference for the replacement units at the redeveloped Jordan Downs? |
| As stated in the General Information Notice, the FAQ and the Relocation Plan provided to residents, households that choose to move off-site before receiving the Notice of Eligibility, which is the formal offer of relocation assistance, will not be given priority or preference to move into the replacement units newly constructed at Jordan Downs. However, there will be a site-based wait list and anyone meeting income eligibility can apply for housing on site. The site-based wait list will be used for all other non-replacement units.

The General Information Notice (GIN) sent to all residents states the following:

“You should continue to pay your rent and meet any other requirements specified in your lease. If you fail to do so, HACLA may have cause for your eviction. If you choose to move, or if you are evicted, prior to receiving a formal notice of relocation eligibility, you may become ineligible to receive relocation assistance. It is very important for you to contact us before making any moving plans.”

The following information is provided in the FAQ:
“What relocation assistance is available to households who voluntarily moved after they received the General Information Notice (GIN)?

Households who voluntarily move after the receipt of the GIN and prior to receiving a Notice of Eligibility (NOE), are not eligible to receive relocation assistance. Former residents that have already moved, who feel they are eligible to receive relocation assistance, may request a review of their case to the Housing Authority of the City of Los Angeles. Again, please note that households should not move out of Jordan Downs until they receive a NOE. Should they move prior to receiving the NOE they may forfeit their rights to receiving relocation assistance and their right to return to a new unit at Jordan Downs.”

In addition, the Relocation Plan states:
“All tenants in good standing will be afforded the “right to return” and move into a newly constructed Project unit (Attachment 5). Although all Jordan Downs residents retain the right to remain within the Jordan Downs Project and will be offered a one-time direct move into a newly constructed Project unit, they will also be offered three other permanent replacement housing options.

Residents may elect to receive a tenant-based Section 8 voucher and move to a comparable replacement unit in a community of their choice, or they may choose to move to an available comparable public housing unit within a different public housing development owned by HACLA, if a unit is available at the time of their relocation.

Relocation counselors will have pre-identified areas in the surrounding metro that meet the qualifications of not being minority or poverty concentrated areas and will access listings from the Housing Authority (public housing developments and Section 8 units) and market resources (including Section 8 units) in those areas and ensure that options are provided for families to move to those areas. If either of these alternative options is selected by the resident, they will forfeit their right to return to a Project unit.” (p. 14)

| 3. When will HACLA begin the relocation process? | HACLA will begin the relocation process prior to the first new units receiving a certificate of occupancy. The URA provides for a 90-day notice period but HACLA expects to provide tenants with notice earlier. The current schedule expects the first units to be delivered by April 2018. HACLA would like to provide tenants with a reasonable amount of time to make decisions and prepare for their move and expects to engage a relocation consultant in 2017 and begin working with tenants by Fall 2017. The redevelopment will proceed in phases which |
4. What if I move to another public housing site as the result of a reasonable accommodation prior to receiving a Notice of Eligibility? Will I still have a right to move into a replacement unit at the redeveloped Jordan Downs?

| All tenants who will be required to relocate as a result of the redevelopment of Jordan Downs will receive a Notice of Eligibility for relocation assistance (see response to #2, above). If the tenant moves off site prior to receiving a Notice of Eligibility, they will not be given priority to move into the newly constructed units at Jordan Downs. |

5. It’s going to be hard for tenants to find Section 8 housing. What if they don’t find Section 8 housing during the period that a voucher is issued? Will they still be able to move into a replacement unit? Will HACLA pay for temporary relocation costs?

| Residents who elect to move permanently from Jordan Downs by means of other assisted housing or under the Housing Choice Voucher (HCV) Program will not be eligible to move into a replacement unit. HACLA will provide these tenants with assistance in searching for a new home. This assistance includes at least three referrals and will utilize all potential listings and market resources to identify appropriate units. HACLA intends to initiate the Notice of Eligibility early so that residents will be able to find housing and the voucher will not be in jeopardy. HACLA’s Relocation budget covers moving allowance or actual movers; costs for transportation and childcare to make it easier for residents to look at potential properties; and provides discretionary funds for other appropriate relocation-related expenses. |

6. In addition to a voucher and general moving expenses, what else will HACLA pay for to assist residents with relocating off-site?

<table>
<thead>
<tr>
<th>The moving assistance to be provided to relocated tenants includes:</th>
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<tbody>
<tr>
<td>1. Transportation for the households and any personal property;</td>
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<tr>
<td>3. Packing, crating, uncrating and unpacking of personal property for people who request reasonable accommodations;</td>
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<tr>
<td>4. Storing of personal property (if applicable);</td>
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<tr>
<td>5. Disconnecting, dismantling, removing, reassembling, and reinstalling relocated household appliances and other personal property as long as they have been installed with the approval of management and are in compliance with the lease;</td>
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<td>6. Reinstallation of utilities and/or services, i.e. telephone, gas and cable service;</td>
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<td>7.</td>
<td>Insurance for the replacement value of the property in connection with the move and necessary storage;</td>
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<td>The replacement value of property lost, stolen or damaged in the process of moving (not through the fault or negligence of the displaced person) where insurance covering such loss, theft or damage is not reasonably available;</td>
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<td></td>
<td>Other moving related expenses deemed reasonable by the Relocation Coordinator, including any approved reasonable accommodations.</td>
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<tr>
<td>7.</td>
<td>Will HACLA pay a rent differential if the tenant cannot find a unit comparable to the one they are in now at the voucher-assisted rate?</td>
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<td></td>
<td>Voucher payment standards for different unit sizes are based on fair market rent levels, which in turn are established at least annually by the U.S. Department of Housing and Urban Development (HUD). Because HACLA is offering every household the right to move into a comparable unit at Jordan Downs, it is not subject to the obligation to pay rent differentials. HACLA has included in its budget some discretionary funds and will determine during the relocation process what costs it may cover to ensure successful relocation for all Jordan Downs households.</td>
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<tr>
<td>8.</td>
<td>How did HACLA ensure that the replacement units being offered match the income, household size, or ADA requirements of existing Jordan Downs households?</td>
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<td></td>
<td>HACLA tracks the composition, incomes and disability status of all households at Jordan Downs as part of the redevelopment process and is working closely with its development partners to ensure that the replacement units in the redeveloped Jordan Downs will meet the needs of current residents who wish to remain at Jordan Downs.</td>
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<tr>
<td>9.</td>
<td>Will residents be temporarily relocated off-site during construction as a result of dust generated by the construction process?</td>
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<td></td>
<td>Residents will not be relocated temporarily off-site during construction. Under the terms of the approval of the Final Environmental Impact Report for the Jordan Downs redevelopment project, HACLA and its development partners must implement a series of measures to minimize and mitigate dust generated during construction. These measures include:</td>
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<td>1. All haul trucks hauling soil, sand, and other loose materials shall be covered (e.g., with tarps or other enclosures).</td>
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<td></td>
<td>2. Dust suppression methods when disturbing soil so as not to create visible dust emissions or cause soils that exceed site-specific clean-up goals, as approved by DTSC for the project site, to become airborne.</td>
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<td></td>
<td>3. Apply water or dust palliative to the site and equipment as frequently as necessary to control fugitive dust emissions. Fugitive emissions generally must meet a “no visible dust” criterion either at the point of emission or at the right of way line as required by the SCAQMD.</td>
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</tbody>
</table>
4. Implement a dust control plan documenting sprinkling, temporary paving, speed limits, and expedited revegetation.
5. Use track-out reduction measures such as gravel pads at project access points.
6. Cover all transported loads of soils and wet materials prior to transport, or provide adequate freeboard (space from the top of the material to the top of the truck) to minimize emission of dust (particulate matter) during transportation.
7. Promptly and regularly remove dust and mud that are deposited on paved, public roads due to construction activity and traffic to decrease particulate matter.

In addition, all construction work is subject to South Coast Air Quality Management District’s SCAQMD’s Rule 403, which requires the following measures:

1. Control of fugitive dust with the best available control measures (BACM) so that it does not remain visible in the atmosphere beyond the property line of the proposed project.
2. Preparation/implementation of a dust control plan, which must be approved prior to construction.
3. Prohibits emissions of fugitive dust from any active operation, open storage pile, or disturbed surface area such that the dust remains visible in the atmosphere beyond the property line of the emission source; or the dust emission exceeds 20 percent opacity, if the dust emission is the result of movement of a motorized vehicle.
4. Prohibits active operations without utilizing the applicable best available control measures included in Table 1 of Rule 403.
5. Prohibits allowing PM10 levels to exceed 50 micrograms per cubic meter when determined, by simultaneous sampling, as the difference between upwind and downwind samples collected on high-volume particulate matter samplers or other U.S. EPA-approved equivalent method for PM10 monitoring.
6. Prohibits allowing track-out to extend 25 feet or more in cumulative length from the point of origin from an active operation; all track-out from an active operation shall be removed at the conclusion of each workday or evening shift.
7. No person shall conduct an active operation with a disturbed surface area of five or more acres or with a daily import or export of 100 cubic yards or more of bulk material without utilizing approved control measure/measures at each vehicle egress from the site to a paved public road.
The purpose of these measures is to mitigate and control dust impact on and off the construction site. These mitigations are intended to adequately control dust so it will not impact residents, including residents who may have dust sensitivities. Housing Services will evaluate any and all requests for Reasonable Accommodation and work with each tenant individually on the most appropriate accommodation path.

10. Will Section 8 vouchers be provided to residents on a contingency basis?

HACLA will apply to HUD for tenant protection vouchers for all Jordan Downs households to be relocated to units that are not part of the Rental Assistance Demonstration (RAD) program. HACLA will also make housing choice vouchers available to the households who will occupy the 70 units being converted under the RAD program.

11. Will all of the public housing units be replaced?

All of the 700 public housing units at Jordan Downs will be replaced, on a one-for one basis with either a Rental Assistance Demonstration (RAD) unit or a Replacement Project Based Voucher (PBV) unit. Currently, HACLA is proposing to use 70 RAD units and 87 PBV units in the phases Phase 1A and 1B. HACLA also has a multi-phase RAD award for 120 units for conversion in the next four phases. HACLA in its FY 2016 CNI grant application, requested RAD conversion assistance for an additional 77 units for the Jordan Downs Redevelopment and expects to receive a reservation for those units. HACLA anticipates that through the build-out of Jordan Downs redevelopment, 267 RAD units and 433 PBV units will be created, for a total of 700 Replacement units.

12. Will the Relocation Plan be available for a 30-day comment period as stated in the FAQ?

HACLA posted the Relocation Plan on its website on November 21st, 2016 and has made copies of the Relocation Plan, in English and Spanish, available at the Jordan Downs management office, community center and RAC offices. The Relocation Plan was brought before the Board of Commissioners on November 29, 2016 where testimony and public comments were submitted. The Relocation Plan will be heard by the Board of Commissioners on December 22, 2016. Starting with the date of its first posting, the Relocation Plan will have been available for public comment for 32 days prior to the Board’s final consideration.

The Relocation Plan is also available on the HACLA web site at the following link:

http://www.hacla.org/Portals/0/Attachments/BOC%20Audio/ITEM%20VII%20C2%2011-29-16%20BOC%20SPECIAL%20MEETING.pdf
<table>
<thead>
<tr>
<th>Resident Question/Concern</th>
<th>RESPONSE</th>
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</thead>
<tbody>
<tr>
<td>1. How long will it take to complete construction of the new Jordan Downs?</td>
<td>It is anticipated that construction will take approximately 10 years from start to finish.</td>
</tr>
<tr>
<td>2. What is the phasing of the relocation?</td>
<td>HACLA anticipates that the first buildings demolished will be those in the area around the recreation and community center. Therefore, residents of those buildings will be the first to receive their Notices of Eligibility for relocation benefits. Additionally, all residents from Units 1-30 who were transferred to another unit on site will have priority for relocation benefits. After we complete those relocations, HACLA and the developer will determine, based on funding and logistics, which buildings will be demolished next. The demolition and relocation may not happen in the same numerical order as the six phases planned for the Jordan Downs redevelopment.</td>
</tr>
<tr>
<td>3. If I live in the first area to be relocated, when will I receive my Notice of Eligibility?</td>
<td>HACLA expects to issue Notices of Eligibility earlier than legally required so there is more time to work with residents to review their options and search for housing if the tenant chooses to move off-site. The first new buildings are expected to be ready for occupancy in Spring 2018. Therefore, HACLA expects to issue the first notices in Fall 2017.</td>
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<tr>
<td>4. When will residents who live in buildings in phases 5 and 6 be relocated?</td>
<td>At this time, exact dates for relocation of residents in later phases have not been determined. HACLA and the developer will make those decisions after completing relocation for the first phase. In any case, residents will be notified well in advance of demolition of their unit and will receive assistance in understanding their options and searching for housing if necessary. HACLA expects to continue to host regular update meetings with all residents of Jordan Downs Public Housing. Updates will include any updates on phasing plans.</td>
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<tr>
<td>5. When will Section 8 vouchers be available?</td>
<td>Households may have two opportunities to receive a Section 8 voucher. The first opportunity is when the Notice of Eligibility for relocation benefits is issued; at that time, the household may choose to take a Section 8 voucher and move off-site. For tenants that choose to move into a new unit at the redeveloped Jordan Downs, there will be a second opportunity for a Section 8 voucher. HUD requires under both RAD and PBV for a mobility voucher to be available to tenants once they have been living in a new unit at Jordan Downs for at least one year. In that case, the household must choose to move voluntarily, be in compliance with their lease, and be eligible for the voucher under the Section 8 program.</td>
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<td>6. If a resident decides to move to another public housing site instead of moving into</td>
<td>No. Only those residents who have lived in a new unit at the redeveloped Jordan Downs for at least one year may be eligible for a Section 8 voucher.</td>
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<tr>
<td>Question</td>
<td>Answer</td>
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<tr>
<td>a new unit at Jordan Downs or taking a Section 8 voucher, will they still be eligible to receive a Section 8 voucher after one year?</td>
<td>No. A late payment notice does not make a tenant ineligible for relocation benefits, according to HUD standards for re-screening and eligibility. However, tenants are strongly encouraged to comply with their leases and pay rent on time. Significant or continued lease violations can lead to eviction, which compromises relocation rights.</td>
</tr>
</tbody>
</table>
TAB III-6.

Declaration of Annexation – New Century CC&Rs
DECLARATION OF ANNEXATION

NEW CENTURY

Lot 2 on Tract 82633-01

THIS DECLARATION OF ANNEXATION is made this ____ day of _________________, 202__, by HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic organized and existing under the laws of the State of California ("HACLA"), and JORDAN DOWNS COMMUNITY PARTNERS LLC, a California limited liability company ("JDCP") (collectively, HACLA and JDCP shall be referred to as the "Declarant") with reference to the following facts:

A. The "New Century Declaration of Restrictions (CC&Rs)" was recorded on June 14, 2018, as Document No. 20180590854 in the records of Los Angeles County, California, amended by a First Amendment to New Century Declaration of Restrictions (CC&Rs) recorded on September 17, 2018, as Document No. 20180948407 in the records of Los Angeles County, California, further amended by a Second Amendment to New Century Declaration of Restrictions (CC&Rs) recorded on September 26, 2019, as Document No. 20191010229 in the records of Los Angeles County, California, and further amended by a Third Amendment to New Century Declaration of Restrictions (CC&Rs) recorded on June 25, 2020, as Document No. 20200693163 in the records of Los Angeles County, California, and any additional amendments thereto (collectively, the "Declaration"). Section 11.1 of the Declaration provides that Declarant may annex additional property as described in Exhibit A to the Declaration and thereby make the additional property subject to the Declaration. Exhibit F provides that as additional Lots are annexed into the Development as described in Article 11 of the Declaration, Declarant shall amend Exhibit F.

B. Declarant and Jordan Downs S2, LP, a California limited partnership, as the owner of a leasehold estate of the following real property now desires to annex the real property located in Los Angeles, California, more particularly described as Lot 2 of Tract No. 82633-01 (the "Map"), in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 1425, Pages 61 through 63, inclusive, of Maps, in the office of the Los Angeles County, California (the "Annexed Property"), and update Exhibit F to the Declaration to reflect the addition of the bedroom count for the Annexed Property to Exhibit F. This Declaration of Annexation is being executed pursuant to the terms of the Declaration for purposes of annexing the Annexed Property and to subject the Annexed Property to the terms of the Declaration.
DECLARANT DECLARES AS FOLLOWS:

1. Unless otherwise provided herein, the defined terms as indicated by the capitalization of the first letter of the word shall have the same meaning as defined in the Declaration.

2. Pursuant to the terms of the Declaration, Declarant and Jordan Downs S2, LP, a California limited partnership, declare that the Annexed Property is annexed to and made a part of the Development as described in the Declaration and that the Annexed Property is subject to the Declaration and the jurisdiction of the New Century Owners Association, a California nonprofit mutual benefit corporation (the “Association”). Voting rights and assessments shall commence as set forth in the Declaration. From and after the effective date of this Annexation, the rights, duties, covenants, easements and restrictions contained in the Declaration shall constitute covenants running with the land and equitable servitudes that benefit and bind the Annexed Property and each Owner and successive Owner thereto.

3. The Owner of the Lot in the Annexed Property will receive membership in the Association, which membership shall be appurtenant to the Member’s Lot.

4. In accordance with Exhibit E of the Declaration, Lot 2 of Tract No. 82633-01 is assigned to Block 2 in Exhibit E for Allocation of Votes.

5. Exhibit F attached hereto replaces Exhibit F attached to the Declaration.

THIS DECLARATION OF ANNEXATION shall be effective automatically on the date it is recorded in the records of Los Angeles County, California.

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

By: _______________________________
Douglas Guthrie
President and Chief Executive Officer
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )
County of _____________________ )

On _______________, before me, ____________________________, 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

________________________________________
JDCP:

JORDAN DOWNS COMMUNITY PARTNERS LLC,
a California limited liability company

By: The Michaels Development Company I, LP,
a New Jersey limited partnership,
its member and manager

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

By: _______________________________
Name: John J. O’Donnell
Title: President

By: BRIDGE Housing Corporation,
a California nonprofit public benefit corporation,
its member and manager

By: _______________________________
Name: Kimberly McKay
Title: Executive Vice President
On ____________________, before me, ____________________________, a Notary Public, personally appeared John J. O’Donnell, 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 New Jersey that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

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

State of California )
County of _____________________ )

On ____________________, before me, ____________________________, a Notary Public, personally appeared ___________________________________________________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature  _______________________________
CONSENT

The undersigned, the leasehold owner of the real property described in Recital B to the foregoing Declaration of Annexation (the "Annexation") certifies that it consents to the recordation of the Annexation annexing the real property described in Recital B of the Annexation to the "New Century Declaration of Restrictions (CC&Rs)" recorded on June 14, 2018, as Document No. 20180590854 in the records of Los Angeles County, California, amended by the First Amendment to New Century Declaration of Restrictions (CC&Rs) recorded on September 17, 2018, as Document No. 20180948407 in the records of Los Angeles County, California, further amended by a Second Amendment recorded on September 26, 2019, as Document No. 20191010229 in the records of Los Angeles County, California, and further amended by a Third Amendment recorded on June 25, 2020, as Document No. 20200693163 in the records of Los Angeles County, California, and any additional amendments thereto.

Dated: ________________

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

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

By: ______________________________

Kenneth P. Crawford, Vice President

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

By: ______________________________

Tina Smith-Booth, President
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of _____________________

On ____________________, before me, ____________________________, a Notary Public, personally appeared ______________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

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

State of California  
County of ________________  

On ____________________, before me, ____________________________, a Notary Public, personally appeared _______________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature  ____________________________________
As described in Section 5.9 of the Declaration, assessments are allocated among the Residential Lots based on the number of bedrooms that each Residential Lot bears to the number of bedrooms of all of the Residential Lots subject to assessments.

If there is any conflict between the number of bedrooms in this Exhibit F and the actual number of bedrooms, the number of bedrooms in this Exhibit F shall control to retain a stable, reliable and constant allocation schedule.

Declarant shall amend this Exhibit F as additional Lots are annexed into the Development as described in Article 11 of the Declaration.¹

<table>
<thead>
<tr>
<th>Lot</th>
<th>Bedrooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lot 2 [Tract 72805]</td>
<td>48</td>
</tr>
<tr>
<td>Lot 3 [Tract 72805]</td>
<td>151</td>
</tr>
<tr>
<td>Lot 4 [Tract 72805]</td>
<td>23</td>
</tr>
<tr>
<td>Lot 6 [Tract 72805]</td>
<td>21</td>
</tr>
<tr>
<td>Lot 7 [Tract 72805]</td>
<td>27</td>
</tr>
<tr>
<td>Lot 10 [Tract 72805]</td>
<td>77</td>
</tr>
<tr>
<td>Lot 12 [Tract 72805]</td>
<td>143</td>
</tr>
<tr>
<td>Lot 13 [Tract 72805]</td>
<td>46</td>
</tr>
<tr>
<td>Lot 14 [Tract 72805]</td>
<td>62</td>
</tr>
<tr>
<td>Lot H</td>
<td>161</td>
</tr>
<tr>
<td>Lot 2 [Tract 82633-01]</td>
<td>175</td>
</tr>
<tr>
<td>Lot 3 [Tract 82633-01]</td>
<td>196</td>
</tr>
</tbody>
</table>

¹ Undeveloped Lots are not subject to assessments. If an undeveloped Lot is developed for residential or commercial purposes the Lot shall be subject to assessments as described in Section 5.7 of the Declaration. If the Lot is developed for residential purposes, the Lot's share of assessments shall be based on the number of bedrooms. If the Lot is developed for commercial purposes, the Lot's share of assessments shall be an amount that represents a fair and equitable share of assessments as determined by the Board after consultation with a qualified independent consultant. Any disputes between the Board and the Lot Owner shall be submitted to nonbinding mediation for resolution. If not resolved through mediation the dispute shall be resolved by binding arbitration. When an undeveloped Lot becomes subject to assessments, the Board shall amend this Exhibit F to set forth the Lot's share of assessments and the consent of the members shall not be required.
TAB III-7.

HCD IIG Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing
TAB IV.

Financing Documents
TAB IV-8

Authority Acquisition Note ($3,400,000)
AUTHORITY ACQUISITION NOTE  
(Jordan Downs Phase S2)

$3,400,000.00  
Los Angeles, California  
As of ________, 2021

FOR VALUE RECEIVED, Jordan Downs Phase S2, LP, a California limited partnership (the “Borrower”), hereby promises to pay, in lawful money of the United States of America, to the order of Housing Authority of the City of Los Angeles, its successors and assigns (the “Lender”) the principal sum of Three Million Four Hundred Thousand Dollars ($3,400,000.00) with interest from the date hereof on the principal balance outstanding from time to time at the rate determined as hereinafter set forth. Capitalized terms not otherwise defined in this Authority Acquisition Note (this “Note”) shall have the meaning set forth in the Ground Lease Agreement between Borrower and Lender of even date herewith (the “Ground Lease”).

1. Interest. Interest shall accrue on the principal balance outstanding from time to time at the fixed rate per annum stated below (computed on the basis of a 365-day year and actual days elapsed). Interest shall commence at Closing and shall accrue thereafter at a rate equal to the interest rate stated below on the outstanding principal balance. The interest rate on this Note shall be four percent (4%) simple interest per annum.

2. Term. All unpaid interest and principal shall be due and payable on the date that is fifty-five (55) years from the date the Construction Loan is paid in full (“Conversion”), but no later than December 31, 2078.

3. Payments. Payments of principal, interest, and all other amounts hereunder shall be made in currency of the United States to the Lender at its principal office in Los Angeles, California, or such other place as the Lender may designate from time to time in writing. Payments of principal and any accrued interest shall be due and payable under this Note as follows:

   (a) Immediately upon closing of a loan or grant to Borrower or any affiliate of Borrower from the Federal Home Loan Bank (the “AHP Loan”), this Note shall be due and payable from the proceeds of the AHP Loan, if any; provided, however, if (i) proceeds of the AHP Loan, if any, are insufficient to repay the entire outstanding balance of this Note or (ii) the Borrower and Lender determine that the AHP Loan proceeds are necessary to meet Project development and operational costs pursuant Section 2.5 of the DDA and a revised development budget is approved by the Lender, the remaining balance of this Note shall be repaid in accordance with Sections 3(b) and 3(c) of this Note;

   (b) Commencing at Conversion, principal and interest shall be payable as an annual payment to the extent available from Net Cash Flow of the Borrower, in the priority set forth in the Distribution of Net Cash Flow at Exhibit A attached hereto. Such payments shall be applied first to accrued interest, if any, then to principal. The Borrower may prepay the outstanding principal balance of this Note, in full or in part, at any time without penalty or premium.
(c) This Note shall become due and payable in full in the event of (a) a Transfer that is not permitted under the Ground Lease or approved by Lender, subject to the cure periods set forth in Section 13.4(a) of the Ground Lease, (ii) the date of any “Event of Default”, as defined and provided for in the Ground Lease, the Authority Acquisition Deed of Trust, or of any uncured breach or default under any of the other “Loan Documents” (as such term is defined in the Authority Acquisition Deed of Trust), and (iii) the expiration or earlier termination of the Ground Lease.

4. Enforcement.

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

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

5. Acceleration. Upon the occurrence of a default in the payment of any amount due hereunder continuing uncured beyond ten (10) days from the date the Lender gives written notice to the Borrower of such default, the principal of, interest on, and all other amounts owing under this Note may be declared due and payable.

6. Costs and Expenses. If it is necessary for the Lender to employ attorneys or incur expenses for the collection of amounts payable hereunder, all costs and expenses incident to such collection, including without limitation reasonable fees of such attorneys, shall be added to the principal amount hereof and be collectible as a part hereof.
7. Waivers. The Borrower (and any other person becoming obligated hereunder) hereby waives presentment, demand, dishonor, protest, notice for payment, notice of nonpayment, notice of default, notice of compromise or surrender, and any other demand or notice whatsoever in connection with payment of this Note. Failure to accelerate the debt evidenced hereby by reason of the occurrence of an event of default, or the acceptance of a past due payment of interest or principal, or any other waiver, extension, or forbearance of any kind shall not be construed as a novation or a waiver of the right of the Lender to thereafter insist upon strict compliance with the terms hereof without previous notice of such intention being given to the Borrower.

8. Recourse. Except as provided below in this paragraph and subject to Section 1 of the Investor Rider attached as Exhibit B to the Authority Acquisition Deed of Trust, neither the Borrower nor any partner of the Borrower shall have any direct or indirect personal liability for payment of the principal of, or interest on, the Loan or the performance of the covenants of the Borrower under the Authority Acquisition Deed of Trust. The sole recourse of the Lender with respect to the principal of, or interest on, the Note and defaults by the Borrower in the performance of its covenants under the Authority Acquisition Deed of Trust shall be to the property described in the Authority Acquisition Deed of Trust; provided, however, that nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for this Note of all the rights and remedies of the Lender hereunder, or (b) be deemed in any way to impair the right of the Lender to assert the unpaid principal amount of this Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on this Note and the performance of the Borrower’s obligations under the Authority Acquisition Deed of Trust, except as hereafter set forth; nothing contained herein is intended to relieve the Borrower of its obligation to indemnify the Lender under Sections 7.3 and 10.3 of the Ground Lease, or for liability for: (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the Property that are payable or applicable prior to any foreclosure under the Authority Acquisition Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the Authority Acquisition Deed of Trust; and (iv) the misappropriation of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Property.

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

10. Governing Law. This Note shall be governed by and construed in accordance with the laws of the State of California.
In witness whereof, the Borrower has caused this Note to be executed, sealed and delivered, as of the date first above written.

BORROWER:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

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

By: _______________________________
Kenneth P. Crawford
Vice President

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

By: _______________________________
Tina Smith-Booth
President
EXHIBIT A

Distribution of Net Cash Flow

[attached]
EXHIBIT A

Distribution of Net Cash Flow

[SUBJECT TO FURTHER REVIEW]

Capitalized terms used in this Exhibit A, but not defined in the Note, shall have the meaning set forth in the Partnership Agreement. From and after Conversion, Net Cash Flow for each fiscal year (or fractional portion thereof) shall be distributed within ninety (90) days after the end of each fiscal year, in the following order of priority:

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

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

Third, to any Asset Management Fee payable to the Investor Limited Partner for the current fiscal year;

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

Fifth, to the extent of 100% of remaining Net Cash Flow towards the payment of all amounts due under the Development Agreement until paid in full;

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

Seventh, to the extent of 100% of remaining Net Cash Flow and only until payment in full of all amounts due under that certain [HACLA Service Coordination Fee Agreement by and between the Partnership and Housing Authority dated as of substantially even date herewith (the “HACLA Services Agreement”)] (1) 90% to the payment of all amounts due under the HACLA Services Agreement until paid in full and (2) 10% to the Incentive Management Fee in accordance with Section 14.02 of the Partnership Agreement;

Eighth, to replenish the Operating Reserve to the Operating and Debt Service Reserve Minimum;

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

_Tenth_, to the extent of 80% of remaining Net Cash Flow, towards the payment of the following: (1) amounts due on the [Ground Lease Loan or this Note] until paid in full, (2) then, amounts due on the [Authority CNI Loan or this Note] until paid in full, and (3) then, amounts due on the [Authority TCC Loan or this Note] until paid in full.
TAB IV-9

Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing (Authority Acquisition Loan)
AUTHORITY SUBORDINATE LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT, AND FIXTURE FILING

AUTHORITY ACQUISITION LOAN
(Jordan Downs Phase S2)

THIS AUTHORITY SUBORDINATE LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT, AND FIXTURE FILING (this “Deed of Trust”) is made as of ______, 2021, by and among Jordan Downs Phase S2, LP, a California limited partnership (“Trustor”), U.S. Bank National Association (“Trustee”), and the Housing Authority of the City of Los Angeles, a public body, corporate and politic (“Beneficiary”).

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

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

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

TOGETHER WITH any and all buildings and improvements of every kind and description now or hereafter erected thereon, and all property of Trustor now or hereafter affixed to or placed upon the Property;
TOGETHER WITH all building materials and equipment now or hereafter delivered to said property and intended to be installed therein;

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

TOGETHER WITH all estate, interest, right, title, other claim or demand, of every nature, in and to such property, including the Property, both in law and in equity, including, but not limited to, all deposits made with or other security given by Trustor to utility companies, the proceeds from any or all of such property, including the Property, claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Trustor now has or may hereafter acquire, and all awards made for the taking by eminent domain or by any proceeding or purchase in lieu thereof of the whole or any part of such property, including without limitation, any awards resulting from a change of grade of streets and awards for severance damages to the extent Beneficiary has an interest in such awards for taking as provided in Paragraph 4.1 herein;

TOGETHER WITH all of Trustor's interest in all articles of personal property or fixtures now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the Property which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all other goods and chattels and personal property as are ever used or furnished in operating a building, or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or shall be attached to said building or buildings in any manner; and

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

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

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

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

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

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

ARTICLE 1
DEFINITIONS

Section 1.1 Definitions. In addition to the terms defined elsewhere in this Deed of Trust, the following terms shall have the following meanings in this Deed of Trust:

(a) “Ground Lease” means that certain Ground Lease Agreement dated as of substantially even date herewith providing Trustor a leasehold interest in the property located in the City of Los Angeles, County of Los Angeles, State of California, that is described in the attached Exhibit A and a fee interest in any improvements constructed thereon.

(b) “Loan Documents” means this Deed of Trust, the Note, the Ground Lease, and any other debt, loan, or security instruments between Trustor and the Beneficiary relating to the Note.

(c) “Note” means that certain Authority Acquisition Note in the principal amount of Three Million Four Hundred Thousand Dollars ($3,400,000.00), dated as of substantially even date herewith, executed by Trustor in favor of Beneficiary, the payment of which is secured by this Deed of Trust. (Copies of the Note are on file with Beneficiary and terms and provisions of the Note are incorporated herein by reference.).

(d) “Principal” means the principal amount required to be paid under the Note.

(e) “Senior Deed of Trust” means any deed of trust to which this deed of trust is subordinated.

(f) “Senior Lender” means the beneficiary of a Senior Deed of Trust.
(g) "Senior Loan" means (1) that certain tax-exempt construction loan from JPMorgan Chase Bank, N.A. ("Chase"), in the approximate amount of [Twenty-Nine Million Thirty Thousand Dollars ($29,030,000.00)], funded from tax-exempt bond proceeds pursuant to a funding loan from Chase to the Beneficiary and a project loan from the Beneficiary to the Trustor, which project loan will be concurrently assigned from the Beneficiary to U.S. Bank National Association, as fiscal agent, and which project loan will convert to permanent financing in the approximate amount of [Fifteen Million Seventy-Five Thousand Dollars ($15,075,000.00)] and (2) that certain taxable construction loan from CIT Bank, N.A. ("CIT"), in the approximate amount of [Eleven Million Seven Hundred Fifty-Eight Thousand Two Hundred Eighteen Dollars ($11,758,218.00)], funded from taxable bond proceeds pursuant to a funding loan from CIT to the Beneficiary and a project loan from the Beneficiary to the Trustor, which project loan will be concurrently assigned from the Beneficiary to U.S. Bank National Association, as fiscal agent.

ARTICLE 2
MAINTENANCE AND MODIFICATION OF THE PROPERTY AND SECURITY

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

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

Upon demand by Beneficiary, Trustor shall make or cause to be made such demands or claims as Beneficiary shall specify upon laborers, materialmen, subcontractors, or other persons who have furnished or claim to have furnished labor, services, or materials in connection with the Security. Nothing herein contained shall require Trustor to pay any claims for labor,
materials, or services which Trustor in good faith disputes and is diligently contesting provided that Trustor shall, within thirty (30) days after the filing of any claim of lien, record in the Office of the Recorder of the County of Los Angeles, a surety bond in an amount one and a half times the amount of such claim item to protect against a claim of lien.

Section 2.2 Granting of Easements. Except as set forth in the Loan Documents, Trustor may not grant easements, licenses, rights-of-way, or other rights or privileges in the nature of easements with respect to any property or rights included in the Security except those required or desirable for installation and maintenance of public utilities including, without limitation, access, water, gas, electricity, sewer, telephone, and telegraph, or those required by law and as approved, in writing, by Beneficiary, which approval shall not be unreasonably withheld or delayed.

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

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

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

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

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

Any entering upon and taking and maintaining of control of the Property by Beneficiary or the receiver and any application of Rents as provided herein shall not cure or waive any default hereunder or invalidate any other right or remedy of Beneficiary under applicable law or provided herein. This assignment of rents of the Property shall terminate at such time as this Deed of Trust ceases to secure indebtedness held by Beneficiary. The rights of the Beneficiary under this Section 2.3 are subject to the rights of the Senior Lender and any other senior lender.
ARTICLE 3
TAXES AND INSURANCE; ADVANCES

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

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

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

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

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

ARTICLE 4
DAMAGE, DESTRUCTION OR CONDEMNATION

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

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

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

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

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

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

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

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

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

Section 5.8 Nondiscrimination. Trustor herein covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, age, sex, sexual orientation, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Security, nor shall Trustor itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Security. The foregoing covenants shall run with the land.
ARTICLE 6
HAZARDOUS WASTE

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

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

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

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

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

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

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

ARTICLE 7
EVENTS OF DEFAULT AND REMEDIES

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

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

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

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

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

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

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

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

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

(b) After deducting all reasonable costs, fees, and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale to payment of: (i) the unpaid Principal amount of the Note; (ii) all other amounts owed to
Authority Subordinate Leasehold Deed of Trust (Acquisition Loan)

Beneficiary under the Loan Documents; (iii) all other sums then secured hereby; and (iv) the remainder, if any, to Trustor.

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

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

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

Section 7.7 No Waiver.

(a) No delay or omission of Beneficiary to exercise any right, power, or remedy accruing upon any Event of Default shall exhaust or impair any such right, power, or remedy, or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every right, power, and remedy given by this Deed of Trust to Beneficiary may be exercised from time to time and as often as may be deemed expeditious by Beneficiary. Beneficiary's expressed or implied consent to a breach by Trustor, or a waiver of any obligation of Trustor hereunder, shall not be deemed or construed to be a consent to any subsequent breach, or further waiver, of such obligation or of any other obligations of Trustor hereunder. Failure on the part of Beneficiary to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by Beneficiary of its right hereunder or impair any rights, power, or remedies consequent on any Event of Default by Trustor.

(b) If Beneficiary (i) grants forbearance or an extension of time for the payment of any sums secured hereby, (ii) takes other or additional security or the payment of any sums secured hereby, (iii) waives or does not exercise any right granted in the Loan Documents, (iv) releases any part of the Security from the lien of this Deed of Trust, or otherwise changes any of the terms, covenants, conditions, or agreements in the Loan Documents, (v) consents to the granting of any easement or other right affecting the Security, or (vi) makes or consents to
any agreement subordinating the lien hereof, any such act or omission shall not release, discharge, modify, change, or affect the original liability under this Deed of Trust, or any other obligation of Trustor or any subsequent purchaser of the Security or any part thereof, or any maker, co-signer, endorser, surety, or guarantor (unless expressly released); nor shall any such act or omission preclude Beneficiary from exercising any right, power, or privilege herein granted or intended to be granted in any Event of Default then made or of any subsequent Event of Default, nor, except as otherwise expressly provided in an instrument or instruments executed by Beneficiary shall the lien of this Deed of Trust be altered thereby.

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

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

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

**ARTICLE 8**

**MISCELLANEOUS**

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

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

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

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

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

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

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

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

Section 8.4 Successors and Joint Trustors. Where an obligation is created herein binding upon Trustor, the obligation shall also apply to and bind any transferee or successors in interest. Where the terms of this Deed of Trust have the effect of creating an obligation of Trustor and a transferee, such obligation shall be deemed to be a joint and several obligation of Trustor and such transferee. Where Trustor is more than one entity or person, all obligations of Trustor shall be deemed to be a joint and several obligation of each and every entity and person comprising Trustor.

Section 8.5 Captions. The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Deed of Trust.

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

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

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

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

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

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

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

Section 8.13 Acceptance by Trustee. Trustee accepts this Deed of Trust when this Deed
of Trust, duly executed and acknowledged, is made public record as provided by law. Except as
otherwise provided by law the Trustee is not obligated to notify any party hereto of pending sale
under this Deed of Trust or of any action of proceeding in which Trustor, Beneficiary, or Trustee
shall be a party unless brought by Trustee.

Section 8.14 Compliance with Internal Revenue Code Section 42. Beneficiary
acknowledges that Trustor intends to enter into an extended use agreement, which constitutes the
extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal
Revenue Code, as amended (the “Code”). As of the date hereof, Code Section 42(h)(6)(E)(ii)
does not permit the eviction or termination of tenancy (other than for good cause) of an existing
tenant of any low-income unit or any increase in the gross rent with respect to such unit not otherwise permitted under Code Section 42 for a period of three (3) years after the date the building is acquired by foreclosure or by instrument in lieu of foreclosure. In the event the extended use agreement is recorded against the Property, Beneficiary agrees to comply with the provisions set forth in Code Section 42(h)(6)(E)(ii).

ARTICLE 9
SUBORDINATE DEED OF TRUST

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

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

TRUSTOR:

**JORDAN DOWNS PHASE S2, LP**,  
a California limited partnership

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

By: _______________________________  
Kenneth P. Crawford  
Vice President

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

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

State of New Jersey )
County of ______________________ )

On ________________________, before me, ______________________, Notary Public, personally appeared ______________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of New Jersey that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

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

State of California )
County of ______________________ )

On ________________________, before me, ,

(insert name and title of the officer)
Notary Public, personally appeared ________________________________
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature ____________________
EXHIBIT A

Legal Description

The land referred to herein is situated in the State of California, County of Los Angeles, City of Los Angeles and 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
EXHIBIT B

Investor Rider

This Rider is attached to and made a part of the promissory note, the deed of trust, and loan agreement or other document(s) evidencing, securing, and governing a loan in the amount of Three Million Four Hundred Thousand Dollars ($3,400,000.00) (the “Loan”) made by the Housing Authority of the City of Los Angeles (“Lender”) to Jordan Downs Phase S2, LP, a California limited partnership (“Borrower” or the “Partnership”) acquisition of real property for the construction of approximately eighty-one (81) units (including one (1) manager’s unit) of rental housing and related improvements (the “Project”). The Amended and Restated Agreement of Limited Partnership forming or continuing the Borrower and previously approved by Lender is referred to hereinafore as the “Partnership Agreement”.

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

1. **Recourse/Non-recourse Obligation.** The Loan is (i) a recourse obligation of Borrower during the period the Construction Loan (as defined in the Ground Lease) is outstanding and (ii) a non-recourse obligation of the Borrower following repayment of the Construction Loan. Neither the general partners nor the limited partners of Borrower shall have any personal liability for repayment of the Loan.

2. **General Partner and Limited Partner Change.** The withdrawal, removal, and/or replacement of a general partner of the Partnership pursuant to the terms of the Partnership Agreement shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan, provided that (i) the Borrower’s limited partner provides the Lender with prior written notice of removal and substitution of a general partner of Borrower, and (ii) with respect to Jordan S2-Michaels, LLC, the administrative general partner of Borrower, any substitute general partner is reasonably acceptable to Lender.

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

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

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

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

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

6. **Force Majeure.** There shall be no default for construction or rehabilitation delays beyond the reasonable control of Borrower, provided that such delays do not exceed one hundred eighty (180) days, or such longer period of time as may be specified in the Loan Documents.

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

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

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

10. **Subordination.** Lender acknowledges that Borrower and the California Tax Credit Allocation Committee intend to enter into, or concurrently with the execution and delivery of the Loan Documents are entering into, an extended use agreement, which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended. Lender agrees to subordinate the Loan and Lender’s rights under the Loan Documents executed in conjunction therewith to the relevant provisions of said extended use agreement. This subordination is being made in consideration of the allocation of tax credits to the Project, absent which the development of the Project would not occur, and this mortgage loan would not be made.
Subject to the prior written approval of the Lender, which approval shall not be unreasonably withheld, conditioned or delayed, the Borrower may refinance the Approved Financing loans (as defined in the Loan Documents). Any refinancing of the Approved Financing loans shall be on commercially reasonable terms in an amount not to exceed the then outstanding principal balance of such Approved Financing loans plus reasonable costs. The Borrower shall reimburse the Lender for any costs it incurs related to the refinancing of the Approved Financing loans.

11. **Notice Address.**

The notice address of the limited partner is: 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

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

[signatures page follows]
In Witness Whereof, the undersigned have caused this Rider to be executed this ____ day of _____________, 2021.

LENDER:

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

By: __________________________
Douglas Guthrie
President and Chief Executive Officer
BORROWER:

JORDAN DOWNS PHASE S2, LP,

a California limited partnership

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

By: _______________________________
    Kenneth P. Crawford
    Vice President

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

By: _______________________________
    Tina Smith-Booth
    President
EXHIBIT C

HUD Rider to Loan Documents

This HUD Rider to Loan Documents (this “Rider”) modifies the deed of trust and related documents (collectively, the “Loan Documents”) entered into between the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic, organized and existing under the laws of the State of California (the “Authority”) and JORDAN DOWNS PHASE S2, LP, a California limited partnership (the “Borrower”), in connection with a loan of Three Million Four Hundred Thousand Dollars ($3,400,000.00) by the Authority to the Borrower to be used for the acquisition of a leasehold interest in real property in the County of Los Angeles, California as more particularly described in Exhibit A attached to the aforementioned deed of trust (the “Property”).

1. Inconsistent Provisions. If the provisions of this Rider are inconsistent with the provisions of the Loan Documents, the provisions of this Rider shall be controlling.

2. Defined Terms. Capitalized terms not defined herein are as defined in the Loan Documents.

3. RAD Regulatory Documents. By the acceptance, execution and/or recording of this Rider, the Lender acknowledges that seventeen (17) units in the Project are subject to: (a) requirements applicable to the U. S. Department of Housing and Urban Development’s (“HUD”) Rental Assistance Demonstration (“RAD”) Program authorized by the Consolidated and Further Continuing Appropriations Act of 2012 as amended by the Consolidated Appropriations Act, 2014 (Pub. L. No. 113-76, approved January 17, 2014), the Consolidated and Further Continuing Appropriations Act, 2015 (Pub. L. No. 113-235, approved December 6, 2014), and Division L, Title II, Section 237 of the Consolidated Appropriations Act (Pub. L. No. 114-113, enacted December 18, 2015), (b) HUD Notice H-2019-09 PIH 2019-23 (HA) (September 5, 2019), as may be further amended; and (c) requirements contained in (i) the RAD Use Agreement (Form HUD 52625), (ii) the RAD Conversion Commitment (HUD Form 52624), as amended, and (iii) the Rental Assistance Demonstration (RAD) for the Conversion of Public Housing to the Section 8 Project-Based Voucher (PBV) Program Housing Assistance Payment Contract (HUD Form 52530A (04/2015) and HUD 52621 (4/2017)) executed with the Project. Such requirements in Sections (a) and (b) herein shall be referred to as the “RAD Requirements.” If there is a conflict between a provision of the Loan Documents and any RAD Requirement, then the RAD Requirement shall govern, except as such RAD Requirement may have been expressly waived in writing by HUD.

4. CNI Requirements.

   (a) The Project has been financed, in part, by the Authority pursuant to that certain Development Proposal (the “Development Proposal”) submitted by the Authority to HUD under the Choice Neighborhoods Initiative (“CNI”) Implementation Grant Program and as implemented by that certain Declaration of Restrictive Covenants
Choice Neighborhoods Initiative Implementation Grant Program executed by the Authority and the Borrower for the benefit of HUD dated on or about the date hereof (the “CNI Declaration”).

(b) The proceeds made available pursuant to the Development Proposal are to be used by the Authority in connection with Borrower’s revitalization of the former Jordan Downs public housing development and its surrounding neighborhood. The proceeds made available pursuant to the Development Proposal shall be used to support the Project by the Borrower. The Project is the subject of the transaction contemplated by the Loan Documents and consists of forty-nine (49) residential rental units subject to the CNI Declaration.

(c) Notwithstanding any provisions of the CNI Declaration that may be construed to the contrary, in the event of any conflict with, or ambiguity between, the CNI Declaration and any term or provision of the Loan Documents, the provisions of the CNI Declaration shall be controlling, except to the extent that a more restrictive requirement under the Loan Documents is enforceable without violating the CNI Declaration.

5. **Inconsistent Provisions.** If the provisions of this Rider are inconsistent with the provisions of the Loan Documents, the provisions of this Rider shall be controlling.

6. **Subordination to HUD Documents.** The Loan Documents are: (i) subordinate and subject to the RAD Use Agreement, (ii) subordinate to the CNI Declaration and (iii) encumbers the leasehold estate of the Borrower. Subordination extends to and continues in effect with respect to any future amendment, extension, renewal, or any other modification of the RAD Use Agreement, CNI Declaration, Loan Documents or this Deed of Trust. The RAD Use Agreement and CNI Declaration survive foreclosure and bankruptcy of the Borrower.

7. **Transfer Restrictions.** The Authority agrees that any transfers of interests in the Property or Project will be done in accordance with the RAD Requirements and CNI Declaration.

8. **Transferred Funds Not Deemed to Create Relationship With HUD.** Nothing contained in any of the Loan Documents, nor any act of HUD, shall be deemed or construed to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, joint venture, or any association or relationship involving HUD.

9. **Incorporation.** This Rider shall be deemed incorporated into the Loan Documents as if fully set forth herein and therein.

10. **Third-Party Beneficiary.** Notwithstanding anything in the Loan Documents to the contrary, the Authority is an express third-party beneficiary under the provisions of this Rider for the sole purpose of enforcing the provisions of this Rider.

11. **Notices.** Any notices of Borrower default provided pursuant to the Loan Documents shall also be provided to HUD as follows:
IN WITNESS WHEREOF, the Borrower and the Authority have duly executed and delivered this Rider contemporaneous with the Loan Documents.

BORROWER:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

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

By: _______________________________
    Kenneth P. Crawford
    Vice President

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

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

State of New Jersey )
County of ________________ )

On _____________________, before me, ________________________________, Notary Public, personally appeared ________________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of New Jersey that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

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

State of California )
County of ______________________ )

On _________________________, before me, _______________________________, Notary Public, personally appeared ________________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature_________________
AUTHORITY:

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

By: ___________________________
Douglas Guthrie
President and Chief Executive Officer
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )
County of ______________________ )

On _________________________, before me, ________________________, Notary Public, personally appeared ________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature__________________
TAB IV-10

Authority Loan Agreement
AUTHORITY LOAN AGREEMENT

between

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

and

JORDAN DOWNS PHASE S2, LP
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HOUSING AUTHORITY OF THE CITY OF LOS ANGELES
AUTHORITY LOAN AGREEMENT

Jordan Downs Phase S2

This Authority Loan Agreement (this “Agreement”) is entered into as of ____________, 2021, by and between the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic (the “Authority”), and JORDAN DOWNS PHASE S2, LP, a California limited partnership (the “Borrower” and together with the Authority, the “Parties”), with reference to the following facts:

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

B. The Borrower is a California limited partnership duly formed and authorized to do business in the State of California as Jordan Downs Phase S2, LP, a California limited partnership, having Jordan S2-Michaels, LLC, a California limited liability company, as its administrative general partner (the “Administrative General Partner”) and La Cienega LOMOD, Inc., a California nonprofit public benefit corporation, as its managing general partner (the “Managing General Partner”).

C. The Borrower desires to construct approximately eighty-one (81) residential units (including one (1) manager's unit), and other ancillary improvements (collectively, the “Improvements”) on the Property.

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

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

F. The Parties acknowledge that, pursuant to a purchase option and right of first refusal agreement to be executed at or about the time of this Agreement, the Authority, or its affiliate, has an option to purchase the Improvements.

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

ARTICLE 1 DEFINITIONS AND EXHIBITS

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

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

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

1. A tax-exempt construction loan from JPMorgan Chase Bank, N.A. (“Chase”), in the approximate amount of [Twenty-Nine Million Thirty Thousand Dollars ($29,030,000.00)] (the “Tax-Exempt Construction Loan”), funded from tax-exempt bond proceeds pursuant to a funding loan from Chase to the Authority and a project loan from the Authority to the Borrower, which project loan will be concurrently assigned from the Authority to U.S. Bank National Association, as fiscal agent, and which project loan will convert to permanent financing in the approximate amount of [Fifteen Million Seventy-Five Thousand Dollars ($15,075,000.00)] (the “Permanent Loan”);

2. A taxable construction loan from CIT Bank, N.A. ("CIT"), in the approximate amount of [Eleven Million Seven Hundred Fifty-Eight Thousand Two Hundred Eighteen Dollars ($11,758,218.00)], funded from taxable bond proceeds pursuant to a funding loan from CIT to the Authority and a project loan from the Authority to the Borrower, which project loan will be concurrently assigned from the Authority to U.S. Bank National Association, as fiscal agent (the “Taxable Construction Loan” and together with the Tax-Exempt Construction Loan, the “Construction Loan”);

3. An acquisition loan from the Authority in the approximate amount of [Three Million Four Hundred Thousand Dollars ($3,400,000.00)] (the “Authority Acquisition Loan”), which loan represents the fair market value of the Leased Premises;

4. A loan from the Authority in the maximum principal amount of [Two Million Dollars ($2,000,000) made with funds available to the Authority pursuant to an Infill Infrastructure Grant from the State of California (the “Authority IIG Loan”).

5. A loan from the Authority in the maximum principal amount of [One Million Dollars ($1,000,000.00)] made with funds available to Authority pursuant to the CNI Grant Agreement (the “Authority CNI Loan”);

6. A loan from the Authority in the maximum principal amount of [Thirteen Million Two Hundred Thousand Dollars ($13,200,000)] made with funds available to the Authority pursuant to the TCC Grant Agreement and the TCC Requirements from the State of California (the “Authority TCC Loan”);

7. Investor equity funds generated from Low Income Housing Tax Credits in the approximate amount of [Eighteen Million Seventy-Five Thousand Eight Hundred Ten Dollars ($18,075,810)] (the “Tax Credit Equity”); and
(8) If obtained by Borrower, an Affordable Housing Program loan from the Federal Home Loan Bank in the approximate amount of ___________ Dollars ($__________.00) (the “AHP Loan”).

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

(e) “Authority CNI Note” shall mean the Authority CNI Note of even date herewith evidencing the Authority CNI Loan and secured by the Authority CNI/TCC Deed of Trust.

(f) “Authority CNI/TCC Deed of Trust” shall mean that certain Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing – Authority CNI/TCC Loans in the form provided by the Authority that will encumber the Borrower’s Leasehold Estate and the Improvements to secure repayment of the Authority CNI Loan and the Authority TCC Loan.

(g) “Authority Coordination Fee” shall mean Two Hundred Twenty Thousand Dollars ($220,000.00) paid to the Authority at Closing for the Authority’s coordination of relocation and Project site preparation functions during development of the Project.

(h) “Authority IIG Note” shall mean the Authority IIG Note of even date herewith evidencing the Authority IIG Loan and secured by the Authority IIG Deed of Trust.

(i) “Authority IIG Deed of Trust” shall mean that certain Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing – Authority IIG Loan in the form provided by the Authority that will encumber the Borrower’s Leasehold Estate and the Improvements to secure repayment of the Authority IIG Loan.

(j) “Authority TCC Note” shall mean the Authority TCC Note of even date herewith evidencing the Authority TCC Loan and secured by the Authority CNI/TCC Deed of Trust.

(k) “Borrower” shall mean Jordan Downs Phase S2, LP, a California limited partnership.

(l) “Borrower's Leasehold Estate” shall mean the Borrower's leasehold interest in the Property acquired pursuant to the Ground Lease and any fee or other interest in the Property acquired by the Borrower hereafter.

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

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

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

(p) “CNI Grant Agreement” shall mean that certain HUD FY2019 Choice Neighborhoods Initiative (“CNI”) Implementation Grant Agreement Number CA9D004CNG119 between HUD and the Authority.

(q) “CNI Declaration” shall mean that certain Choice Neighborhoods Implementation Grant Program Declaration of Restrictive Covenants entered into by the Authority and the Borrower for the benefit of HUD, dated as of substantially even date herewith.

(r) “CNI Requirements” shall mean (i) the Consolidated and Further Appropriations Act, 2018, Pub. L. No. 115-41 (approved March 23, 2018), (ii) the Consolidated and Further Appropriations Act, 2019, Pub. L. No. 116-6 (enacted February 5, 2019), (iii) Section 24 of the Act, (iv) all other Federal statutory, executive order and regulatory requirements applicable to the CNI program, as those requirements exist or as they may be amended from time to time, (v) Cost Control and Safe Harbor Standards for Section 8 Projects under Choice Neighborhoods Program (November 2015), (vi) CNI Declaration, and (vii) the CNI Grant Agreement.

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

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

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

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

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

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

(y) “Contractor” shall mean Walton Construction, Inc., the general contractor for the Project.

(z) “Conversion Conditions (Construction)” shall mean that: (i) construction of the Project has been completed pursuant to the approved plans and specifications and in a good and
workmanlike manner by [March 1, 2023] and all governmental approvals regarding same have been obtained, including certificates of occupancy and (ii) no Default or event of Default then exists.

(aa) “Declaration of Right to Retain Tenancy Certificate” shall mean the certificate issued by the Authority evidencing a resident’s right to return.

(bb) “Deed of Trust” shall mean, collectively, the Authority CNI/TCC Deed of Trust and Authority IIG Deed of Trust.

(cc) “Default” shall have the meaning set forth in Section 5.1 below.

(dd) “Developer” shall mean The Michaels Development Company I, L.P., a New Jersey limited partnership.

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

(ff) “Disposition and Development Agreement” shall mean that certain Disposition and Development Agreement between the Authority and the Borrower of substantially even date herewith.

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

(hh) “Financing Plan” shall mean the plan developed by the Borrower that includes:

(i) the Approved Development Budget;

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

(iii) the sources and uses analysis from the date of the origination of the permanent financing, including an analysis of subsidized financing from public entities for the Project, if any;

(iv) the twenty (20)-year cash flow projections for the Improvements, including an analysis from the projected date of the issuance of the Certificate of Occupancy;
(v) the initial operating budget for the Improvements, including without limitation an operating reserve fund and capital replacement reserve fund;

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

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

(ii) “First Mortgage Subordination Agreement” shall mean that certain Subordination Agreement and among the Authority, Borrower and U.S. Bank National Association, as fiscal agent, of substantially even date herewith.

(jj) “Ground Lease” shall mean the lease entered into concurrently herewith between the Authority, as landlord, and the Borrower, as tenant, creating Borrower's Leasehold Estate.

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

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

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

(nn) “HCD” shall mean the State of California Department of Housing and Community Development.

(oo) “HUD” shall mean the U.S. Department of Housing and Urban Development.

(pp) “IIG Requirements” shall mean the requirements of the Infill Infrastructure Grant Program established Part 12.5 of Division 31 of the California Health and Safety Code
(commencing at Section 535599) and all guidelines, requirements and obligations imposed on recipients of grants pursuant to such program including, but not limited to, (i) the requirements of the Infill Infrastructure Grant Program 2019 Guidelines dated as of October 30, 2019; (ii) the Infill Infrastructure Grant Program Notice of Funding Availability issued by HCD, dated October 30, 2019; (iii) the requirements of that certain Standard Agreement, Agreement Number 19-IIG-14392, by and between HCD and the Authority, dated __________, 2021 (the “IIG Standard Agreement”); (iv) the requirements of that certain Disbursement Agreement executed by and between HCD and the Authority in accordance with the IIG Standard Agreement; and (v) any other requirements now or from time to time implemented by HCD with regard to the Infill Infrastructure Grant Program.

(qq) “Improvements” shall mean approximately eighty-one (81) units of rental housing (including one (1) manager’s unit) and related ancillary improvements. The residential units included within the Improvements include, eighty (80) Low Income Housing Tax Credit units, including RAD Units and PBV Units. The Improvements are more fully described in Exhibit C-1.

(rr) “Investor” shall mean Berkadia Jordan Downs Phase S2 Investor LP, a Delaware limited partnership, the investor limited partner of Borrower, together with the beneficiaries, successors, and assigns of same.

(ss) “Loan” shall mean, collectively the Authority CNI Loan, Authority IIG Loan and Authority TCC Loan.

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

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

(vv) “Master Development Agreement” shall mean that certain Master Development Agreement for the Redevelopment of the Jordan Downs Public Housing Community, dated August 1, 2012, as amended by that certain (i) Assignment of Rights to Develop the Retail Site and First Amendment to Master Development Agreement, dated July 13, 2017, (ii) Second Amendment to Master Development Agreement, dated October 4, 2017, and (iii) Third Amendment to Master Development Agreement, dated July 7, 2020, to which the Authority and Developer are parties, as may be further amended.

(ww) “NEPA” shall mean the National Environmental Policy Act (42 U.S.C. § 4321 et seq.)
(xx) “Net Cash Flow” shall have the meaning set forth in the Partnership Agreement; provided, however, the definition of “Net Cash Flow” in the Partnership Agreement shall not be amended or modified without the prior written consent of the Authority.

(yy) “Note” shall mean, collectively, the Authority CNI Note, Authority IIG Note and Authority TCC Note.

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

(aaa) “Park Improvements” shall mean certain park improvements to be constructed by the Developer in connection with the Project, subject to the approval of the Authority and as required by the Jordan Downs Specific Plan and the City permitting and approval process.

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

(ccc) “Partnership Agreement” shall mean that certain Amended and Restated Agreement of Limited Partnership for Jordan Downs Phase S2, LP, as of substantially even date herewith.

(ddd) “PBV Units” shall mean the sixty-three (63) units in the Project that will receive subsidy pursuant to a Section 8 Project Based Voucher ("PBV") Housing Assistance Payments Contract, as further identified at Exhibit A-2. Thirty-two (32) PBV Units are considered “replacement housing” pursuant to the overall master plan for the redevelopment of Jordan Downs.

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

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

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

(hhh) “RAD” and “RAD Program” shall mean the Rental Assistance Demonstration (RAD) Program created by the Consolidated and Further Continuing Appropriations Act of 2012, and HUD Notice H-2019-09 PIH-2019-23 (HA) (September 5, 2019), as amended from time to time.

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

(iii) “RAD Units” shall mean the seventeen (17) units in the Project that will receive subsidy pursuant to a RAD PBV Housing Assistance Payments Contract, as further identified at Exhibit A-2. The RAD Units are replacement units for seventeen (17) public housing units at Jordan Downs and considered “replacement housing” pursuant to the overall master plan for the redevelopment of Jordan Downs.

(kkk) “RAD Use Agreement” shall mean that certain RAD Use Agreement executed by the Authority and the Borrower in favor of HUD.

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

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

(nnn) “Supportive Services Plan” shall mean the plan developed by the Borrower with input from resident stakeholders to address the supportive services needs of the occupants of the Project.

(o0o) “Sustainability Plan” shall mean the Borrower’s plan, approved by the Authority, to incorporate “Green Building” principles in the Project that comply with the State of California’s Green Building Standards Code, as well as City requirements.

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

(qqq) “TCC Grant Agreement” shall mean that certain Strategic Growth Council – Transformative Communities Program Implementation Grant – Round 1, Grant Agreement Number SGC18121, Housing Authority of the City of Los Angeles, dated April 23, 2019, by and between the State of California Office of Planning and Research/Strategic Growth Council and the Authority.
“TCC Requirements” shall mean the requirements of the Transformative Climate Communities Program established by California Assembly Bill No. 2722 (September 14, 2016) as administered by the California Strategic Growth Council and all guidelines, requirements and obligations imposed on recipients of grants pursuant to such program including, but not limited to, (i) the requirements of the Transformative Climate Communities Program Final Guidelines dated as of October 23, 2017; (ii) the terms and conditions of that certain Memorandum of Understanding between the Housing Authority of the City of Los Angeles (Lead Applicant) and its Co-Applicants, Data, Non-Displacement and Special Leverage partners for the Watts Rising Transformative Climate Communities Plan and Project Implementation executed as of December 5, 2017, as amended by that certain First Memorandum of Understanding between the Housing Authority of the City of Los Angeles (Lead Applicant) and its Co-Applicants, Data, Non-Displacement and Special Leverage partners for the Watts Rising Transformative Climate Communities Plan and Project Implementation dated as of April 23, 2019; (iii) the requirements of the TCC Grant Agreement; and (iv) any other requirements now or from time to time implemented by the State of California with regard to funds available under the TCC Grant Agreement.

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

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

“Units” shall mean the eighty-one (81) residential units to be constructed on the Property (including one (1) manager’s units).

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

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ARTICLE 2 LOAN PROVISIONS
Section 2.1  Loan.

(a) The Authority shall loan to the Borrower the Authority CNI Loan for the purposes set forth in Section 2.4(a) of this Agreement, and the Borrower shall repay principal and interest on the Authority CNI Loan pursuant to the Authority CNI Note beginning at Closing. Following Conversion, the Borrower shall repay the Authority CNI Loan to the Authority from Net Cash Flow to the extent available until the Loan Maturity Date, when all remaining unpaid principal and interest shall be due and payable, all as more fully and particularly provided in the Authority CNI Note. The Authority’s obligation to disburse the proceeds of the Authority CNI Loan to the Borrower shall be contingent on the Authority’s receipt of funds from HUD under the CNI Grant Agreement. The obligation to repay the Authority CNI Loan shall be evidenced by the Authority CNI Note in the form attached hereto as Exhibit G-1.

(b) The Authority shall loan to the Borrower the Authority IIG Loan for the purposes set forth in Section 2.4(b) of this Agreement, and the Borrower shall repay principal and interest on the Authority IIG Loan pursuant to the Authority IIG Note. The Authority’s obligation to disburse the proceeds of the Authority IIG Loan to the Borrower shall be contingent on the Authority’s receipt of funds from HCD under the IIG Standard Agreement. The obligation to repay the Authority IIG Loan shall be evidenced by the Authority IIG Note in the form attached hereto as Exhibit G-2.

(c) The Authority shall loan to the Borrower the Authority TCC Loan for the purposes set forth in Section 2.4(c) of this Agreement, and the Borrower shall repay principal and interest on the Authority TCC Loan pursuant to the Authority TCC Note. The Authority’s obligation to disburse the proceeds of the Authority TCC Loan to the Borrower shall be contingent on the Authority’s receipt of funds from the State of California under the TCC Grant. The obligation to repay the Authority TCC Loan shall be evidenced by the Authority TCC Note in the form attached hereto as Exhibit G-3.

Section 2.2  Term. The Authority CNI Loan shall mature on the Loan Maturity Date. The Authority IIG Loan shall mature on the Loan Maturity Date. The Authority TCC Loan shall mature on the Loan Maturity Date.

Section 2.3  Interest.

(a) Subject to the provisions of Section 2.3(c) below, the Authority CNI Loan shall bear simple interest at three percent (3%) per annum, commencing at Closing.

(b) Subject to the provisions of Section 2.3(c) below, the Authority IIG Loan and Authority TCC Loan shall not bear interest.

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

Section 2.4  Use of Loan Funds.
(a) The Borrower shall use the Authority CNI Loan proceeds to pay development costs of the Project during the construction phase, consistent with the Approved Development Budget and the CNI Requirements, and as part of the permanent financing of the Project.

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

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

(d) The Borrower shall use Five Hundred Thousand Dollars ($500,000.00) of the Loan proceeds to pay construction and development costs of the Park Improvements, consistent with the Approved Development Budget and, as applicable, the IIG Requirements, CNI Requirements and TCC Requirements, and as part of the permanent financing of the Project.

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

Section 2.5 Security.

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

(b) The Authority agrees that the Deed of Trust is and shall at all times continue to be, subordinate, subject and inferior (in payment and priority) to the Construction Loan and the Permanent Loan, and the liens, rights, payment interests, priority interests and security interests granted to the Authority in connection with the Loan and the Loan Documents, are, and hereby expressly acknowledged to be in all respects and at all times, subject to the terms and provisions of the First Mortgage Subordination Agreement and the RAD Subordination Agreement. The Authority agrees to execute and permit the recordation of regulatory agreements required by HCD, if any, provided such regulatory agreements are subordinate to the RAD Use Agreement and CNI Declaration and in a form reasonably approved by the Authority.

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

(a) There exists no Default nor any act, failure, omission or condition that would constitute an event of Default under this Agreement.
(b) The Borrower has executed and delivered to the Authority all documents, instruments, and policies required under the Loan Documents.

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

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

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

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

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

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

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

(j) The Authority has received copies of labor and material (payment) bonds and performance bonds, as required pursuant to Section 3.4 below.

(k) The Authority has received and approved a Property Management and Re-Occupancy Plan.

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

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

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

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

(p) The Authority shall have received and approved a Sustainability Plan.
(q) Developer shall have executed a Completion Guaranty in favor of the Authority in
the form attached hereto as Exhibit H.

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

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

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

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

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

Section 2.7 Conditions Precedent to Disbursement.

(a) Construction Financing. The maximum amount of funds to be disbursed pursuant
to this Section 2.7 shall not exceed, (i) in the case of the Authority CNI Loan, [One Million
Dollars ($1,000,000.00)], (ii) in the case of the Authority IIG Loan, [Two Million Dollars
($2,000,000.00)], and (iii) in the case of the Authority TCC Loan, [Thirteen Million Two
Hundred Thousand Dollars ($13,200,000.00)]. The construction financing portion of this Loan
shall be a non-revolving line of credit, such that once advances have been made and repaid, such
amounts may not be re-borrowed. The Authority shall make disbursements in accordance with
the Draw Schedule. The Authority shall not be obligated to make any disbursements of such
proceeds or take any other action under the Loan Documents unless the following conditions are
satisfied prior to each such disbursement of the Loan:

(i) The Borrower is not in Default.

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

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

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

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

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

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

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

(b) **Payment in Full.** All principal and accrued interest on the Loan shall be due in full on the earlier to occur of (i) the date of any Default, (ii) the Loan Maturity Date and (iii) the date of any Transfer not authorized by the Authority, except to the extent such authorization is not required under this Agreement.

(c) **Prepayment.** The Borrower shall have the right to prepay the Loan at any time without premium or penalty. Amounts prepaid may not be re-borrowed.

(d) **Construction Cost Savings.** The Authority shall be entitled to one hundred percent (100%) of any construction cost savings allocated to Borrower under the construction contract for the Project, if any, after completion of the Project; provided, however, during construction of the Project, Borrower may utilize construction cost savings for other construction costs or soft costs of the Project. Following completion of the Project, any remaining construction cost savings shall be used: (a) first, to repay the Authority Acquisition Loan and (b) second, to repay the Authority CNI Loan (collectively, the “Priority Payment on HACLA Loans”). The repayment of construction cost savings due to Authority shall be made by Borrower no later than final cost certification for the Project. Notwithstanding the forgoing, if HCD does not approve one hundred percent (100%) of any construction cost savings to be used for the Priority Payments on HACLA Loans, subject to HCD requirements, the Authority will be entitled to a pro rata share of such cost savings based on the relative size of its loans and grants to the Project in proportion to other Approved Financing (with the exception of the Permanent Loan) as Priority Payment on HACLA Loans.

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

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

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

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

ARTICLE 3  CONSTRUCTION OF THE PROJECT

Section 3.1   Permits and Approvals. All permits and approvals necessary for the commencement of construction of (a) the Improvements on the Property must be received no later than the date of Closing and (b) the B-Permit Improvements must be received no later than [________, 2021].

Section 3.2   Plans and Specifications.

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

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

Section 3.3   Construction Contract. As a condition precedent and prior to funding of any disbursements of Loan proceeds under Section 2.7 above, the Authority must have reviewed and approved the Construction Contract.
Section 3.4 **Construction Bonds.** Prior to commencement of construction of the Project, and as a condition precedent and prior to funding of any disbursements of Loan proceeds under Section 2.7 above, the Borrower shall deliver to the Authority copies of labor and material bonds and performance bonds for the construction of the Project in an amount equal to one hundred percent (100%) of the scheduled costs of the Project. Such bonds shall name the Authority as a co-obligee.

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

Section 3.6 **Completion of Construction.** The Borrower shall diligently prosecute construction of the Project to completion, and shall cause the completion of the construction of the Project no later than [March 1, 2023].

Section 3.7 **Construction Pursuant to Plans and Laws.**

(a) The Borrower shall construct the Improvements and the B-Permit Improvements in substantial conformance with the Construction Plans approved by the Authority and by the City Building Department, and with the Schedules of Performance for the Improvements and the B-Permit Improvements attached hereto as Exhibits D-1 and D-2, respectively.

(b) The Borrower shall notify the Authority in a timely manner of any changes in the work required to be performed under this Agreement, including any additions, changes, or deletions to the plans and specifications approved by the Authority. Consent to any additions, changes, or deletions to the work shall not relieve or release the Borrower from any other obligations under this Agreement, or relieve or release the Borrower or its surety from any surety bond. A written change order authorized by the Authority must be obtained before any of the following changes, additions, or deletions in work for the Project may be performed:

   (i) With respect to the Improvements (1) any change in the work the cost of which exceeds Fifty Thousand Dollars ($50,000.00); or (2) any set of changes in the work the cost of which cumulatively exceeds Two Hundred Fifty Thousand Dollars ($250,000.00) or ten percent (10%) of the Loan amount, whichever is less; or (3) any material change in building materials or equipment, specifications, or the structural or architectural design or appearance of the Project as provided for in the plans and specifications approved by the Authority. Any written change order submitted to the Authority for its approval shall be deemed approved if not disapproved within five (5) days following receipt by the Authority; provided that approval of such change orders by the Authority shall not increase the Authority's liability or obligations under this Agreement.

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

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

Section 3.8 Marketing Plan.

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

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

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

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

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

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

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

Section 3.12  Construction Responsibilities.

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

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

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

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

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

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

Section 3.14 Inspections. The Borrower shall, upon advance reasonable written request, permit and facilitate, and shall require its contractors to permit and facilitate, observation and inspection at the Project by the Authority and by public authorities during reasonable business hours for the purposes of determining compliance with this Agreement.

Section 3.15 Approved Development Budget; Revisions to Budget. As of the date of this Agreement, the Authority has approved the Approved Development Budget set forth in Exhibit B and the fees related to the operation of the Project as further described in the Partnership Agreement, including (a) an annual asset management fee of Twenty Thousand Dollars ($20,000.00) paid to the Managing General Partner, escalating by three percent (3%) annually; and (b) an annual asset management fee of Ten Thousand Dollars ($10,000.00) paid to Investor, escalating by three percent (3%) annually. Unpaid fees may accrue. The Borrower shall not charge interest on its deferred developer fee. The Borrower shall submit any required amendments to the Approved Development Budget to the Authority for approval monthly if actual costs of the Project vary or will vary from the costs shown on the Approved Development Budget. Written consent of the Authority shall be required to amend the Approved Development Budget, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, this Section shall not apply to (i) the reallocation from any contingency line item in the Approved Development Budget to another line item, (ii) savings in one line item allocated to another line item, or (iii) for any cost change of Seventy Five Thousand Dollars ($75,000) for each item or Two Hundred Fifty Thousand Dollars ($250,000) in the aggregate; provided, however, that there is no material change in the Plans and Specifications.

Section 3.16 Authority Fees. The Borrower shall pay the Authority Coordination Fee to the Authority for the Project. The Authority Coordination Fee shall be paid at Closing in the amount of Two Hundred Twenty Thousand Dollars ($220,000.00).
Section 3.17  **Capital Contributions.** The Borrower shall cause the Investor to make the capital contribution described in Section 5.02 of the Partnership Agreement and shall utilize such funds to pay costs of the Project, consistent with the Approved Development Budget.

**ARTICLE 4  LOAN REQUIREMENTS**

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

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

Section 4.3  **Information.** The Borrower shall provide any information reasonably requested by the Authority in connection with the Project.

Section 4.4  **Records.**

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

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

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

Section 4.6  **Additional Requirements.**

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

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

(i) HUD Rental Assistance Demonstration Requirements. Including, but not limited to: (1) the Consolidated and Further Continuing Appropriations Act of 2012, and all applicable statutes and any regulations issued by HUD for the RAD Program, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process; and (2) all current requirements in HUD handbooks and guides, notices (including but not limited to, HUD Notice H-2019-09 PIH 2019-23 (HA) (September 5, 2019), as it may be amended from time to time), and Mortgagee Letters (if any) for the RAD Program, and all future updates, changes, and amendments thereto, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and provided that such future updates, changes, and amendments shall be applicable to the Property and Improvements only to the extent that they interpret, clarify, and implement terms rather than add or delete provisions.

(ii) Environmental and Historic Preservation. Section 104(f) of the Housing and Community Residence Act of 1974 and 24 C.F.R. Part 58, which prescribe procedures for compliance with the National Environmental Policy Act of 1969 (42 U.S.C. §§ 4321-4361), and the additional laws and authorities listed at 24 C.F.R. § 58.5.


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

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

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

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

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

(xi) Lobbying. The restrictions on use of funds for lobbying as provided in 24 C.F.R. § 5.105(b).

(xii) Grant Funds. The requirements of the CNI Requirements, IIG Requirements and TCC Requirements. Without limiting the generality of the forgoing, the Borrower shall (1) execute and deliver to the Authority the Subgrantee and Contractor Certifications and Assurances in the form attached hereto as Exhibit F in connection with the Authority CNI Loan and (2) comply with the TCC Grant Agreement publicity requirements attached hereto as Exhibit J.


(xiv) Reserve for Replacement. The Borrower shall establish and maintain a replacement reserve in an interest-bearing account to aid in funding extraordinary maintenance, repair, and replacement of capital items in accordance with the RAD Use Agreement and RAD Program, which requires initial monthly deposits of $___________, subject to annual increases as required by HUD.
(xv) Subsidy Reserve. The Parties acknowledge and agree that the Borrower is creating a subsidy reserve pursuant to Section 7.08 of the Partnership Agreement that will be controlled the Investor. Borrower shall provide Authority reasonable notice prior to drawing down such subsidy reserve for its intended purpose. Further, Authority approval is required for any decrease or modification of such subsidy reserve pursuant to the Partnership Agreement, except for decreases in accordance with the intended purpose of such subsidy reserve.

Section 4.7 Hazardous Materials.

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

(b) The Authority, in its capacity as lender with respect to the Loan and the Deed of Trust securing repayment of same and separate and apart from its capacity as Authority under the Ground Lease, shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Substances and Materials Claims or arising out of any breach or violation by Borrower of its obligations under this Section 4.7. The Borrower shall defend, indemnify, and hold harmless the Authority and Authority Board members, supervisors, directors, officers, employees, agents, successors and assigns from and against any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to the failure of the Borrower or any other person or entity, other than the Authority, to comply with this Section 4.7. This obligation to indemnify shall survive termination of this Agreement.

(c) The Borrower hereby acknowledges and agrees that (i) this Section is intended as the Authority's written request for information (and the Borrower's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5, and (ii) each representation and warranty in this Agreement (together with any indemnity obligation applicable to a breach of any such representation and warranty) with respect to the environmental condition of the Property is intended by the Parties to be an “environmental provision” for purposes of California Code of Civil Procedure Section 736.

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

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

Section 4.8 Maintenance and Damage.

(a) During the course of both construction and operation of the Project, the Borrower shall maintain the Property and Improvements in accordance with the Ground Lease and Article 2 of the Deed of Trust.

(b) Subject to the Ground Lease, the terms of Section 4.1 of the Deed of Trust shall govern in the event of any casualty, damage, destruction or condemnation of the Property and/or Improvements (or any portion thereof).

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

Section 4.10 Notice of Litigation. The Borrower shall promptly notify the Authority in writing of any litigation materially affecting the Borrower or the Project and of any claims or disputes that involve a material risk of such litigation.
Section 4.11   Operation of Project.

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

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

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

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

Section 4.13   Transfer.

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

(b) Except as provided in the Ground Lease, including without limitation under Sections 17.5 and 17.6 of the Ground Lease, no Transfer shall be permitted without the prior written consent of the Authority, which the Authority may withhold in its discretion. The Loan shall automatically accelerate and be due in full upon any unauthorized Transfer.
(c) The Authority approves the grant of the security interests in the Property described in Section 1.1(c) above.

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

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

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

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

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

(ii) Be primary and non-contributing with respect to any insurance or self-insurance programs covering the Authority, its commissioners, officers, and employees.
(iii) Include all of the Borrower's subcontractors as insured under its policies or furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

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

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

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

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

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

(iv) Place such insurance with insurers approved to do business in the State of California and having A.M. Best Company ratings of no less than A:VII, or such other rating acceptable to the Authority.

(d) The required insurance shall be provided under an occurrence form, and the Borrower shall maintain the coverage described in, and consistent with, subsections (a) through (d) continuously so long as the Note is outstanding. Should any of the required insurance be provided under a form of coverage that includes an annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit shall be three times the occurrence limits specified above.

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

ARTICLE 5 DEFAULT AND REMEDIES

Section 5.1 Events of Default. Each of the following shall constitute a “Default” by the Borrower under this Agreement:
(a) **Failure to Satisfy Conversion Conditions.** Failure by the Borrower to satisfy all Conversion Conditions (Construction) by [March 1, 2023].

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

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

(d) **Default Under Other Loans.** Failure by the Borrower to make any payment or perform any of the Borrower's covenants, agreements, or obligations under the documents evidencing and securing the Approved Financing and the bond documents related to the Construction Loan and Permanent Loan for Project following expiration of all applicable notice and cure periods. Notwithstanding the foregoing, the Authority shall not declare a breach or default under the Loan Documents, Ground Lease, or other documents between the Authority and Borrower or its affiliates to the extent such breach or default occurs by reason of (i) the Authority's failure to complete demolition of the Property by April 1, 2021 or (ii) any failure by HUD to provide funds designated for the Project, and such failure was not caused by an act or omission of the Borrower.

(e) **Insolvency.** A court having jurisdiction shall have made or entered any decree or order; (i) adjudging the Borrower or the Administrative General Partner to be bankrupt or insolvent; (ii) approving as properly filed a petition seeking reorganization of the Borrower or the Administrative General Partner or seeking any arrangement for the Borrower or the Administrative General Partner under the bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction; (iii) appointing a receiver, trustee, liquidator, or assignee of the Borrower or the Administrative General Partner in bankruptcy or insolvency or for any of their properties; (iv) directing the winding up or liquidation of the Borrower or the Administrative General Partner, if any such decree or order described in clauses (i) to (iv), inclusive, shall have continued unstayed or undischarged for a period of ninety (90) days; or (v) the Borrower or the Administrative General Partner shall have admitted in writing its inability to pay its debts as they fall due or shall have voluntarily submitted to or filed a petition seeking any decree or order of the nature described in clauses (i) to (iv), inclusive. The occurrence of any of the events of Default in this paragraph shall act to accelerate automatically, without the need for any action by the Authority, the indebtedness evidenced by the Note.
(f) **Assignment; Attachment.** The Borrower or the Administrative General Partner shall have assigned its assets for the benefit of its creditors or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached, or executed upon shall have been returned or released within ninety (90) days after such event or, if sooner, prior to sale pursuant to such sequestration, attachment, or execution. The occurrence of any of the events of default in this paragraph shall act to accelerate automatically, without the need for any action by the Authority, the indebtedness evidenced by the Note.

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

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

(i) **Reserved.**

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

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

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

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

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

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

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

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

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

Section 5.6 **Remedies Cumulative.** No right, power, or remedy given to the Authority by the terms of this Agreement or the Loan Documents is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given to the Authority by the terms of any such instrument, or by any statute or otherwise against the Borrower and any other person. Neither the failure nor any delay on the part of the Authority to exercise any such rights and remedies shall operate as a waiver thereof, nor shall any single or partial exercise by the
ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF BORROWER

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

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

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

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

(d) Valid and Binding Agreements. This Agreement and the Loan Documents and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will, when so executed and delivered, constitute, legal, valid, and binding obligations of the Borrower enforceable against it in accordance with their respective terms, subject to the laws affecting creditors rights and principles of equity.

(e) No Breach of Law or Agreement. Neither the execution nor delivery of this Agreement and the Loan Documents or of any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Agreement, nor the performance of any provision, condition, covenant or other term hereof or thereof, will conflict with or result in a breach of any statute, rule, or regulation, or any judgment, decree, or order of any court, board, commission, or agency whatsoever binding on Borrower, or any provision of the organizational documents of the Borrower, or will conflict with or constitute a breach of or a default under any agreement to which the Borrower is a party, or will result in the creation or imposition of any
liens upon any assets or property of the Borrower, other than liens established pursuant to the Loan Documents.

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

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

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

ARTICLE 7 GENERAL PROVISIONS

Section 7.1 Relationship of Parties. Nothing contained in this Agreement shall be interpreted or understood by any of the Parties, or by any third persons, as creating the relationship of employer and employee, principal and agent, limited or general partnership, or joint venture between the Authority and the Borrower or its agents, employees, or contractors, and the Borrower shall at all times be deemed an independent contractor and shall be wholly responsible for the manner in which it or its agents, or both, perform the services required of it by the terms of this Agreement. The Borrower has and retains the right to exercise full control of employment, direction, compensation, and discharge of all persons assisting in the performance of services under this Agreement. In regards to the acquisition of the Property, construction of the Improvements, and operation of the Project, the Borrower shall be solely responsible for all matters relating to payment of its employees, including compliance with Social Security, withholding, and all other laws and regulations governing such matters, and shall include requirements in each contract that contractors shall be solely responsible for similar matters relating to their employees. The Borrower shall be solely responsible for its own acts and those of its agents and employees.

Section 7.2 No Claims. Nothing contained in this Agreement shall create or justify any claim against the Authority by any person that the Borrower may have employed or with whom the Borrower may have contracted relative to the purchase of materials, supplies, or equipment, or the furnishing or the performance of any work or services with respect to the acquisition of the Property, the construction of the Improvements, or the operation of the Project, and the Borrower shall include similar requirements in any contracts entered into for the acquisition of the Property, the construction of the Improvements, or the operation of the Project.
Section 7.3 Amendments. No alteration or variation of the terms of this Agreement shall be valid unless made in writing by the Parties.

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

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

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

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

Section 7.8 Conflict of Interest.

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

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

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

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

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

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

Borrower: Jordan Downs Phase S2, LP
2 Cooper Street
Camden, NJ 08102
Attn: John J. O’Donnell

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

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

Such written notices, demands, and communications may be sent in the same manner to such other addresses as the affected Party may from time to time designate by mail as provided in this Section. Receipt shall be deemed to have occurred on the date shown on a written receipt as the date of delivery or refusal of delivery (or attempted delivery if undeliverable). Copies of notice(s), sent to the Borrower shall also be sent to any limited partner of the Borrower who requests such notice in writing and provides its address.
Section 7.10  **Applicable Law.** This Agreement shall be governed by the laws of the state of California.

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

Section 7.12  **Reserved.**

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

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

Section 7.15  **Authority Approval.** This Loan has been approved by the Authority Board of Commissioners ("Authority Board") pursuant to Resolution No. [____]. Whenever this Agreement calls for Authority approval, consent, or waiver, the written approval, consent, or waiver of the Authority President and Chief Executive Officer shall constitute the approval, consent, or waiver of the Authority, without further authorization required from the Authority Board. The Authority hereby authorizes the Authority President and Chief Executive Officer to deliver such approvals or consents as are required by this Agreement, or to waive requirements under this Agreement, on behalf of the Authority. Any consents or approvals required under this Agreement shall not be unreasonably withheld or made, except where it is specifically provided that a sole discretion standard applies. The Authority President and Chief Executive Officer is also hereby authorized to approve, on behalf of the Authority, requests by the Borrower for reasonable extensions of time deadlines set forth in this Agreement. The Authority shall not unreasonably delay in reviewing and approving or disapproving any proposal by the Borrower made in connection with this Agreement.
Section 7.16  **Waivers.** Any waiver by the Authority of any obligation or condition in this Agreement must be in writing. No waiver will be implied from any delay or failure by the Authority to take action on any breach or default of the Borrower or to pursue any remedy allowed under this Agreement or applicable law. Any extension of time granted to the Borrower to perform any obligation under this Agreement shall not operate as a waiver or release from any of its obligations under this Agreement. Consent by the Authority to any act or omission by the Borrower shall not be construed to consent to any other or subsequent act or omission or to waive the requirement for the Authority's written consent to future waivers.

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

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

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

Section 7.20  **Exhibits.** Exhibits A-1, A-2, B, C-1, C-2, D-1, D-2, E-1, E-2, F, G-1, G-2, G-3, H, I and J are incorporated into and hereby made a part of this Agreement.

[signature page(s) to follow]
WHEREAS, this Agreement has been entered into by the undersigned as of the date first above written.

**AUTHORITY:**

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

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

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

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

By: _______________________________

Ken Crawford
Vice President

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

By: _______________________________

Tina Smith-Booth
President
EXHIBIT A-1

Legal Description of the Property

The land referred to herein is situated in the State of California, County of Los Angeles, City of Los Angeles and 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
**EXHIBIT A-2**

Unit Designation by Type

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<th></th>
<th>Phase S2</th>
<th>RAD</th>
<th>PBV</th>
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<tbody>
<tr>
<td>One Bedroom</td>
<td>18</td>
<td>1</td>
<td>17</td>
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<tr>
<td>Two Bedroom</td>
<td>33*</td>
<td>9</td>
<td>23</td>
</tr>
<tr>
<td>Three Bedroom</td>
<td>29</td>
<td>7</td>
<td>22</td>
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<tr>
<td>Four Bedroom</td>
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<td>-</td>
<td>1</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>81</strong></td>
<td><strong>17</strong></td>
<td><strong>63</strong></td>
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</table>

*Includes one (1) manager’s unit.
EXHIBIT B

Approved Development Budget

[attached]
<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th>Jordan Downs Phase S-2</th>
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</thead>
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## Acquisition Costs

<table>
<thead>
<tr>
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<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>3,400,000</td>
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**Subtotal:** 3,400,000

## Construction Costs

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<td>Construction (Off-Site)</td>
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<td>GC - General Requirements</td>
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<td>GC - Overhead</td>
<td>1,243,191</td>
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<tr>
<td>GC - Profit</td>
<td>1,243,191</td>
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<td>G/L Insurance</td>
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<td>Constr. Contingency 5.00%</td>
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<td>Letter of Credit/P&amp;P Bond</td>
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**Subtotal:** 42,336,000

## Site Work (Not in GC Contract)

<table>
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<tr>
<th>Description</th>
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<tbody>
<tr>
<td>Site Work (General)</td>
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**Subtotal:** 500,000

## Personal Property

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<tr>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>FF&amp;E</td>
<td>200,000</td>
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**Subtotal:** 200,000

## Soft Costs

<table>
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<tr>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Accounting</td>
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<tr>
<td>Appraisal</td>
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<td>Architectural Design</td>
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<td>Architectural Supervision</td>
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<td>Construction Monitoring</td>
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<td>Cost Certification</td>
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<td>Civil Engineering</td>
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<td>Impact Fees &amp; Zoning</td>
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<td>Insurance</td>
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<td>Legal - Taxable Constr/Bridge Loan</td>
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<td>Legal - Permanent Loan</td>
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<tr>
<td>Legal - Bond Counsel</td>
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<tr>
<td>Legal - Developer</td>
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<tr>
<td>Legal - HACLA</td>
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<tr>
<td>Market Study &amp; RCS</td>
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<tr>
<td>Marketing (Rent Up)</td>
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<tr>
<td>Monitoring Fees (LIHTC)</td>
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<td>Organizational Fees</td>
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<td>Permits</td>
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<td>Phase I Environmental</td>
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<td>Soft Cost Contingency</td>
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<td>Soils Tests / Geotech</td>
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<td>Survey</td>
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<tr>
<td>Tax Credit Fees</td>
<td>28,633</td>
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<tr>
<td>Lease Up Fee</td>
<td>40,000</td>
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<tr>
<td>Title &amp; Recording</td>
<td>150,000</td>
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<tr>
<td>Working Cap/Stabilization Reserves</td>
<td>233,328</td>
</tr>
<tr>
<td>Design / Construction Fee</td>
<td>50,000</td>
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<tr>
<td>Deputy Inspector &amp; LEED</td>
<td>215,000</td>
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<table>
<thead>
<tr>
<th>Description</th>
<th>Acquisition</th>
<th>New/Rehab</th>
<th>Non - Eligible</th>
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</thead>
<tbody>
<tr>
<td>Soil Tests / Geotech</td>
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<td>50,000</td>
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<tr>
<td>Deputy Inspector &amp; LEED</td>
<td>215,000</td>
<td>215,000</td>
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**Total Development Costs:** 42,336,000

**Federal LIHTC Basis:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Acquisition</th>
<th>New/Rehab</th>
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<tr>
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<td>50,000</td>
<td>50,000</td>
<td></td>
</tr>
<tr>
<td>Deputy Inspector &amp; LEED</td>
<td>215,000</td>
<td>215,000</td>
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</table>

**Subtotal:** 3,400,000
### Total Development Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>HACLA Site Prep &amp; Relocation Fee</td>
<td>220,000</td>
</tr>
<tr>
<td>HACLA Compliance &amp; Coordination Fee</td>
<td>220,000</td>
</tr>
<tr>
<td>Master Planning Reimbursement</td>
<td>275,000</td>
</tr>
<tr>
<td>Transit Passes</td>
<td>158,400</td>
</tr>
<tr>
<td>HACLA Labor Compl. &amp; Constr. Mon.</td>
<td>50,000</td>
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**Subtotal** 6,055,637

### Financing Costs

<table>
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<tbody>
<tr>
<td>Predevelopment Loan Interest</td>
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<tr>
<td>Construction Interest Capitalized</td>
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<td>Construction Interest Expensed</td>
<td>772,851</td>
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<tr>
<td>Taxable Construction Loan Fees</td>
<td>60,490</td>
</tr>
<tr>
<td>Taxable Bridge Loan Fees</td>
<td>49,510</td>
</tr>
<tr>
<td>Permanent Loan Fees</td>
<td>150,750</td>
</tr>
<tr>
<td>All TEB &amp; TEL Fees</td>
<td>685,834</td>
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<tr>
<td>Syndication Costs</td>
<td>65,000</td>
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**Subtotal** 2,753,686

### Developer Costs

<table>
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<tr>
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<tr>
<td>Developer Fee</td>
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**Subtotal** 3,500,000

### Reserves (Long Term Only)

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<th>Description</th>
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<td>Reserve for Replacement</td>
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<td>Operating Reserve [ 6 mos. ]</td>
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<td>Escrow 1st yr RE Tax &amp; Insurance</td>
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<td>Section 8 Overhang Reserve [ 6 mos. ]</td>
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**Subtotal** 1,642,895

### TOTAL USES

60,388,218

### Federal LIHTC Basis

<table>
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<th>Description</th>
<th>Acquisition</th>
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</thead>
<tbody>
<tr>
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<tr>
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<td>275,000</td>
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<tr>
<td>Transit Passes</td>
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<td>158,400</td>
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<tr>
<td>HACLA Labor Compl. &amp; Constr. Mon.</td>
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<td>-</td>
<td>50,000</td>
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6,055,637

<table>
<thead>
<tr>
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<tr>
<td>Syndication Costs</td>
<td>-</td>
<td>-</td>
<td>65,000</td>
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</table>

2,753,686

<table>
<thead>
<tr>
<th>Description</th>
<th>Acquisition</th>
<th>New/Rehab</th>
<th>Non - Eligible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developer Fee</td>
<td>-</td>
<td>3,500,000</td>
<td>-</td>
</tr>
</tbody>
</table>

3,500,000

<table>
<thead>
<tr>
<th>Description</th>
<th>Acquisition</th>
<th>New/Rehab</th>
<th>Non - Eligible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve for Replacement</td>
<td>-</td>
<td>-</td>
<td>20,250</td>
</tr>
<tr>
<td>Operating Reserve [ 6 mos. ]</td>
<td>-</td>
<td>-</td>
<td>467,000</td>
</tr>
<tr>
<td>Escrow 1st yr RE Tax &amp; Insurance</td>
<td>-</td>
<td>-</td>
<td>84,645</td>
</tr>
<tr>
<td>Section 8 Overhang Reserve [ 6 mos. ]</td>
<td>-</td>
<td>-</td>
<td>692,000</td>
</tr>
<tr>
<td>Debt Service Reserve [ 6 mos. ]</td>
<td>-</td>
<td>-</td>
<td>379,000</td>
</tr>
</tbody>
</table>

1,642,895

<table>
<thead>
<tr>
<th>Description</th>
<th>Acquisition</th>
<th>New/Rehab</th>
<th>Non - Eligible</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL USES</td>
<td></td>
<td></td>
<td>51,216,810</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>9,171,408</td>
</tr>
</tbody>
</table>

9,171,408
### Total Development Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sum of: TEB + TEL</td>
<td>$29,030,000</td>
</tr>
</tbody>
</table>

#### Devoted Costs - 95% Good/5% Bad Costs:

**Good Costs highlighted in green above**

- $36,541,898

**Developer fee in Good Costs:**

- N/A; Dev Fee not paid by TEB/TEL

**TEB + TEL Interest in Good Costs:**

- TEB + TEL Interest - Capitalized: $286,816
- TEB + TEL Interest - Expensed: $-

**Portion of other costs highlighted in yellow above**

- [See Supporting Schedules for details and calculation]

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Potential Good Costs</td>
<td>$36,828,714</td>
</tr>
<tr>
<td>Divided by:</td>
<td></td>
</tr>
<tr>
<td>Total Tax-Exempt Bond Proceeds</td>
<td>$29,030,000</td>
</tr>
</tbody>
</table>

- Good Costs %: 126.86%

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total TEB + TEL</td>
<td>$29,030,000</td>
</tr>
<tr>
<td>Times Needed Good Costs %</td>
<td>95%</td>
</tr>
<tr>
<td>Minimum Good Costs needed</td>
<td>$27,578,500</td>
</tr>
<tr>
<td>Less Current Potential Good Costs</td>
<td>($36,828,714)</td>
</tr>
<tr>
<td><strong>(Surplus) of Good Costs</strong></td>
<td>$9,250,214</td>
</tr>
</tbody>
</table>

### TEB + TEL Funding - 95% Good/5% Bad Costs:

- TEB/TEL max potential funding of Good Costs per Draw Schedule: $36,828,714
- Minimum Good Costs needed: $27,578,500
- **Surplus of Good Costs**: $9,250,214

---

50% Test:

- Sum of:
  - TEB + TEL: $29,030,000

Divided by sum of:

- Acquisition Basis: -
- Land: $3,400,000
- Construction Basis: $51,216,810

- TEB / TEL %: 53.20%

- Federal LIHTC Basis: 50%

---

*Less Retainage Withheld from Constr. Costs*
EXHIBIT C-1

Scope of Development for the Improvements

[attached]
Scope of Development – Phase S2

Jordan Downs Phase S2 Apartments will be the new construction of five buildings comprising eighty one (81) apartments. Three of the buildings are two story walk up apartment buildings of eight apartments, one building is a two story walk up with five apartments, and the main building has a one story parking garage and ground floor community serving space with three stories of apartments above served by an elevator. The project has an on-grade parking structure containing forty six (46) parking spaces as well as fifteen (15) additional spaces configured as on-grade along a shared private driveway. The project is composed of eighty affordable apartments, plus one manager’s unit, a community room, and two small offices. The unit mix is as follows: 18 one-bedroom apartments, 33 two-bedroom apartments, 29 three-bedroom apartments, and 1 four-bedroom apartment. The one-bedroom apartments are around 675 square feet, the two-bedroom apartments are range between 900 and 1,000 square feet, the three-bedroom apartments range between 1,225 and 1,275 square feet, the four-bedroom apartment is approximately 1,900 square feet. All apartments have their own individual bathroom and kitchen, three-bedroom apartments and larger have two bathrooms. Each kitchen includes a sink, dishwasher, refrigerator, and a range/oven combination. Storage is provided with closets in each bedroom and, with upper and lower cabinetry in kitchens. Each unit also includes a washing machine and dryer. The unit plans are efficiently laid out and meet requirements for light and ventilation. The unit interiors are designed to provide privacy and maximize space.

In designing Jordan Downs Phase S2 Apartments, elements that take into account the livability, comfort and safety of the residents as well as the long-term management of the building were considered. Jordan Downs Phase S2 Apartments will promote pedestrian oriented design through the provision of apartment entrances directly on the street along Grape Street as well as 101st Street, thereby breaking up the size and perception of the apartment buildings more similar to the existing campus. Similarly, the community room for the property is located near the extension of Century Boulevard adjacent to the future Freedom Tree Park. Large operable windows and balconies provide two-sided natural day-lighting and ventilation. The project is designed to meet LEED Gold certification. The buildings and site plan were designed to re-define and re-develop the project area to provide an uplifting and safe environment for existing Jordan Downs households relocated as well as new residents to the neighborhood. The buildings are lower in height towards Grape Street and the adjacent community and increases in height from west to east.

There is an east-west pedestrian path through the project which also connects to the project to the adjacent under construction Phase S3 and helps provide better connections to the adjacent neighborhood. The northern entry of the project shares a border with extension of Century Boulevard and the future Freedom Tree Park which provides easy access for residents to use the adjacent open space, bicycle, and pedestrian connections. The project will respond to the unique needs of the existing households by providing replacement housing units to residents located within the footprint of the third phase of redevelopment projects. This allows for a ‘build first’ model where existing households
are not permanently relocated offsite during the redevelopment process. A neighborhood park, Freedom Tree Park, creates a community gathering space adjacent to the development’s northern edge.

**Security:** Security is well integrated into the design of Jordan Downs Phase S2 Apartments. The project provides a secure environment for all residents through the use of both physical systems and through good design by minimizing areas with no visual access and providing adequate site lighting in all areas.

- The entire site area has been designed with well-lit parking and open air visible interior walkways connecting the development’s units.
- Each unit has its own individual entrance facing the center of the property along the breezeway walkways, providing more eyes on the street and greater stewardship of the building and area by residents. Units also have courtyard or park frontage opposite their main entry.
- Attention has been paid to the location and provision of site lighting to maximize illuminating walkways and grounds while minimizing light intrusion into units.
- The main entry to the site, main mail location, and location of the community room is next to the development site office to increase awareness and oversight over that critical area.
- Security cameras will be placed around the perimeter of the building, along corridors, and at exit points to the building. Video monitoring equipment will be in the Property Manager’s office with remote online viewing capability.

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

Jordan Downs Phase S2 Apartments complies with Program accessibility requirements as stated under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR part 8. Jordan Downs Phase S2 Apartments is designed and constructed to be readily accessible to and usable by individuals with handicaps. Additionally, ten (10) total apartments are accessible for persons with mobility impairments. These apartments are on an accessible route and are otherwise in compliance with the standards set forth in 24 CFR 8.32. An additional six (6) apartments are accessible for persons with hearing or vision impairments.

Jordan Downs Phase S2 Apartments complies with design and construction requirements as stated under the Fair Housing Amendments Act of 1988 and implementing regulations at 24 CFR 100.205. Jordan Downs Phase S2 Apartments is designed and constructed to have at least one building entrance on an accessible route. Further, the public and common use areas are readily accessible to and usable by handicapped persons and all the doors on the premises are sufficiently wide to allow passage by handicapped persons in wheelchairs. All apartments contain the following features of adaptable design:

(i) An accessible route into and through the unit;
(ii) Light switches, electrical outlets, thermostats and other environmental controls in accessible locations;
(iii) Reinforcements in bathroom walls to allow later installation of grab bars around the toilet, tub, shower, stall and shower seat, where such facilities are provided; and
(iv) Usable kitchens and bathrooms such that an individual in a wheelchair can maneuver about the space.

The City of Los Angeles Department of Building and Safety (LADBS) considers 24 CFR in its existing procedures for the review and approval of newly constructed buildings and determinations as to whether the design and construction of such buildings are consistent with the applicable CFR sections.
EXHIBIT C-2

Scope of Development for the B-Permit Improvements

[attached]
SCOPE OF DEVELOPMENT - B-PERMIT

Specific public improvements necessary for the occupancy and operation of the Phase S2 project. These off-site public improvements are a part of work required by BR-004478/BT-004478. BR-004478 involves the offsite work of both Phase S3 and Phase S2 under a single B-permit.

For Phase S2 the off-site improvements include:

<table>
<thead>
<tr>
<th>Street</th>
<th>Improvements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grape Street</td>
<td>Sewer, Storm Drain, Water Service, Dry Utility Service, Sidewalk, Landscaping, Curb &amp; Gutter, Street Improvements and Striping</td>
</tr>
<tr>
<td>101st Street</td>
<td>Sewer, Storm Drain, Water Service, Dry Utility Service, Sidewalk, Landscaping, Curb &amp; Gutter, Street Improvements and Striping, Road Reconstruction</td>
</tr>
</tbody>
</table>

Refer to the Phase 1 Improvements diagram from Tentative Tract 82633 for an indication of the work required for the Phase S2 and Phase S3 projects under the B-Permit.
EXHIBIT D-1

Schedule of Performance for the Improvements
## CONSTRUCTION SCHEDULE OF PERFORMANCE
### JORDAN DOWNS PHASE S2

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date Not Later Than:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Construction</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Closing</strong></td>
<td>3/29/2021</td>
</tr>
<tr>
<td>Preconstruction Meeting:</td>
<td>Thirty days after closing.</td>
</tr>
<tr>
<td>Notice to Proceed:</td>
<td>Thirty days after closing.</td>
</tr>
<tr>
<td>Construction Commencement:</td>
<td>Thirty days after demolition and/or remediation complete.</td>
</tr>
<tr>
<td>Section 3 Construction Compliance Reporting:</td>
<td>Monthly beginning not later than 60 days following closing and continuing until 30 days after construction completion.</td>
</tr>
<tr>
<td><strong>Marketing and Lease-Up Activities begin:</strong></td>
<td>1/1/23</td>
</tr>
<tr>
<td>• Accept applications at a Jordan Downs location and select and screen applications</td>
<td></td>
</tr>
<tr>
<td><strong>Completion</strong></td>
<td></td>
</tr>
<tr>
<td>Receive Certificate of Occupancy for Phase S2</td>
<td>4/1/2023</td>
</tr>
<tr>
<td>Notice delivered to HACLA requesting Certificate of Completion</td>
<td>Within 5 days of receiving TCO from City of Los Angeles</td>
</tr>
<tr>
<td>Final Certificate of Completion Issued by HACLA</td>
<td>90 days before Permanent Conversion</td>
</tr>
<tr>
<td>Completion of PHA Voucher Housing Quality Standard Inspection/Review</td>
<td>Within 15 days of receiving TCO</td>
</tr>
<tr>
<td>Submit Final Section 3 Construction Documentation</td>
<td>90 days after construction completion.</td>
</tr>
<tr>
<td><strong>Occupancy</strong></td>
<td></td>
</tr>
<tr>
<td>Lease-Up Completion</td>
<td>6 months after receipt of Final Certificate of Occupancy on last building from City of Los Angeles.</td>
</tr>
<tr>
<td>Permanent Loan Conversion</td>
<td>9 months after completion.</td>
</tr>
<tr>
<td>Receive 8609</td>
<td>18 months after completion.</td>
</tr>
</tbody>
</table>
EXHIBIT D-2

Schedule of Performance for the B-Permit Improvements
# B-Permit Construction Schedule

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date Not Later Than:</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOE Issues B-Permit Approval for BR-004478</td>
<td>5/1/2021</td>
</tr>
<tr>
<td>Commence Phase S2 B-Permit Work</td>
<td>6/1/2021</td>
</tr>
<tr>
<td>City of Los Angeles accepts Grape Street improvements as substantially complete</td>
<td>9/1/2022</td>
</tr>
<tr>
<td>City of Los Angeles accepts 101st Street improvements as substantially complete</td>
<td>11/1/2022</td>
</tr>
<tr>
<td>City of Los Angeles accepts all S3 B-permit improvements as complete</td>
<td>12/31/2022</td>
</tr>
</tbody>
</table>
EXHIBIT E-1

Draw Schedule

[attached]
<table>
<thead>
<tr>
<th>DRAW SCHEDULE - MAP</th>
</tr>
</thead>
</table>

**TOTAL SOURCES (PERMANENT + CONSTRUCTION DETAILS)**

- PERMANENT SOURCES:
  - Begins with Managing GP & Administrative GP
  - Ends with Surplus Funds

- CONSTRUCTION SOURCES DETAILS:
  - Begin with TCC AHD Loan
  - End with TEB/TEL Drawdown

**Use this Map as a guide to help understand the detailed Draw Schedule that follows. Note that the line item descriptions on the left side of each page of the Draw Schedule appear on every page and that across the top of each page appears the months of the project.**
## DRAW SCHEDULE

**Remainder To Allocate**

<table>
<thead>
<tr>
<th>DEVELOPER CLOSING</th>
<th>25% Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Land</strong></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td>3,400,000</td>
<td>3,400,000</td>
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</tbody>
</table>

### Acquisition Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction New (On-Site)</td>
<td>$3,400,000</td>
</tr>
<tr>
<td>Construction (Off-Site)</td>
<td>$4,530,219</td>
</tr>
<tr>
<td>Sitework</td>
<td>$3,027,065</td>
</tr>
<tr>
<td>GC - General Requirements</td>
<td>$2,245,994</td>
</tr>
<tr>
<td>GC - Overhead</td>
<td>$1,243,191</td>
</tr>
<tr>
<td>GC - Profit</td>
<td>$941,8</td>
</tr>
<tr>
<td>G/L Insurance</td>
<td>$496,797</td>
</tr>
</tbody>
</table>

### Construction Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retainage</td>
<td>$(49,680)</td>
</tr>
<tr>
<td>Constr. Contingency</td>
<td>$2,016,000</td>
</tr>
<tr>
<td>Letter of Credit/P&amp;P Bond</td>
<td>$537,070</td>
</tr>
<tr>
<td>Construction</td>
<td>$42,336,000</td>
</tr>
</tbody>
</table>

### Site Work (General)

<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site Work</td>
<td>$500,000</td>
</tr>
<tr>
<td>Site Work (Not in GC Contract)</td>
<td>$1,243,191</td>
</tr>
</tbody>
</table>

### FF&E

<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account</td>
<td>$30,000</td>
</tr>
<tr>
<td>Appraisal</td>
<td>$15,000</td>
</tr>
<tr>
<td>Architectural Design</td>
<td>$650,000</td>
</tr>
<tr>
<td>Architectural Supervision</td>
<td>$200,000</td>
</tr>
<tr>
<td>Construction Monitoring</td>
<td>$33,000</td>
</tr>
<tr>
<td>Cost Certification</td>
<td>$20,000</td>
</tr>
<tr>
<td>Civil Engineering</td>
<td>$300,000</td>
</tr>
<tr>
<td>Impact Fees &amp; Zoning</td>
<td>$547,500</td>
</tr>
<tr>
<td>Insurance</td>
<td>$855,571</td>
</tr>
<tr>
<td>Legal - Taxable Constr/Bridge Loan</td>
<td>$75,000</td>
</tr>
<tr>
<td>Legal - Permanent Loan</td>
<td>$60,000</td>
</tr>
<tr>
<td>Legal - Bond Counsel</td>
<td>$100,000</td>
</tr>
<tr>
<td>Legal - Developer</td>
<td>$200,000</td>
</tr>
<tr>
<td>Legal - HACLA</td>
<td>$150,000</td>
</tr>
<tr>
<td>Market Study &amp; RCS</td>
<td>$10,000</td>
</tr>
<tr>
<td>Marketing (Rent Up)</td>
<td>$95,000</td>
</tr>
<tr>
<td>Monitoring Fees (LIHTC)</td>
<td>$33,210</td>
</tr>
<tr>
<td>Organizational Fees</td>
<td>$1,000</td>
</tr>
<tr>
<td>Permits</td>
<td>$607,500</td>
</tr>
<tr>
<td>Phase I Environmental</td>
<td>$5,000</td>
</tr>
<tr>
<td>Soft Cost Contingency</td>
<td>$287,495</td>
</tr>
<tr>
<td>Soils Tests / Geotech</td>
<td>$75,000</td>
</tr>
<tr>
<td>Survey</td>
<td>$65,000</td>
</tr>
</tbody>
</table>

### Legal

<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond</td>
<td>$200,000</td>
</tr>
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<td>Legal - HACLA</td>
<td>$150,000</td>
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<td>$10,000</td>
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### Retainage

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<td>Bond</td>
<td>$200,000</td>
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### Retainage

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## Draw Schedule

### Permanent Uses

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<td>4,530,219</td>
</tr>
<tr>
<td>Sitework</td>
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### Costs

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<td>Cost Certification</td>
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<td>Civil Engineering</td>
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<tr>
<td>Impact Fees &amp; Zoning</td>
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<td>Insurance</td>
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<tr>
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<td>Legal - Permanent Loan</td>
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<td>Legal - Developer</td>
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<td>Legal - HACLA</td>
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<td>Phase I Environmental</td>
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Printed: 2/9/2021 at 6:59 PM - Page 2 of 20
### DRAW SCHEDULE

#### PERMANENT USES

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<th>Construction (Off-Site)</th>
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<th>GC - Overhead</th>
<th>GC - Profit</th>
<th>Retainage</th>
<th>Constr. Contingency</th>
<th>Letter of Credit/P&amp;P Bond</th>
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<tr>
<td>Acquisition Costs</td>
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<td>$26,996,473</td>
<td>$4,530,219</td>
<td>$3,027,065</td>
<td>$2,245,994</td>
<td>$1,243,191</td>
<td>$1,243,191</td>
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#### Site Work (General)

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#### Site Work (Not in GC Contract)

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#### Personal Property

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### Additional Details

- **Planning Phase:**
  - **Beginning:** 10/1/22
  - **End:** 12/1/22

- **Construction Phase:**
  - **Substantial Completion:** 1/1/23
  - **Certificate of Occupancy:** 3/1/23
  - **Begin Leaseup:** 5/1/23

- **Loan Amortization:***
  - **General:**
    - **Beginning:** 1/1/22
    - **End:** 5/31/23

- **Interest Cost:**
  - **Beginning:** 1/1/22
  - **End:** 5/31/23

- **Total Cost of Construction (TCO):**
  - **Amount:** $3,159,831

- **General (GA):**
  - **Site Work:**
    - **Amount:** $537,070
  - **Architectural Engineering:**
    - **Amount:** $175,000
  - **Construction Monitoring:**
    - **Amount:** $125,000
  - **Civil Engineering:**
    - **Amount:** $125,000
  - **Cost Certification:**
    - **Amount:** $125,000
  - **Impact Fees:**
    - **Amount:** $125,000
  - **Retainage:**
    - **Amount:** $125,000
  - **Legal - Taxable Constr/Bridge Loan:**
    - **Amount:** $125,000
  - **Legal - Permanent Loan:**
    - **Amount:** $125,000
  - **Legal - Bond Counsel:**
    - **Amount:** $125,000
  - **Legal - Developer:**
    - **Amount:** $125,000
  - **Legal - HACLA:**
    - **Amount:** $125,000
  - **Market Study & RCS:**
    - **Amount:** $125,000
  - **Marketing (Rent Up):**
    - **Amount:** $125,000
  - **Monitoring Fees:**
    - **Amount:** $125,000
  - **Organizational Fees:**
    - **Amount:** $125,000
  - **Permits:**
    - **Amount:** $125,000
  - **Phase I Environmental:**
    - **Amount:** $125,000
  - **Soft Cost Contingency:**
    - **Amount:** $125,000
  - **Soils Tests / Geotech:**
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  - **Survey:**
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## DRAW SCHEDULE

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<td>Construction New (On-Site)</td>
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<td><strong>Reserves (Long Term Only)</strong></td>
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<tr>
<td>Payment/Conversion of TCC AHD Loan</td>
<td>13,200,000</td>
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<td>Payment/Conversion of Loan of CNI Grant</td>
<td>1,000,000</td>
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<td>Payment/Conversion of Taxable Construction/Bridge Loan</td>
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<td><strong>Paydown/Payoff of Construction Sources SubTotal</strong></td>
<td>$ 62,380,000</td>
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<tr>
<td><strong>TOTAL USES (PERMANENT + CONSTRUCTION SOURCES PAYOFF)</strong></td>
<td>$ 122,768,218</td>
<td>$ 10,480,064</td>
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*Draw Schedule*

*Printed: 2/9/2021 at 6:59 PM - Page 5 of 20*
### DRAW SCHEDULE

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#### Substantial Certificate Completion / 75% Completion

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#### Certificate of Occupancy - 1st Bldg.

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#### Predevelopment Loan Interest

- 25,000
- -
- -
- -
- -
- -
- -
- -

#### Construction Interest Capitalized

- 944,251
- 30,223
- 33,513
- 37,166
- 41,181
- 45,202
- 50,056
- 54,846
- 59,561
- 65,480

#### Construction Interest Expensed

- 772,851
- -
- -
- -
- -
- -
- -
- -

#### Taxable Construction Loan Fees

- 60,490
- -
- -
- -
- -
- -
- -
- -

#### Taxable Bridge Loan Fees

- 49,510
- -
- -
- -
- -
- -
- -
- -

#### Permanent Loan Fees

- 150,750
- -
- -
- -
- -
- -
- -
- -

#### All TBE & TEL Fees

- 685,834
- -
- -
- -
- -
- -
- -
- -

#### Syndication Costs

- 65,000
- -
- -
- -
- -
- -
- -
- -

#### Financing Costs

$ 2,753,686 $ 30,223 $ 33,513 $ 37,166 $ 41,181 $ 45,202 $ 50,056 $ 54,846 $ 59,561 $ 65,480

#### Developer Fee

- 3,500,000
- -
- -
- -
- -
- -
- -
- -

#### Developer Costs

$ 3,500,000 $ - $ - $ - $ - $ - $ - $ - $ - $ -

#### Reserve for Replacement

- 20,250
- -
- -
- -
- -
- -
- -
- -

#### Operating Reserve

- 467,000
- -
- -
- -
- -
- -
- -
- -

#### Escrow 1st yr RE Tax & Insurance

- 84,645
- -
- -
- -
- -
- -
- -
- -

#### Section 8 Overhang Reserve

- 692,000
- -
- -
- -
- -
- -
- -
- -

#### Debt Service Reserve

- 379,000
- -
- -
- -
- -
- -
- -
- -

#### Reserves (Long Term Only)

$ 1,642,895 $ - $ - $ - $ - $ - $ - $ - $ - $ -

#### Permanent Uses SubTotal

$ 60,388,218 $ 2,621,810 $ 2,908,578 $ 3,195,711 $ 3,200,074 $ 3,497,210 $ 2,794,920 $ 2,501,349 $ 2,207,703 $ 1,915,261

#### PAYDOWN / PAYOFF / PERM LOAN CONVERSION OF CONSTRUCTION SOURCES

| Payment/Conversion of HACLA Ground Lease Note - Perm | 3,400,000 |
| Payment/Conversion of TEB or TEL - Drawdown TEB / TEL | 29,030,000 |
| Payment/Conversion of Loan of Infill Infrastructure Grant | 2,000,000 |
| Payment/Conversion of TCC AHD Loan | 13,200,000 |
| Payment/Conversion of Loan of CHI Grant | 1,000,000 |
| Payment/Conversion of Taxable Construction/Bridge Loan | 13,750,000 |

#### Paydown/Payoff of Construction Sources SubTotal

$ 62,380,000 $ - $ - $ - $ - $ - $ - $ - $ - $ -

#### TOTAL USES (PERMANENT + CONSTRUCTION SOURCES PAYOFF)

$ 122,768,218 $ 2,621,810 $ 2,908,578 $ 3,195,711 $ 3,200,074 $ 3,497,210 $ 2,794,920 $ 2,501,349 $ 2,207,703 $ 1,915,261

---

Jordan Downs S-2_PreClose_KB JT DL_02.09.21

Printed: 2/9/2021 at 6:59 PM - Page 6 of 20
## DRAW SCHEDULE

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<thead>
<tr>
<th>Remainder To Allocate</th>
<th>Total</th>
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<td>Title &amp; Recording</td>
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<td>Working Cap/Stabilization Reserves</td>
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<tr>
<td>Design / Construction Fee</td>
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<tr>
<td>HACLA Site Prep &amp; Relocation Fee</td>
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<td>HACLA Compliance &amp; Coordination Fee</td>
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<td>HACLA Labor Compl. &amp; Constr. Mon.</td>
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### Soft Costs

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<tr>
<td>Construction Interest Capitalized</td>
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<tr>
<td>Construction Interest Expensed</td>
<td>772,851</td>
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<tr>
<td>Taxable Construction Loan Fees</td>
<td>60,490</td>
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<tr>
<td>Taxable Bridge Loan Fees</td>
<td>49,510</td>
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<tr>
<td>Permanent Loan Fees</td>
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<tr>
<td>All TEB &amp; TEL Fees</td>
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<tr>
<td>Syndication Costs</td>
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### Financing Costs

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<tr>
<td>Escrow 1st yr RE Tax &amp; Insurance</td>
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<td>Section 8 Overhang Reserve</td>
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<tr>
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### Reserves (Long Term Only)

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### Paydown / Payoff / Per Loan Conversion of Construction Sources

| Payment/Conversion of HACLA Ground Lease Note - Perm | 3,400,000|
| Payment/Conversion of TEB or TEL - Drawdown TEB / TEL | 29,030,000|
| Payment/Conversion of Loan of Infill Infrastructure Grant | 2,000,000|
| Payment/Conversion of TCC AHD Loan | 13,200,000|
| Payment/Conversion of Loan of CHI Grant | 1,000,000|
| Payment/Conversion of Taxable Construction/Bridge Loan | 13,750,000|

### Paydown/Payoff of Construction Sources SubTotal

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<td>62,380,000</td>
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### Total Uses (Permanennty + Construction Sources Payoff)

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Jordan Downs S-2_PreClose_XB JT Dt_02.09.21

Draw Schedule

Printed: 2/9/2021 at 6:59 PM - Page 7 of 20
## DRAW SCHEDULE

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<tr>
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<th>Permanent Loan Conversion</th>
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### PAYDOWN / PAYOFF / PERM LOAN CONVERSION OF CONSTRUCTION SOURCES

| Payment/Conversion of HACLA Ground Lease Note - Perm | 3,400,000 | - | - | - | 3,400,000 |
| Payment/Conversion of TEB or TEL - Drawdown TEB / TEL | 29,030,000 | - | - | - | 29,030,000 |
| Payment/Conversion of Loan of Infill Infrastructure Grant | 2,000,000 | - | - | - | 2,000,000 |
| Payment/Conversion of TCC AHD Loan | 13,200,000 | - | - | - | 13,200,000 |
| Payment/Conversion of Loan of CNI Grant | 1,000,000 | - | - | - | 1,000,000 |
| Payment/Conversion of Taxable Construction/Bridge Loan | 13,750,000 | - | - | - | 13,750,000 |
| Paydown/Payoff of Construction Sources SubTotal | $ | 62,380,000 | - | - | 62,380,000 |

### TOTAL USES (PERMANENT + CONSTRUCTION SOURCES PAYOFF)

| $ | 122,768,218 | 175,775 | 171,775 | 171,775 | 64,799,004 | 700,000 | 467,000 |

Printed: 2/9/2021 at 6:59 PM - Page 8 of 20
### DRAW SCHEDULE

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<tr>
<td>6 10/1/21</td>
<td>7 11/1/21</td>
<td>8 12/1/21</td>
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#### PERMANENT SOURCES

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#### CONSTRUCTION SOURCES (will be paid off by Permanent Sources)

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#### TOTAL SOURCES (CONSTRUCTION + PERMANENT)

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#### Balance

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<table>
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<td>DATE</td>
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<td>Substantial Certificate of Completion / Occupancy - 1st Bldg.</td>
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<td>TCO - 1st Bldg.</td>
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<td>75% Completion</td>
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<td>Remainder To Allocate</td>
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<tr>
<td>Total</td>
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**PERMANENT SOURCES**

<table>
<thead>
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<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing GP &amp; Administrative GP</td>
<td>$100,000</td>
</tr>
<tr>
<td>Capital - L.P.</td>
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</tr>
<tr>
<td>Conventional / Taxable 1st Mortgage</td>
<td>$15,075,000</td>
</tr>
<tr>
<td>Deferred Dev Fees</td>
<td>$1,300,000</td>
</tr>
<tr>
<td>HACLA Ground Lease Note - Perm</td>
<td>$3,400,000</td>
</tr>
<tr>
<td>Loan of CNI Grant</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Loan of Infill Infrastructure Grant</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>TCC AHD Loan</td>
<td>$13,200,000</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>$379,471</td>
</tr>
<tr>
<td>Surplus Funds</td>
<td></td>
</tr>
<tr>
<td><strong>Permanent Sources SubTotal</strong></td>
<td><strong>$60,388,218</strong></td>
</tr>
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**CONSTRUCTION SOURCES (will be paid off by Permanent Sources)**

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<tbody>
<tr>
<td>HACLA Ground Lease Note - Perm</td>
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<tr>
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<tr>
<td><strong>Construction Sources SubTotal</strong></td>
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**TOTAL SOURCES (CONSTRUCTION + PERMANENT)**

<table>
<thead>
<tr>
<th>Amount</th>
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<tr>
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<table>
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Jordan Downs 5-2_PreClose_KB JT DL_02.09.21

Draw Schedule

Printed: 2/9/2021 at 6:59 PM - Page 10 of 20
## DRAW SCHEDULE

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<td>Begin Leaseup of Last Bldg.</td>
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### PERMANENT SOURCES

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<tr>
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<tr>
<td>TCC AHD Loan</td>
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<tr>
<td>Accrued Interest</td>
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<td>13,833</td>
<td>13,833</td>
<td>13,833</td>
<td>13,833</td>
<td>13,833</td>
<td>13,833</td>
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<tr>
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<td>$ 13,833</td>
<td>$ 13,833</td>
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<td>$ 13,833</td>
<td>$ 2,742,198</td>
<td>$ 1,583,032</td>
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<td>1,004,782</td>
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<td>$ 62,380,000</td>
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<td>412,851</td>
<td>3,375,448</td>
<td>- $</td>
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<td>$ 1,583,032</td>
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- **Total Sources**
- **Permanent Sources**
- **Construction Sources**
- **Surplus Funds**

---

**Notes:**

- TCO: Time to Completion
- TEB: Time to End of Bridge
- CNI: Capital Needs
- AHD: Affordable Housing Development
- TEL: Tax-Exempt Lending
- JT: Joint Trust
- HACLA: Housing Authority of the County of Los Angeles

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**New Chart Information:**

- **Jordan Downs S-2**
- **PreClose KB JT DL_02.09.21**
- **Draw Schedule**
- **Printed:** 2/9/2021 at 6:59 PM - Page 11 of 20
## Draw Schedule

### Permanant Sources

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<th>Description</th>
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<td>Loan of CNI Grant</td>
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<td>13,833</td>
<td>13,833</td>
<td>13,833</td>
<td>-</td>
</tr>
<tr>
<td>Surplus Funds</td>
<td>-</td>
<td>-</td>
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<td>1,238,925</td>
<td>1,080,983</td>
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### Construction Sources (will be paid off by Permanent Sources)

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<th>2023</th>
<th>2023</th>
<th>2024</th>
<th>2028</th>
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<tr>
<td>HACLA Ground Lease Note - Perm</td>
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<td>1,238,925</td>
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<tr>
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<td>29,030,000</td>
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<tr>
<td>Loan of Infill Infrastructure Grant</td>
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<tr>
<td>TCC AHD Loan</td>
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<td>13,200,000</td>
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<tr>
<td>Loan of CNI Grant</td>
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<td>1,000,000</td>
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<td>-</td>
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<td>-</td>
</tr>
<tr>
<td>Taxable Construction/Bridge Loan</td>
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<td>13,750,000</td>
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### Total Sources (Construction + Permanent)

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<th>2028</th>
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### Fund Operating Reserve

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### Surplus Funds

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<tbody>
<tr>
<td>Surplus Funds</td>
<td>-</td>
<td>1,238,925</td>
<td>1,080,983</td>
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</table>

**Note:** All amounts are in dollars.
<table>
<thead>
<tr>
<th>Date</th>
<th>Prior Month's Balance</th>
<th>Current Month's Draw</th>
<th>Total Drawn To Date</th>
<th>Less Paydowns/Payoff/Perm Conversion</th>
<th>Balance</th>
<th>Interest (3.35%) in Current Period</th>
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<tbody>
<tr>
<td>4/1/21</td>
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<td>3,860,009</td>
<td>4,360,062</td>
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<td>5,092,492</td>
<td>6,057,657</td>
<td>7,255,918</td>
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</table>

**Taxable Construction/Bridge Loan**

**TEB or TEL - Drawdown TEB / TEL**

**TCC AHD Loan**

**Accrued Interest (0.00%) in Current Period**
### Taxable Construction/Bridge Loan

<table>
<thead>
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<th>Description</th>
<th>Prior Month's Balance</th>
<th>Current Month's Draw</th>
<th>Total Drawn To Date</th>
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<th>Balance</th>
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<tbody>
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<tr>
<td>Current Month's Draw</td>
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<tr>
<td>Total Drawn To Date</td>
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<tr>
<td>Less Paydowns/Payoff/Perm Conversion</td>
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<tr>
<td>Balance</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Interest (3.35%) in Current Period</td>
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### TEB or TEL - Drawdown TEB / TEL

<table>
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<tr>
<td>Total</td>
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</table>

### TCC AHD Loan

<table>
<thead>
<tr>
<th>Description</th>
<th>Prior Month's Balance</th>
<th>Current Month's Draw</th>
<th>Total Drawn To Date</th>
<th>Less Paydowns/Payoff/Perm Conversion</th>
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<tr>
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**Construction Sources Details**

** Remainder**

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<td>Current Month's Draw</td>
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<td>Total Drawn To Date</td>
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<td>Less Paydowns/Payoff/Perm Conversion</td>
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<td>Total</td>
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<tr>
<td>Interest (3.35%) in Current Period</td>
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**Total**

**TCC AHD Loan**

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<th>Current Month's Draw</th>
<th>Total Drawn To Date</th>
<th>Less Paydowns/Payoff/Perm Conversion</th>
<th>Balance</th>
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<tr>
<td>Less Paydowns/Payoff/Perm Conversion</td>
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### Taxable Construction/Bridge Loan

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<td>7,282,216</td>
<td>8,286,998</td>
<td>8,996,224</td>
<td>9,409,075</td>
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<td>8,996,224</td>
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### TEB or TEL - Drawdown TEB / TEL

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### TCC AHD Loan

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<td>Interest (3.35%) in Current Period</td>
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<tr>
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Accrued Interest (0.00%) in Current Period
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### DRAW SCHEDULE

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<th>8/1/21</th>
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#### HACLA Ground Lease Note - Perm

| Prior Month's Balance | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 |
| Current Month's Draw | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 |

| Total Drawn To Date | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 |
| Total | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 |

| Less Paydowns/Payoff/Perm Conversion |        |        |        |        |        |        |        |        |        |
| Total | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 | 3,400,000 |
| Accrued Interest (4.00%) in Current Period | 339,990 | 11,333 | 11,333 | 11,333 | 11,333 | 11,333 | 11,333 | 11,333 | 11,333 |

#### Loan of Infill Infrastructure Grant

| Prior Month's Balance |        |        |        |        |        |        |        |        |        |
| Current Month's Draw | 22,932 | 45,865 | 68,797 | 91,729 | 239,662 | 262,594 | 308,458 | 308,458 | 308,458 |

| Total Drawn To Date | 22,932 | 45,865 | 68,797 | 91,729 | 239,662 | 262,594 | 308,458 | 308,458 | 308,458 |
| Total | 22,932 | 45,865 | 68,797 | 91,729 | 239,662 | 262,594 | 308,458 | 308,458 | 308,458 |
| Accrued Interest (0.00%) in Current Period |        |        |        |        |        |        |        |        |        |

#### Loan of CNI Grant

| Prior Month's Balance |        |        |        |        |        |        |        |        |        |
| Current Month's Draw | 22,932 | 45,865 | 68,797 | 91,729 | 239,662 | 262,594 | 308,458 | 308,458 | 308,458 |

| Total Drawn To Date | 22,932 | 45,865 | 68,797 | 91,729 | 239,662 | 262,594 | 308,458 | 308,458 | 308,458 |
| Total | 22,932 | 45,865 | 68,797 | 91,729 | 239,662 | 262,594 | 308,458 | 308,458 | 308,458 |
| Accrued Interest (3.00%) in Current Period | 39,481 |        |        |        |        |        |        |        |        |

#### Year (Interest Deduction)

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<td>18,055</td>
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<td>20,672</td>
<td>22,519</td>
<td>24,726</td>
<td>27,294</td>
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#### PIS Schedule Per Unit Delivery tab; % to be Expensed prior to Completion

| Capitalized | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Expensed    |     |     |     |     |     |     |     |     |
## DRAW SCHEDULE

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<th>9/1/22</th>
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<tr>
<td><strong>HACLA Ground Lease Note - Perm</strong></td>
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<tr>
<td>Less Paydowns/Payoff/Perm Conversion</td>
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<tr>
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</tr>
</tbody>
</table>

| **Loan of Infill Infrastructure Grant** |        |        |        |        |        |        |        |        |        |
| Prior Month’s Balance | 1,325,563 | 1,531,954 | 1,761,277 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| Current Month’s Draw | 206,391 | 229,323 | 238,723 | - | - | - | - | - | - |
| Total Drawn To Date | 1,531,954 | 1,761,277 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| Less Paydowns/Payoff/Perm Conversion | - | - | - | - | - | - | - | - | - |
| Balance | 1,531,954 | 1,761,277 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| Accrued Interest (0.00%) in Current Period | - | - | - | - | - | - | - | - | - |

| **Loan of CNI Grant** |        |        |        |        |        |        |        |        |        |
| Prior Month’s Balance | - | - | - | - | - | - | - | - | - |
| Current Month’s Draw | $ 1,000,000 | - | - | - | - | - | - | - | - |
| Total Drawn To Date | - | - | - | - | - | - | - | - | - |
| Less Paydowns/Payoff/Perm Conversion | - | - | - | - | - | - | - | - | - |
| Balance | - | - | - | - | - | - | - | - | - |
| Accrued Interest (3.00%) in Current Period | - | - | - | - | - | - | - | - | - |

| **Total Interest** | 30,223 | 33,513 | 37,166 | 41,181 | 45,202 | 50,056 | 54,846 | 59,561 | 65,480 |
| **Accrued Interest (3.00%) in Current Period** | 39,481 | - | - | - | - | - | 339 | 1,642 | 2,500 |
| **PIS Schedule Per Unit Delivery tab; % to be Expensed prior to Completion** | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |

**Capitalized** | 30,223 | 33,513 | 37,166 | 41,181 | 45,202 | 50,056 | 54,846 | 59,561 | 65,480 |

**Expensed** | - | - | - | - | - | - | - | - | - |
## DRAW SCHEDULE

<table>
<thead>
<tr>
<th></th>
<th>Remainder</th>
<th>To Allocate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>HACLA Ground Lease Note - Perm</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior Month's Balance</td>
<td>3,400,000</td>
<td>3,400,000</td>
<td>3,400,000</td>
</tr>
<tr>
<td>Current Month's Draw</td>
<td>$3,400,000</td>
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<td>Total Drawn To Date</td>
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<td>3,400,000</td>
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</tr>
<tr>
<td>Less Paydowns/Payoff/Perm Conversion</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance</td>
<td>3,400,000</td>
<td>3,400,000</td>
<td>3,400,000</td>
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<tr>
<td><strong>Accrued Interest (4.00%) in Current Period</strong></td>
<td>339,990</td>
<td>11,333</td>
<td>11,333</td>
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</table>

|                      |           |             |       |
| **Loan of Infill Infrastructure Grant** |           |             |       |
| Prior Month's Balance | 2,000,000 | 2,000,000   | 2,000,000 |
| Current Month's Draw  | $2,000,000| -           | -     |
| Total Drawn To Date  | 2,000,000 | 2,000,000   | 2,000,000 |
| Less Paydowns/Payoff/Perm Conversion | - | - | - |
| Balance              | 2,000,000 | 2,000,000   | 2,000,000 |
| **Accrued Interest (0.00%) in Current Period** | - | - | - |

|                      |           |             |       |
| **Loan of CNI Grant** |           |             |       |
| Prior Month's Balance | 1,000,000 | 1,000,000   | 1,000,000 |
| Current Month's Draw  | $1,000,000| -           | -     |
| Total Drawn To Date  | 1,000,000 | 1,000,000   | 1,000,000 |
| Less Paydowns/Payoff/Perm Conversion | - | - | - |
| Balance              | 1,000,000 | 1,000,000   | 1,000,000 |
| **Accrued Interest (3.00%) in Current Period** | 39,481 | 2,500 | 2,500 |

|                      |           |             |       |
| **Year (Interest Deduction)** |           |             |       |
| Total Interest       | 70,788    | 75,290      | 78,918 |

<table>
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<tr>
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<th>2022</th>
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<th>2023</th>
<th>2023</th>
<th>2023</th>
<th>2023</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
<td>2023</td>
<td>2023</td>
<td>2023</td>
<td>2023</td>
<td>2023</td>
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<tr>
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<table>
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<th>0%</th>
<th>0%</th>
<th>10%</th>
<th>30%</th>
<th>50%</th>
<th>70%</th>
<th>85%</th>
<th>95%</th>
<th>100%</th>
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<td>75,290</td>
<td>71,026</td>
<td>57,206</td>
<td>41,851</td>
<td>25,457</td>
<td>14,100</td>
<td>4,700</td>
<td>-</td>
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<tr>
<td><strong>Expensed</strong></td>
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<td>-</td>
<td>7,892</td>
<td>24,517</td>
<td>41,851</td>
<td>59,398</td>
<td>79,899</td>
<td>89,299</td>
<td>93,999</td>
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Printed: 2/9/2021 at 6:59 PM - Page 19 of 20

Jordan Downs 5-2_PreClose_KB JT DL_02.09.21

Draw Schedule
### HACLA Ground Lease Note - Perm

<table>
<thead>
<tr>
<th></th>
<th>Prior Month's Balance</th>
<th>Current Month's Draw</th>
<th>Total Drawn To Date</th>
<th>Less Paydowns/Payoff/Perm Conversion</th>
<th>Balance</th>
<th>Accrued Interest (4.00%) in Current Period</th>
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</thead>
<tbody>
<tr>
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<td>-</td>
<td>3,400,000</td>
<td></td>
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<td>-</td>
<td>3,400,000</td>
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<td>-</td>
<td>-</td>
</tr>
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</table>

### Loan of Infill Infrastructure Grant

<table>
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<tr>
<th></th>
<th>Prior Month's Balance</th>
<th>Current Month's Draw</th>
<th>Total Drawn To Date</th>
<th>Less Paydowns/Payoff/Perm Conversion</th>
<th>Balance</th>
<th>Accrued Interest (0.00%) in Current Period</th>
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</thead>
<tbody>
<tr>
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<td>2,000,000</td>
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</tr>
<tr>
<td>Total</td>
<td>2,000,000</td>
<td>-</td>
<td>2,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tbody>
</table>

### Loan of CNI Grant

<table>
<thead>
<tr>
<th></th>
<th>Prior Month's Balance</th>
<th>Current Month's Draw</th>
<th>Total Drawn To Date</th>
<th>Less Paydowns/Payoff/Perm Conversion</th>
<th>Balance</th>
<th>Accrued Interest (3.00%) in Current Period</th>
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<tr>
<td>Total</td>
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<td>1,000,000</td>
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### Year (Interest Deduction)

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</thead>
<tbody>
<tr>
<td>Total Interest</td>
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<td>93,999</td>
<td>93,999</td>
<td>93,999</td>
<td>-</td>
</tr>
</tbody>
</table>

### PIS Schedule Per Unit Delivery tab; % to be Expensed prior to Completion

<table>
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<tr>
<th></th>
<th>Capitalized</th>
<th>Expensed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>100%</td>
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<td></td>
<td>100%</td>
<td>93,999</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>93,999</td>
</tr>
</tbody>
</table>
EXHIBIT E-2

Form of Draw Request

[attached]
USES OF FUNDS

DRAW SUMMARY

BUDGET

Borrower: JORDAN DOWNS PHASE S3, LP

Project: Jordan Downs Phase S3

Loan No. Date: L / / 2018

Requisition: 1

<table>
<thead>
<tr>
<th>No.</th>
<th>Item Description</th>
<th>Budget</th>
<th>Changes to Date</th>
<th>Current Changes</th>
<th>Total Completed</th>
<th>Percent Complete</th>
<th>Retainage</th>
</tr>
</thead>
</table>
| A   | USES
     |                 |        |                |                |                |                 |           |
|     | Acquisition Cost |        |                |                |                |                 |           |
|     | Upfront Ground Lease payment | 0.00 | 0.00           | 0.00           | 0.00           | 0.00%          | 0.00      |
|     | Subtotal         | 0.00   | 0.00           | 0.00           | 0.00           | 0.00%          | 0.00      |
|     | Development Costs |        |                |                |                |                 |           |
|     | Residential Construction | 0.00 | 0.00           | 0.00           | 0.00           | 0.00%          | 0.00      |
|     | Subtotal         | 0.00   | 0.00           | 0.00           | 0.00           | 0.00%          | 0.00      |
|     | Development Soft Costs |        |                |                |                |                 |           |
|     | Upfront Ground Lease payment | 0.00 | 0.00           | 0.00           | 0.00           | 0.00%          | 0.00      |
|     | PHA Legal        | 0.00   | 0.00           | 0.00           | 0.00           | 0.00%          | 0.00      |
|     | Permits          | 0.00   | 0.00           | 0.00           | 0.00           | 0.00%          | 0.00      |
|     | Appraisal        | 0.00   | 0.00           | 0.00           | 0.00           | 0.00%          | 0.00      |
|     | Insurance        | 0.00   | 0.00           | 0.00           | 0.00           | 0.00%          | 0.00      |
|     | Consultants      | 0.00   | 0.00           | 0.00           | 0.00           | 0.00%          | 0.00      |
|     | Tax Credit Fees  | 0.00   | 0.00           | 0.00           | 0.00           | 0.00%          | 0.00      |
|     | Impact Fees      | 0.00   | 0.00           | 0.00           | 0.00           | 0.00%          | 0.00      |
|     | Subtotal         | 0.00   | 0.00           | 0.00           | 0.00           | 0.00%          | 0.00      |
|     | TOTAL USES       | 0.00   | 0.00           | 0.00           | 0.00           | 0.00%          | 0.00      |
|     | HACLA Loan       | 5,000,000.00 | 5,000,000.00 | 5,000,000.00 | 0.00           | 0.00           | 0.00      |
|     | TOTAL SOURCES    | out of balance | out of balance | out of balance | 0.00           | 0.00           | 0.00      |

CERTIFICATION BY BORROWER:

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

Authorized Signer for Borrower: JORDAN DOWNS PHASE S3, LP

By: __________________________

Milton R. Pratt, Jr.

Its: Vice President
EXHIBIT F

CNI Subgrantee and Contractor Certifications and Assurances

[attached]
Subgrantee and Contractor
Certifications and Assurances

The Department of Housing and Urban Development (HUD) requires that all Subgrantees and Contractors on Choice Neighborhoods projects sign this “Certifications and Assurances” form certifying that they will comply with the applicable federal requirements described below. Any applicable federal law, regulation, or other federal requirement continues to apply to the Grantee, Subgrantee and/or Contractor notwithstanding its omission from this Certification and Assurances form. The parties who must sign a “Certifications and Assurances” form are defined below:

- **Subgrantees**: These are organizations to which the Grantee has awarded a grant from the Choice Neighborhoods grant that the Grantee received from HUD. The subgrantee is accountable to the Grantee for the use of the funds provided, but the Grantee is ultimately accountable to HUD.

- **Contractors**: This includes any for-profit contractor, consultant, service provider, or supplier that the Grantee contracts with for goods or services on any Choice Neighborhoods project.

---

**Certification and Assurance**: The subgrantee or contractor executing this certification hereby assures and certifies that it will comply with all of the applicable requirements of the following, as the same may be amended from time to time, including adding appropriate provisions to all contracts between Grantee and Subgrantees or Contractors:

1. Administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as may be appropriate. (Contracts more than the simplified acquisition threshold)

2. Termination for cause and for convenience by the grantee or subgrantee including the manner by which it will be effected and the basis for settlement. (All contracts in excess of $10,000)

3. Compliance with the Copeland “Anti-Kickback” Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR part 3). (All contracts and subgrants for construction or repair)

4. Compliance with the Davis-Bacon Act (40 U.S.C. 276a to 276a-7) as supplemented by Department of Labor regulations (29 CFR part 5).


6. Notice of awarding agency requirements and regulations pertaining to reporting.

7. Notice of awarding agency requirements and regulations pertaining to patent rights with respect to any discovery or invention which arises or is developed in the course of or under such contract.

8. Awarding agency requirements and regulations pertaining to copyrights and rights in data.
(9) Access by the grantee, the subgrantee, the Federal grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers, and records of the contractor which are directly pertinent to that specific contract for the purpose of making audit, examination, excerpts, and transcriptions.

(10) Retention of all required records for three years after grantees or subgrantees make final payments and all other pending matters are closed.

(11) Compliance with all applicable standards, orders, or requirements issued under the Clean Air Act (42 U.S.C. 7401 et seq.), the Clean Water Act (33 U.S.C. 1251 et seq.), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR part 15).

(12) Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. 94-163, 89 Stat. 871), as amended.

(13) Any applicable requirement listed in the Choice Neighborhoods Implementation Grant Agreement.

The information contained in this certification is true and accurate, to the best of my knowledge.

<table>
<thead>
<tr>
<th>Name of Subgrantee or Contractor</th>
<th>Name and Contract Number:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signature of Authorized Certifying Official:</td>
<td>Title:</td>
</tr>
</tbody>
</table>

WARNING: Section 1001 of the Title 18 of the United States Code (Criminal Code and Criminal Procedure, 72 Stat.967) applies to this certification. 18 U.S.C. 1001, among other things, provides that whoever knowingly and willfully makes or uses a document or writing knowing the same to contain any false, fictitious or fraudulent statement or entry, in any matter within jurisdiction of any department or agency of the United States, shall be fined no more than $10,000 or imprisoned for not more than five years, or both.

Return this form to:

Grantee Name Housing Authority of the City of Los Angeles

Address 2600 Wilshire Boulevard

City, State, ZIP Code Los Angeles, California 90057
EXHIBIT G-1

Form of Authority CNI Note

[attached]
AUTHORITY CNI NOTE
(Jordan Downs Phase S2)

$1,000,000.00 Los Angeles, California
As of _______, 2021

FOR VALUE RECEIVED, the undersigned (the “Borrower”) promises to pay the principal sum of up to One Million Dollars ($1,000,000.00) (the “Authority CNI Loan”), or so much thereof as may be advanced to the Borrower pursuant to this Authority CNI Note (this “Note”) and that certain Authority Loan Agreement by and between the Borrower and the Housing Authority of the City of Los Angeles (the “Lender”) dated as of even date herewith (the “Loan Agreement”), with interest as provided herein from the date above upon the unpaid balance of this Note, in lawful money of the United States.

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

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

(3) Payment Terms.

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

(b) This Note shall bear simple interest at three percent (3%) per annum, commencing at Closing.

(c) Commencing the year following Conversion, any remaining unpaid principal and interest under the Authority CNI Loan shall be due and payable from Net Cash Flow to the extent available, pursuant to Exhibit A hereto. Such payments shall be applied first to accrued interest, if any, then to principal, and shall be payable annually not later than one hundred twenty (120) days following the end of each fiscal year for the prior annual fiscal period. Notwithstanding the foregoing, if the general partner(s) of the Borrower are removed pursuant to the Partnership Agreement, no further payments shall be due until the Loan Maturity Date. Any remaining unpaid principal and interest on the Authority CNI Loan shall be due and payable on the earlier to occur of: (i) the date of any Default, (ii) the Loan Maturity Date, and (iii) any sale, transfer, assignment, or conveyance of the Property except to an affiliate of the Lender. The entire principal balance of and all interest accrued on the Authority CNI Loan may be prepaid at any time, without charge or penalty.

(4) Payment of this Note is secured by an Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing – Authority CNI/TCC Loans (the “Deed of Trust”) of even date herewith between the Borrower and the Lender, encumbering a leasehold interest in certain real property and fee interest in certain improvements
located in the City of Los Angeles, County of Los Angeles, State of California, recorded in the official land records of the County of Los Angeles, as well as by other instruments defined in the Loan Agreement as the Loan Documents.

(5) Default.

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

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

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

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

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

(6) Waivers.

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

(b) No extension of time for payment of this Note or any installment hereof made by agreement by the Lender with any person now or hereafter liable for payment of this Note shall operate to release, discharge, modify, change, or affect the original liability of the Borrower under this Note, either in whole or in part.
The obligations of the Borrower under this Note shall be absolute and the Borrower waives any and all rights to offset, deduct, or withhold any payments or charges due under this Note for any reason whatsoever.

(7) Miscellaneous Provisions.

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

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

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

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

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

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

(g) Except as provided below and subject to Section 1 of the Investor Rider attached to the Deed of Trust as Exhibit B, neither the Borrower nor any partner of the Borrower shall have any direct or indirect personal liability for payment of the principal of, or interest on, the Authority CNI Loan or the performance of the covenants of the Borrower under the Deed of Trust. The sole recourse of the Lender with respect to the principal of, or interest on, this Note and defaults by the Borrower in the performance of its covenants under the Deed of Trust shall be to the property described in the Deed of Trust; provided, however, that nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for this Note of all the rights and remedies of the Lender thereunder, or (b) be deemed in any way to impair the right of the Lender to assert the unpaid principal amount of this Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on this Note and the performance of the Borrower's obligations under the Deed of Trust, except as hereafter set forth; nothing contained herein is intended to relieve the Borrower of its obligation to indemnify the Lender under Sections 4.7 and 7.4 of the Loan Agreement, or for
liability for: (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the Deed of Trust; and (iv) the misappropriation of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Property.

(h) Notwithstanding any other provisions of this Note, all liens, claims, charges, and priorities related to the Authority CNI Loan contemplated by this Note shall be subordinate and junior to all liens, claims, charges, and priorities related to the Construction Loan and the Permanent Loan.

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

[signature page(s) to follow]
IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered on the date set forth above.

BORROWER:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

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

By: ____________________________________
    Kenneth P. Crawford
    Vice President

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

By: ____________________________________
    Tina Smith-Booth
    President
Exhibit A

Distribution of Net Cash Flow

[attached]
EXHIBIT G-2

Form of Authority IIG Note

[attached]
AUTHORITY IIG NOTE
(Jordan Downs Phase S2)

$2,000,000.00 Los Angeles, California
As of ________, 2021

FOR VALUE RECEIVED, the undersigned (the “Borrower”) promises to pay the principal sum
of up to Two Million Dollars ($2,000,000) (the “Authority IIG Loan”), or so much thereof as
may be advanced to the Borrower pursuant to this Authority IIG Note (this “Note”) and that
certain Authority Loan Agreement by and between the Borrower and the Housing Authority of
the City of Los Angeles (the “Lender”) dated as of even date herewith (the “Loan Agreement”), with interest as provided herein from the date above upon the unpaid balance of
this Note, in lawful money of the United States.

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

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

(3) Payment Terms.

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

(b) This Note shall not bear interest.

(c) All principal and interest owed under this Note is due in full on the earlier to
occur of: (i) the date of any Default, (ii) the Loan Maturity Date, and (iii) any sale, transfer,
assignment, or conveyance of the Property except to an affiliate of the Lender. The entire
principal balance of and all interest accrued on the Authority IIG Loan may be prepaid at any
time, without charge or penalty.

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

(5) Default.

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

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

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

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

(6) Waivers.

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

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

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

(7) Miscellaneous Provisions.

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

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

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

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

e) The times for the performance of any obligations hereunder shall be strictly construed, time being of the essence.

f) This document, together with the Loan Documents, contains the entire agreement between the parties as to the Authority IIG Loan. It may not be modified except upon written consent of the parties.

g) Except as provided below and subject to Section 1 of the Investor Rider attached to the Deed of Trust as Exhibit B, neither the Borrower nor any partner of the Borrower shall have any direct or indirect personal liability for payment of the principal of, or interest on, the Authority IIG Loan or the performance of the covenants of the Borrower under the Deed of Trust. The sole recourse of the Lender with respect to the principal of, or interest on, this Note and defaults by the Borrower in the performance of its covenants under the Deed of Trust shall be to the property described in the Deed of Trust; provided, however, that nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for this Note of all the rights and remedies of the Lender thereunder, or (b) be deemed in any way to impair the right of the Lender to assert the unpaid principal amount of this Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on this Note and the performance of the Borrower's obligations under the Deed of Trust, except as hereafter set forth; nothing contained herein is intended to relieve the Borrower of its obligation to indemnify the Lender under Sections 4.7 and 7.4 of the Loan Agreement, or for liability for: (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the Deed of Trust; and (iv) the misappropriation of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Property.
(h) Notwithstanding any other provisions of this Note, all liens, claims, charges, and priorities related to the Authority IIG Loan contemplated by this Note shall be subordinate and junior to all liens, claims, charges, and priorities related to the Construction Loan and the Permanent Loan.

[signature page(s) to follow]
IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered on the date set forth above.

**BORROWER:**

**JORDAN DOWNS PHASE S2, LP,**
a California limited partnership

By: Jordan S2-Michaels, LLC,
a California limited liability company
its administrative general partner

By: _______________________________
Kenneth P. Crawford
Vice President

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _______________________________
Tina Smith-Booth
President
EXHIBIT G-3

Form of Authority TCC Note

[attached]
AUTHORITY TCC NOTE
(Jordan Downs Phase S2)

$13,200,000.00 Los Angeles, California
As of __________, 2021

FOR VALUE RECEIVED, the undersigned (the “Borrower”) promises to pay the principal sum of up to [Thirteen Million Two Hundred Thousand Dollars ($13,200,000.00)] (the “Authority TCC Loan”), or so much thereof as may be advanced to the Borrower pursuant to this Authority TCC Note (this “Note”) and that certain Authority Loan Agreement by and between the Borrower and the Housing Authority of the City of Los Angeles (the “Lender”) dated as of even date herewith (the “Loan Agreement”), with interest as provided herein from the date above upon the unpaid balance of this Note, in lawful money of the United States.

(1) Capitalized terms used but not defined herein shall have the meaning set forth in the Loan Agreement.

(2) Funds shall be advanced during the term hereof in accordance with Section 2.7 of the Loan Agreement and the TCC Requirements.

(3) Payment Terms.

(a) All payments due under this Note shall be paid to the order of the Housing Authority of the City of Los Angeles at 2600 Wilshire Boulevard, Los Angeles, CA 90057 or at such other place as the Lender hereof may from time to time designate in writing.

(b) This Note shall not bear interest.

(c) Commencing the year following Conversion, any remaining unpaid principal and interest under the Authority TCC Loan shall be due and payable from Net Cash Flow to the extent available, pursuant to Exhibit A hereto. Such payments shall be applied first to accrued interest, if any, then to principal, and shall be payable annually not later than one hundred twenty (120) days following the end of each fiscal year for the prior annual fiscal period. Notwithstanding the foregoing, if the general partner(s) of the Borrower are removed pursuant to the Partnership Agreement, no further payments shall be due until the Loan Maturity Date. Any remaining unpaid principal and interest on the Authority TCC Loan shall be due and payable on the earlier to occur of: (i) the date of any Default, (ii) the Loan Maturity Date, and (iii) any sale, transfer, assignment, or conveyance of the Property except to an affiliate of the Lender. The entire principal balance of and all interest accrued on the Authority TCC Loan may be prepaid at any time, without charge or penalty.

(4) Payment of this Note is secured by an Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing – Authority CNI/TCC Loans (the “Deed of Trust”) of even date herewith between the Borrower and the Lender, encumbering a leasehold interest in certain real property and fee interest in certain improvements located in the City of Los Angeles, County of Los Angeles, State of California, recorded in the
official land records of the County of Los Angeles, as well as by other instruments defined in the Loan Agreement as the Loan Documents.

(5) Default.

(a) Subject to the notice and cure periods set forth in the Loan Agreement, any of the following shall constitute an “event of default” under this Note:

(i) Any failure to pay, in full, any payment required under this Note within ten (10) days of written notice that such payment is due;

(ii) The occurrence of any “Default” under the Loan Agreement as defined therein, “Event of Default” under the Deed of Trust as defined therein, or breach or violation of any other instrument securing the obligations of the Borrower under this Note or under any other promissory notes hereafter issued by the Borrower to the Lender pursuant to the Loan Agreement or the Deed of Trust, following the expiration of notice and cure periods, if any, set forth therein.

(b) Upon the occurrence of such an event of default, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under this Note and the Deed of Trust shall at the option of the Lender become immediately due and payable upon written notice by the Lender to the Borrower without further demand.

(c) The failure to exercise the remedy set forth in Subsection 5(b) above or any other remedy provided by law upon the occurrence of one or more of the foregoing events of default shall not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other default. The acceptance by the Lender hereof of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of the Lender, except as and to the extent otherwise provided by law.

(6) Waivers.

(a) The Borrower hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, and notice of dishonor of this Note. The Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time and that the Lender may accept further security or release any security for this Note, all without in any way affecting the liability of the Borrower.

(b) No extension of time for payment of this Note or any installment hereof made by agreement by the Lender with any person now or hereafter liable for payment of this Note shall operate to release, discharge, modify, change, or affect the original liability of the Borrower under this Note, either in whole or in part.
The obligations of the Borrower under this Note shall be absolute and the Borrower waives any and all rights to offset, deduct, or withhold any payments or charges due under this Note for any reason whatsoever.

(7) **Miscellaneous Provisions.**

(a) All notices to the Lender or the Borrower shall be given in the manner and at the addresses set forth in the Loan Agreement, or to such addresses as the Lender and the Borrower may hereinafter designate. Copies of notices to the Borrower from the Lender shall also be provided by the Lender to any limited partner of the Borrower who requests such notice in writing and provides the Lender with written notice of its address.

(b) The Borrower promises to pay all costs and expenses, including reasonable attorney's fees, incurred by the Lender in the enforcement of the provision of this Note, regardless of whether suit is filed to seek enforcement.

(c) This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

(d) This Note shall be governed by and construed in accordance with the laws of the State of California.

(e) The times for the performance of any obligations hereunder shall be strictly construed, time being of the essence.

(f) This document, together with the Loan Documents, contains the entire agreement between the parties as to the Authority TCC Loan. It may not be modified except upon written consent of the parties.

(g) Except as provided below and subject to Section 1 of the Investor Rider attached to the Deed of Trust as Exhibit B, neither the Borrower nor any partner of the Borrower shall have any direct or indirect personal liability for payment of the principal of, or interest on, the Authority TCC Loan or the performance of the covenants of the Borrower under the Deed of Trust. The sole recourse of the Lender with respect to the principal of, or interest on, this Note and defaults by the Borrower in the performance of its covenants under the Deed of Trust shall be to the property described in the Deed of Trust; provided, however, that nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for this Note of all the rights and remedies of the Lender thereunder, or (b) be deemed in any way to impair the right of the Lender to assert the unpaid principal amount of this Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on this Note and the performance of the Borrower's obligations under the Deed of Trust, except as hereafter set forth; nothing contained herein is intended to relieve the Borrower of its obligation to indemnify the Lender under Sections 4.7 and 7.4 of the Loan Agreement, or for
liability for: (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the Deed of Trust; and (iv) the misappropriation of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Property.

(h) Notwithstanding any other provisions of this Note, all liens, claims, charges, and priorities related to the Authority TCC Loan contemplated by this Note shall be subordinate and junior to all liens, claims, charges, and priorities related to the Construction Loan and the Permanent Loan.

(i) Exhibit A, attached hereto, is hereby incorporated into this Note.

[signature page(s) to follow]
IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered on the date set forth above.

BORROWER:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

By: Jordan S2-Michaels, LLC,
a California limited liability company
its administrative general partner

By: _______________________________________

Kenneth P. Crawford
Vice President

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _______________________________________

Tina Smith-Booth
President
Exhibit A

Distribution of Net Cash Flow

[attached]
This Authority Performance and Completion Guaranty (this “Guaranty”) is made as of this first day of ___________, 2021 by The Michaels Development Company I, L.P., a New Jersey limited partnership (the “Guarantor”), in favor of the Housing Authority of the City of Los Angeles, a public body corporate and politic organized and existing under the laws of the State of California (the “Authority”).

PREAMBLE

A. Guarantor is the sole member of Jordan S2-Michaels, LLC, which is the general partner of Jordan Downs Phase S2, LP (“Borrower”). The Borrower was formed for the purposes of acquiring, developing, constructing, maintaining, operating and leasing the Project as such term is defined in that certain Authority Loan Agreement of substantially even date herewith (“Loan Agreement”).

B. Authority is making available to the Borrower multiple loans to fund the development of the Project (collectively, the “Loan”) pursuant to the Loan Agreement and, as a condition to providing such funding, requires that it receive from the Guarantor its assurance that the Project will be completed.

C. Guarantor will benefit from Authority making the Loan available to the Owner.

D. Guarantor is willing to provide such a guaranty on the terms set forth in this Guaranty.

GUARANTY

In consideration of the premises and their mutual covenants contained herein, the parties hereto agree as follows with the intent to be legally bound.

1. Representations and Warranties. Guarantor makes the following representations and warranties, which, except for those made in Sections 2(d) and 2(f) hereof, shall be continuing representations and warranties until this Guaranty terminates in accordance with the provisions contained herein.

(a) **Existence and Rights.** Guarantor is duly formed under the laws of the state in which it was organized without limitation as to the duration of its existence and is in good standing. Guarantor has the power and adequate authority, rights to own its property and to carry on its business as now owned by it or as the business conducted by it makes such qualification necessary, and Guarantor has the power and adequate authority to make and carry out this Guaranty.

(b) **Guaranty Authorized and Binding.** The execution, delivery and performance of this Guaranty is duly authorized and does not require any consent or approval of any
governmental body or other regulatory authority which has not been obtained; is not in contravention of, or in conflict with, any law or regulation or any term or provision of the Borrower’s Amended and Restated Agreement of Limited Partnership (the “Partnership Agreement”) or Guarantor’s organizational documents; and this Guaranty is a valid and legally binding obligation of Guarantor enforceable in accordance with its terms, subject to bankruptcy and other laws affecting creditors’ rights.

(c) **No Conflict.** The execution and delivery of this Guaranty is not, and the performance of this Guaranty will not be, in contravention of, or in conflict with, any agreement, indenture or undertaking to which Guarantor is a party or by which Guarantor is or may be bound or affected and does not, and will not, cause any security interest, lien or other encumbrance to be created or imposed upon any such property.

(d) **Litigation.** There is, as of the date hereof, no litigation or other proceeding pending or, to the best of Guarantor’s knowledge, threatened against, or affecting Guarantor except as set forth on Exhibit A which, if determined adversely to Guarantor, would have a materially adverse effect on the financial condition, properties, businesses or operations of Guarantor, or which prevents or interferes with or adversely affects Guarantor’s ability to enter into this Guaranty or the validity of this Guaranty or the carrying out of the terms hereof, and, as of the date hereof, Guarantor is not in default with respect to any order, writ, injunction, decree or demand of any court or other governmental or regulatory authority.

(e) **Financial Condition.** Guarantor’s current financial statements, which have been delivered to Authority, are true and correct in all material respects and fairly present the financial condition of Guarantor for the period covered thereby. Guarantor shall maintain unencumbered liquidity in the aggregate market value of not less than Five Million Dollars ($5,000,000) and minimum net worth of Ten Million Dollars ($10,000,000) during the term of this Guaranty.

(f) **Solvency.** Guarantor is not Insolvent (defined below) as of the date hereof and the execution and delivery of this Guaranty will not (i) render Guarantor Insolvent under generally accepted accounting principles, or (ii) result in the occurrence of Debts (defined below) beyond Guarantor’s ability to pay them when and as they mature. For the purposes of this subsection (f), “Insolvent” means that the present fair salable value of assets is less than the amount that will be required to pay the probable liability on existing Debts as they become absolute and matured. For the purposes of this subsection (f), “Debts” includes any legal liability for indebtedness, whether matured or unmatured, liquidated or unliquidated, absolute, fixed or contingent.

2. **Agreements.**

(a) **Guaranteed Obligations.** All obligations of the Guarantor set forth below in this Section 2 are collectively called the “Guaranteed Obligations”.

(b) **Guaranty of Completion.** Guarantor hereby unconditionally and irrevocably agrees with Authority that, if for any reason or under any contingency (other than Authority’s
default in making funds available under the Loan Agreement executed between the Authority and the Borrower of substantially even date herewith), a default (beyond the expiration of applicable notice and grace periods) occurs by the Borrower under the Loan Documents, prior to Completion and such default is continuing then, in any such event, the Guarantor will, within ten (10) days after receipt of written notice from Authority, at Guarantor’s own cost and expense, cause lien free completion of the construction of the Project as contemplated under the Loan Documents (as defined in the Loan Agreement) within a reasonable period of time (“Completion”). Guarantor shall, using other Project sources, if available, pay all bills, expenses, charges, costs and fees relating in any manner to or otherwise in connection with the achievement of Completion of the Project. Provided that: (A) no Event of Default exists under this Guaranty; (B) Guarantor cures: (i) any outstanding Event of Default under the Loan Documents that could reasonably be expected to have a materially adverse effect on the value of the collateral for the Loan; or (ii) any default by Borrower that would be likely to cause (x) an advance by the Authority to the Guarantor of additional funds over and above the remaining Loan balance, or (y) a default under the Authority’s contractual obligations to HUD; and (C) all conditions to disbursement set forth in Section 2.7 in the Loan Agreement are satisfied, Authority agrees, subject to Section 2.7 of the Loan Agreement, to make available to Guarantor any proceeds of the Loan and any insurance proceeds that have not already been disbursed and applied to costs of the Project in accordance with the terms of the Loan Documents.

(c) Failure to Perform Under Guaranty. If Guarantor does not assume responsibility for completion of construction and commence to diligently prosecute construction within 10 days after receipt of the written notice set forth in Section 2(a)(i) hereof, Authority may, at its option but without obligation to do so, take over the Project and take such actions as Authority shall reasonably deem necessary or desirable to reach Completion. In the event Authority elects to do so, all expenditures reasonably made by Authority shall be immediately due and payable from the Guarantor to the extent such expenditures exceed the amount of the Loan and other available Project sources to Authority (unless such expenditures are payable out of the Loan or insurance proceeds) and shall bear interest from the date of expenditure at the long term Applicable Federal Rate. No such action by Authority shall release or limit the liability of Guarantor or affect the rights and obligations of the parties under the construction contract (the “Construction Contract”) between Borrower and its general contractor (the “General Contractor”).

(d) Nature of Guaranteed Obligations. This is a guaranty of payment and performance and not of collection only, and the obligations of the Guarantor hereunder shall be absolute, independent and unconditional under any and all circumstances. This Guaranty creates a direct and primary obligation to the Authority on the part of Guarantor, without regard to any other guarantors or obligor to the Authority or the value of any security or collateral held by the Authority. Without limiting the generality of the foregoing, the Guarantor’s obligations hereunder may be enforced with or without joinder of the Borrower or any other guarantors and without proceeding against the Borrower, any other guarantors or against any collateral held by the Authority, if any.

(e) Further Assurances. Guarantor will, at its sole expense, execute, acknowledge and deliver all such further documentation, instruments and assurances and the like and take all
such further action as Authority shall reasonably require in order to carry out the intentions or to facilitate the provisions of this Guaranty.

(f) **Obligations Absolute.** The Guaranteed Obligations shall remain in full force and effect without regard to, and shall not be affected or impaired by the following, any of which may be taken without the consent of, or notice to, Guarantor, nor shall any of the following give Guarantor any recourse or right of action against the Owner or Authority:

1. Any (A) express or implied amendment, modification, renewal, addition, supplement, (including without limitation, extensions beyond the original term) to the Loan Documents, the Partnership Agreement or the Construction Contract, (B) any extension of time for performance required thereby, (C) any exculpatory provision in the Loan Documents, the Partnership Agreement or the Construction Contract by operation of law or otherwise, or (D) the release of any party from performance or observance of any of the agreements, covenants, terms or conditions contained in the Loan Documents, the Partnership Agreement or the Construction Contract by operation of law or otherwise;

2. Any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Guarantor, or any action taken with respect to this Guaranty by any trustee or receiver, or by any court, in any such proceeding, whether or not Guarantor shall have had notice or knowledge of any of the foregoing;

3. Any assignment or other transfer of this Guaranty in whole or in part;

4. Any acceptance of partial performance of the Guaranteed Obligations; or

5. Any subordination, compromise or release of any or all of the property or other collateral, if any, securing Guarantor’s obligations under this Guaranty, or any substitution with respect thereto.

(g) **Waivers.** Guarantor unconditionally waives any defense other than actual performance to the enforcement of this Guaranty, including without limitation:

1. All presentments, demands for performance, notices of nonperformance (except as provided in this Guaranty), protests, notices of protests, notices of dishonor, and notices of acceptance of this Guaranty;

2. Any right Guarantor might have, under California law, to revoke this Guaranty, it being the intention of Guarantor that this Guaranty remain in full force and effect until its termination, as provided herein; or

3. The defense of any statute of limitations affecting the liability of Guarantor hereunder.

(h) **Bankruptcy; No Discharge; Repayments.** So long as this Guaranty shall be in effect, Guarantor shall not, without the prior written consent of Authority, commence or join
with any other party in commencing any bankruptcy, reorganization or insolvency proceedings of or against the Borrower or otherwise affecting the Guaranteed Obligations. Guarantor understands and acknowledges that by virtue of this Guaranty, Guarantor has specifically assumed any and all risks of a bankruptcy or reorganization case or proceeding with involving or affecting the Guaranteed Obligations. As an example and not in any way of limitation, a subsequent modification of the Guaranteed Obligations in any reorganization case in which any of the Guaranteed Obligations is considered “property of the estate” with the meaning of the United States Bankruptcy Code, or any similar laws or statutes governing receiverships or creditors’ bills, shall not affect the obligation of Guarantor to pay and perform the Guaranteed Obligations in accordance with their respective original terms. If claim is ever made upon Authority for repayment of any amount or amounts received by Authority in payment of the Guaranteed Obligations (whether or not all or any part of such payment is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid by Authority) and Authority is required to repay and does repay all or any part of said amount, then, notwithstanding any revocation or termination of this Guaranty, Guarantor shall be and remain liable to Authority for the amount so repaid by Authority, to the same extent as if such amount had never originally been received by Authority.

(i) Financial Statements. Until Completion of the Project, Guarantor covenants and agrees to provide Authority upon Authority’s request, within 180 days after the end of each fiscal year, with its unaudited financial statement, including a balance sheet, an income statement, and such other statements as may be reasonably required by Authority, prepared in accordance with generally accepted accounting practices consistently applied and certified as true and complete without qualification by an officer of the Guarantor. Guarantor further covenants and agrees to promptly notify Authority of any material adverse change in Guarantor’s financial condition. Guarantor agrees to provide to Authority, within 15 days after issuance or upon request of Authority, any compiled, reviewed, audited or interim financial information then available relating to Guarantor, together with a certificate from Guarantor whether there has been any material adverse change to Guarantor’s financial condition since the date of last such financial information or statements delivered to Authority.

(j) Governing Law; Consent to Jurisdiction. This Guaranty shall be governed by and construed in accordance with the laws of the State of California applicable to contracts entered into and entirely to be performed therein. Guarantor hereby irrevocably submits and consents to the jurisdiction of the courts of the State of California in connection with any action, suit or other proceeding arising out of or relating to this Guaranty or any action taken or omitted hereunder, and waive personal service of any summons, complaint or other process and agrees that the service thereof may be made by certified or registered mail directed to Guarantor at its address for purpose of notice hereunder. If Guarantor, so served, should fail to appear or answer within the time prescribed by law, then Guarantor shall be deemed in default and judgment may be entered against Guarantor for the amount or other relief as demanded in any summons, complaint or other process so served. Guarantor agrees that a final judgment in any such action, suit or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.
3. **Events of Default.** Each of the following events shall constitute an “**Event of Default**” hereunder:

   (a) Failure by Guarantor to perform its obligation under Section 2(a); or

   (b) Failure by Guarantor to perform any other material covenant or obligation hereunder which failure shall continue for thirty (30) days after written notice of such failure is given by Authority to Guarantor.

4. **Miscellaneous.**

   (a) **Amendments; Successors.** Neither this Guaranty nor any term hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought. All of the terms of this Guaranty shall include the plural and vice-versa. If any one or more of the provisions of this Guaranty should be determined to be illegal or unenforceable, all other provisions shall remain effective. No delay or failure by Authority to exercise any remedy against Guarantor will be construed as a waiver of that right or remedy. The obligations of the Guarantor hereunder shall be binding on Guarantor, its successors and assigns. This Guaranty may not be amended by Guarantor without the prior written consent of Authority.

   (b) **Term.** The obligations of Guarantor under this Guaranty and any instrument which grants collateral to secure such obligations shall continue in full force and effect until the latest date upon which (i) reserved, (ii) Completion or (iii) the period of time has expired during which any payment received by the Authority hereunder or any act performed by Guarantor may be determined to be a preferential or fraudulent transfer under the United States Bankruptcy Code or other similar applicable laws.

   (c) **Notices.** All notices, requests, demands, consents, and other communications required or permitted to be given or made hereunder shall be in writing and shall be deemed to have been duly given if mailed, certified first class mail, postage prepaid, return receipt requested or by Federal Express or other receipted courier service, to the party to whom the same is so given or made, at the address of such party as set forth below, which address may be changed by notice to the other parties hereto duly given pursuant hereto. Notice by overnight courier service shall be deemed to have been given and received upon delivery. Notice by first class certified or registered mail shall be deemed to have been given and received two (2) business days after being sent. A party may change its address by giving written notice to the other party as specified herein.

   If to Authority: Housing Authority of the City of Los Angeles  
   2600 Wilshire Blvd., Third Floor  
   Los Angeles, CA 90057  
   Attn: President and CEO  
   Attn: General Counsel

   With a copy to: Reno & Cavanaugh PLLC
Entire Agreement. This Guaranty supersedes any prior negotiations, discussion or communications between Guarantor and Authority and collectively constitutes the entire agreement between Authority and Guarantor with respect to the Guaranteed Obligations.

Counterparts. This Guaranty may be executed in counterparts and all such counterparts shall be deemed to be originals and together shall constitute but one and the same instrument.

[SIGNATURE PAGE FOLLOWS]
IN WITNESS WHEREOF, the parties have executed this Guaranty as of the day and year above written.

GUARANTOR:

THE MICHAELS DEVELOPMENT COMPANY I, L.P.,
a New Jersey limited partnership

By: The Michaels Development Holding Company, L.L.C.,
a New Jersey limited liability company
its general partner

By: ________________________________
John J. O’Donnell
President
Attested by: 

AUTHORITY: 

HOUSING AUTHORITY OF 
CITY OF LOS ANGELES 
a public body, corporate and politic 

By: _________________________________ 

Douglas Guthrie 
President and Chief Executive Officer
PERFORMANCE AND COMPLETION GUARANTY

EXHIBIT A

Litigation
EXHIBIT I

Investor Rider

This Investor Rider is attached to and made a part of the promissory notes, the deeds of trust, and loan agreement or other document(s) evidencing, securing, and governing a loan of Choice Neighborhoods Implementation Grant funds in the approximate original amount of [One Million Dollars ($1,000,000.00)] (the “Authority CNI Loan”), a loan of Infill Infrastructure Grant funds in the approximate original amount of Two Million Dollars ($2,000,000.00) (the “Authority IIG Loan”), and a loan of Transformative Climate Communities Grant funds in the approximate original amount of Thirteen Million Two Hundred Thousand Dollars ($13,200,000.00) (the “Authority TCC Loan” and together with the Authority CNI Loan and Authority IIG Loan, the “Loan”) made by the Housing Authority of the City of Los Angeles (“Lender”) to Jordan Downs Phase S2, LP, a California limited partnership (“Borrower” or the “Partnership”) for the construction of approximately eighty-one (81) units (including one (1) manager’s unit) of rental housing and related improvements (the “Project”). The Amended and Restated Agreement of Limited Partnership forming or continuing the Borrower is referred to herein as the “Partnership Agreement”.

The parties hereto agree that the following covenants, terms, and conditions shall be part of and shall modify or supplement each of the documents evidencing, securing, or governing the disbursement of the Loan (the “Loan Documents”) and that in the event of any inconsistency or conflict between the covenants, terms, and conditions of the Loan Documents and this Rider, the following covenants, terms, and conditions shall control and prevail:

1. **Recourse/Non-recourse Obligation.** The Loan is (i) a recourse obligation of Borrower during the period the Construction Loan is outstanding and (ii) a non-recourse obligation of the Borrower following repayment of the Construction Loan. Neither the general partners nor the limited partners of Borrower shall have any personal liability for repayment of the Loan.

2. **General Partner and Limited Partner Change.** The withdrawal, removal, and/or replacement of a general partner of the Partnership pursuant to the terms of the Partnership Agreement shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan, provided that (i) the Borrower’s limited partner provides the Lender with prior written notice of removal and substitution of a general partner of Borrower, and (ii) with respect to Jordan S2-Michaels, LLC, the administrative general partner of Borrower, any substitute general partner is reasonably acceptable to Lender.

Additionally, the transfer of any limited partnership interests in Borrower or in any limited or special limited partner of Borrower pursuant to the terms of the Partnership Agreement shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan.
3. **Monetary Default.** If a monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder Lender shall give Borrower and each of the general and limited partners of the Partnership, as identified in the Partnership Agreement, simultaneous written notice of such default. Borrower shall have a period of seven (7) days after such notice is given within which to cure the default prior to exercise of remedies by Lender under the Loan Documents, or such longer period of time as may be specified in the Loan Documents. Borrower’s limited partners shall have the right, but not the obligation, to cure any default under the Loan Documents within the applicable cure periods provided to Borrower thereunder.

4. **Non-Monetary Default.** If a non-monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder Lender shall give Borrower and each of the general and limited partners of the Partnership, as identified in the Partnership Agreement, simultaneous written notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Borrower shall have such period to effect a cure prior to exercise of remedies by Lender under the Loan Documents, or such longer period of time as may be specified in the Loan Documents. If the default is such that it is not reasonably capable of being cured within thirty (30) days or such longer period if so specified, and if Borrower (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then Borrower shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Lender. If Borrower fails to take corrective action or to cure the default within a reasonable time, Lender shall give Borrower and each of the general and limited partners of the Partnership written notice thereof, whereupon the limited partner may remove and replace the general partner with a substitute general partner who shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions. In no event shall Lender be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within one hundred eighty (180) days after the first notice of default is given, or such longer period of time as may be specified in the Loan Documents. Borrower’s limited partners shall have the right, but not the obligation, to cure any default under the Loan Documents within the applicable cure periods provided to Borrower thereunder.

Additionally, notwithstanding the occurrence of any monetary or nonmonetary default under the terms of any of the Loan Documents, during the Compliance Period (as defined in the Partnership Agreement), Lender shall not (i) commence foreclosure proceedings with respect to the Property under the Loan Documents or exercise any other rights or remedies it may have under the Loan Documents, including, but not limited to, accelerating sums due under the Loan Documents, collecting rents, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies hereunder or (ii) join with any other creditor in commencing any bankruptcy reorganization arrangement, insolvency or liquidation proceedings with respect to Borrower.

5. **Casualty, Condemnation, Etc.** In the event of any fire or other casualty to the Project or eminent domain proceedings resulting in condemnation of the Project or any part thereof, Borrower shall have the right to rebuild the Project, and to use all available insurance or
condemnation proceeds therefor, provided that (a) such proceeds are sufficient to rebuild the Project in a manner that provides adequate security to Lender for repayment of the Loan or if such proceeds are insufficient then Borrower shall have funded any deficiency, (b) Lender shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (c) no material default then exists under the Loan Documents (subject to any applicable cure periods thereunder). If the casualty or condemnation affects only part of the Project and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the Loan in a manner that provides adequate security to Lender for repayment of the remaining balance of the Loan.

6. **Force Majeure.** There shall be no default for delays by reason of Force Majeure as provided in Section 7.14 of the Loan Agreement, except as provided in said Section 7.14.

7. **Purchase Rights.** The execution and delivery of the purchase option and right of first refusal agreement described in the Partnership Agreement shall not constitute a default under the Loan Documents or accelerate the maturity of the Loan thereunder. Any requisite consent of Lender to (a) the exercise of said purchase option and right of first refusal agreement by the project sponsor identified therein, and to (b) the assumption without penalty of Loan obligations by the project sponsor and the release of Borrower from such obligations, shall not be unreasonably withheld. Subject to any such consent requirement, the exercise of rights under such agreement shall not constitute a default or accelerate maturity of the Loan.

8. **Loan Assumption.** If the purchase option and right of first refusal agreement described in the Partnership Agreement is not exercised and the Project is sold subject to low-income housing use restrictions as contained in an existing regulatory agreement or other recorded covenant, any requisite consent of lender to said sale, and to the assumption without penalty of loan obligations by the purchaser and the release of Borrower from such obligations, shall not be unreasonably withheld, provided, however, that the principals of purchaser shall be comparable to the principals of Borrower in (a) experience and track record of developing, operating, maintaining, and, if applicable, managing, affordable housing financed with sources and restrictions comparable to the Approved Financing, (b) financial wherewithal, and (c) such other underwriting criteria as may be employed by lender at the time of any such proposed assumption.

9. **Lender Approvals, Etc.** In any approval, consent, or other determination by Lender required under any of the Loan Documents, Lender shall act reasonably and in good faith.

10. **Subordination.** Lender acknowledges that Borrower and the California Tax Credit Allocation Committee intend to enter into, or concurrently with the execution and delivery of the Loan Documents are entering into, an extended use agreement, which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended. Lender agrees to subordinate the Loan and Lender’s rights under the Loan Documents executed in conjunction therewith to the relevant provisions of said extended use agreement. This subordination is being made in consideration of the allocation of tax credits
to the Project, absent which the development of the Project would not occur, and this mortgage loan would not be made.

Subject to the prior written approval of the Lender, which approval shall not be unreasonably withheld, conditioned or delayed, the Borrower may refinance the Approved Financing loans (as defined in the Loan Documents). Any refinancing of the Approved Financing loans shall be on commercially reasonable terms in an amount not to exceed the then outstanding principal balance of such Approved Financing loans plus reasonable costs. The Borrower shall reimburse the Lender for any costs it incurs related to the refinancing of the Approved Financing loans.

11. **Notice Address.**

The Notice Address of the limited partner is: Berkadia Jordan Downs Phase S2 Investor LP
Two Liberty Place
50 south 16th Street, Suite 2825
Philadelphia, PA 19102
Attn: Managing Director & General Counsel

with a copy to: Nixon Peabody LLP
Exchange Place
53 State Street
Boston, MA 02109
Attn: Roger W. Holmes

12. **Third Party Beneficiary Status.** Borrower’s limited partners shall be intended third party beneficiaries of this Rider for purposes of the rights granted to the limited partners hereunder.

[signature page(s) follow]
In Witness Whereof, the undersigned have caused this Rider to be executed this ____ day of ______________, 2021.

**AUTHORITY:**

**HOUSING AUTHORITY OF CITY OF LOS ANGELES**

a public body, corporate and politic

By: _________________________________

Douglas Guthrie
President and Chief Executive Officer
BORROWER:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

By: Jordan S2-Michaels, LLC,
a California limited liability company
its administrative general partner

By: _________________________________
    Ken Crawford
    Vice President

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _________________________________
    Tina Smith-Booth
    President
EXHIBIT J

TCC Grant Agreement Publicity Requirements

Capitalized terms used in this Exhibit J and not otherwise defined herein shall have the meaning prescribed in the TCC Grant Agreement.

Borrower agrees to adhere to the TCC Press Kit provided by SGC.

1. Branding: Borrower is required to use the SGC and CCI names and/or logos for all publications, websites, signage, invitations, and other media-related and public-outreach products related to the TCC grant. All such materials must include the following standard language about the TCC Program and the California Climate Investments:

   The Transformative Climate Communities (TCC) Program funds community-led development and infrastructure projects that achieve major environmental, health and economic benefits in California’s most disadvantaged communities. TCC empowers the communities most impacted by pollution to choose their own goals, strategies and projects to enact transformational change – all with data-driven milestones and measurable outcomes. This program is administered by the Strategic Growth Council (SGC) which coordinates the activities of State agencies and partners with stakeholders to promote sustainability, economic prosperity, and quality of life for all Californians.

   The TCC Program is part of California Climate Investments, a statewide program that puts billions of Cap-and-Trade dollars to work reducing GHG emissions, strengthening the economy, and improving public health and the environment – particularly in disadvantaged communities. The Cap-and-Trade program also creates a financial incentive for industries to invest in clean technologies and develop innovative ways to reduce pollution. California Climate Investments projects include affordable housing, renewable energy, public transportation, zero-emission vehicles, environmental restoration, more sustainable agriculture, recycling, and much more. At least 35 percent of these investments are located within and benefiting residents of disadvantaged communities, low-income communities, and low income households across California. For more information, visit the California Climate Investments website at: www.caclimateinvestments.ca.gov

2. Media: Borrower must provide to SGC the name, phone number, and email address of Borrower’s point of contact for all press inquiries and communications needs related to the project. Borrower is encouraged to distribute a press release for major milestones throughout the lifecycle of the grant. All press releases must be approved by the SGC Communications Office prior to distribution and SGC must be alerted and invited to participate in any and all press conferences related to the grant.
3. Signs: Borrower shall place, or cause to be placed, signs on project construction sites stating that SGC is providing financing through the TCC Program in an appropriate location(s), typeface and size containing the following message:

**WATTS RISING**
**THIS PROJECT HAS BEEN MADE POSSIBLE**
**BY FINANCING FROM**
**CALIFORNIA CLIMATE INVESTMENTS (FUNDED THROUGH THE GREENHOUSE**
**GAS REDUCTION FUND)**
**TRANSFORMATIVE CLIMATE COMMUNITIES PROGRAM**
**THROUGH THE**
**STRATEGIC GROWTH COUNCIL**

The sign shall be maintained in a prominent location visible and legible to the public. If the job sign includes the acknowledgment and/or logo of one or more other public lenders, the SGC acknowledgment and logo shall also be displayed in a similar size and layout. Copies of the SGC and Program logos can be obtained by contacting the TCC Grant Manager or from the SGC website.

Project types such as vehicles, equipment, and consumer-based incentives are also encouraged to identify the funding source by using a decal, sticker, or other signage that includes the California Climate Investments logo.

For projects with permanent infrastructure (e.g., AHSC, parks, transit stations, mobility hubs, EV charging stations, community gardens, bike lanes, pedestrian improvements), signage should be on durable materials for the life of the project. For projects with multiple sites or dispersed throughout the project area, such as the Low-Income Weatherization Program, or Urban and Community Forestry, signage must be posted on 10% of sites for the duration of the grant term. Signage should be of "lawn sign" quality for these disbursed sites.

Upon installation of the sign(s), Borrower shall submit a digital photograph thereof to SGC to verify compliance with these signage requirements.

4. Communications Materials: In collaboration with SGC and the Authority, the Borrower is required to prepare one or more 2-4 page documents that provide a summary of the grant components and tell the story of the TCC proposal development process and/or implementation. These materials will be displayed on SGC’s website.

5. Social media: Borrower is encouraged to use social media to share the process of creating a TCC proposal and to inform the public of all stages of implementation. @CalSGC and @CAClimateInvest should be tagged on all posts related to the TCC grant. Use of the hashtags #TCC and #CommunityLedTransformation is also encouraged.
TAB IV-11

Authority CNI Promissory Note
($1,000,000)
AUTHORITY CNI NOTE
(Jordan Downs Phase S2)

$1,000,000.00

Los Angeles, California
As of ________, 2021

FOR VALUE RECEIVED, the undersigned (the “Borrower”) promises to pay the principal sum of up to One Million Dollars ($1,000,000.00) (the “Authority CNI Loan”), or so much thereof as may be advanced to the Borrower pursuant to this Authority CNI Note (this “Note”) and that certain Authority Loan Agreement by and between the Borrower and the Housing Authority of the City of Los Angeles (the “Lender”) dated as of even date herewith (the “Loan Agreement”), with interest as provided herein from the date above upon the unpaid balance of this Note, in lawful money of the United States.

(1) Capitalized terms used but not defined herein shall have the meaning set forth in the Loan Agreement.

(2) Funds shall be advanced during the term hereof in accordance with Section 2.7 of the Loan Agreement and the CNI Requirements.

(3) Payment Terms.

(a) All payments due under this Note shall be paid to the order of the Housing Authority of the City of Los Angeles at 2600 Wilshire Boulevard, Los Angeles, CA 90057 or at such other place as the Lender hereof may from time to time designate in writing.

(b) This Note shall bear simple interest at three percent (3%) per annum, commencing at Closing.

(c) Commencing the year following Conversion, any remaining unpaid principal and interest under the Authority CNI Loan shall be due and payable from Net Cash Flow to the extent available, pursuant to Exhibit A hereto. Such payments shall be applied first to accrued interest, if any, then to principal, and shall be payable annually not later than one hundred twenty (120) days following the end of each fiscal year for the prior annual fiscal period. Notwithstanding the foregoing, if the general partner(s) of the Borrower are removed pursuant to the Partnership Agreement, no further payments shall be due until the Loan Maturity Date. Any remaining unpaid principal and interest on the Authority CNI Loan shall be due and payable on the earlier to occur of: (i) the date of any Default, (ii) the Loan Maturity Date, and (iii) any sale, transfer, assignment, or conveyance of the Property except to an affiliate of the Lender. The entire principal balance of and all interest accrued on the Authority CNI Loan may be prepaid at any time, without charge or penalty.

(4) Payment of this Note is secured by an Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing – Authority CNI/TCC Loans (the “Deed of Trust”) of even date herewith between the Borrower and the Lender,
encumbering a leasehold interest in certain real property and fee interest in certain improvements located in the City of Los Angeles, County of Los Angeles, State of California, recorded in the official land records of the County of Los Angeles, as well as by other instruments defined in the Loan Agreement as the Loan Documents.

(5) Default.

(a) Subject to the notice and cure periods set forth in the Loan Agreement, any of the following shall constitute an “event of default” under this Note:

(i) Any failure to pay, in full, any payment required under this Note within ten (10) days of written notice that such payment is due;

(ii) The occurrence of any “Default” under the Loan Agreement as defined therein, “Event of Default” under the Deed of Trust as defined therein, or breach or violation of any other instrument securing the obligations of the Borrower under this Note or under any other promissory notes hereafter issued by the Borrower to the Lender pursuant to the Loan Agreement or the Deed of Trust, following the expiration of notice and cure periods, if any, set forth therein.

(b) Upon the occurrence of such an event of default, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under this Note and the Deed of Trust shall at the option of the Lender become immediately due and payable upon written notice by the Lender to the Borrower without further demand.

(c) The failure to exercise the remedy set forth in Subsection 5(b) above or any other remedy provided by law upon the occurrence of one or more of the foregoing events of default shall not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other default. The acceptance by the Lender hereof of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of the Lender, except as and to the extent otherwise provided by law.

(6) Waivers.

(a) The Borrower hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, and notice of dishonor of this Note. The Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time and that the Lender may accept further security or release any security for this Note, all without in any way affecting the liability of the Borrower.

(b) No extension of time for payment of this Note or any installment hereof made by agreement by the Lender with any person now or hereafter liable for payment of this Note shall operate to release, discharge, modify, change, or affect the original liability of the Borrower under this Note, either in whole or in part.
(c) The obligations of the Borrower under this Note shall be absolute and the Borrower waives any and all rights to offset, deduct, or withhold any payments or charges due under this Note for any reason whatsoever.

(7) Miscellaneous Provisions.

(a) All notices to the Lender or the Borrower shall be given in the manner and at the addresses set forth in the Loan Agreement, or to such addresses as the Lender and the Borrower may hereinafter designate. Copies of notices to the Borrower from the Lender shall also be provided by the Lender to any limited partner of the Borrower who requests such notice in writing and provides the Lender with written notice of its address.

(b) The Borrower promises to pay all costs and expenses, including reasonable attorney's fees, incurred by the Lender in the enforcement of the provision of this Note, regardless of whether suit is filed to seek enforcement.

(c) This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

(d) This Note shall be governed by and construed in accordance with the laws of the State of California.

(e) The times for the performance of any obligations hereunder shall be strictly construed, time being of the essence.

(f) This document, together with the Loan Documents, contains the entire agreement between the parties as to the Authority CNI Loan. It may not be modified except upon written consent of the parties.

(g) Except as provided below and subject to Section 1 of the Investor Rider attached to the Deed of Trust as Exhibit B, neither the Borrower nor any partner of the Borrower shall have any direct or indirect personal liability for payment of the principal of, or interest on, the Authority CNI Loan or the performance of the covenants of the Borrower under the Deed of Trust. The sole recourse of the Lender with respect to the principal of, or interest on, this Note and defaults by the Borrower in the performance of its covenants under the Deed of Trust shall be to the property described in the Deed of Trust; provided, however, that nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for this Note of all the rights and remedies of the Lender thereunder, or (b) be deemed in any way to impair the right of the Lender to assert the unpaid principal amount of this Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on this Note and the performance of the Borrower's obligations under the Deed of Trust.
except as hereafter set forth; nothing contained herein is intended to relieve the Borrower of its obligation to indemnify the Lender under Sections 4.7 and 7.4 of the Loan Agreement, or for liability for: (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the Deed of Trust; and (iv) the misappropriation of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Property.

(h) Notwithstanding any other provisions of this Note, all liens, claims, charges, and priorities related to the Authority CNI Loan contemplated by this Note shall be subordinate and junior to all liens, claims, charges, and priorities related to the Construction Loan and the Permanent Loan.

(i) Exhibit A, attached hereto, is hereby incorporated into this Note.

[signature page(s) to follow]
IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered on the date set forth above.

BORROWER:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

By: Jordan S2-Michaels, LLC,
a California limited liability company
    its administrative general partner

By: _______________________________
    Kenneth P. Crawford
    Vice President

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
    its managing general partner

By: _______________________________
    Tina Smith-Booth
    President
Exhibit A

Distribution of Net Cash Flow

[attached]
EXHIBIT A

Distribution of Net Cash Flow

[SUBJECT TO FURTHER REVIEW]

Capitalized terms used in this Exhibit A, but not defined in the Note, shall have thing meaning set forth in the Partnership Agreement. From and after Conversion, Net Cash Flow for each fiscal year (or fractional portion thereof) shall be distributed within ninety (90) days after the end of each fiscal year, in the following order of priority:

**First**, to the Investor Limited Partner until the aggregate amount of distributions made to the Investor Limited Partner under Section 11.03(b)(i) of the Partnership Agreement for the current and all prior years equals the Assumed Investor Limited Partner Tax Liability for the current and all prior years;

**Second**, to the Investor Limited Partner in an amount equal to any amounts due and owing to the Investor Limited Partner hereunder, including without limitation, Unpaid Tax Credit Shortfall, Investor Limited Partner Advances, Special Additional Capital Contributions, the Default Cash Priority, and then any unpaid Asset Management Fees to the Investor Limited Partner;

**Third**, to any Asset Management Fee payable to the Investor Limited Partner for the current fiscal year;

**Fourth**, to pay any accrued and unpaid management fee under Section 7.01 of the Partnership Agreement;

**Fifth**, to the extent of 100% of remaining Net Cash Flow towards the payment of all amounts due under the Development Agreement until paid in full;

**Sixth**, to the payment of any accrued and unpaid MGP Partnership Fee and then to the MGP Partnership Management Fee under Section 14.06 of the Partnership Agreement for the current fiscal year;

**Seventh**, to the extent of 100% of remaining Net Cash Flow and only until payment in full of all amounts due under that certain [HACLA Service Coordination Fee Agreement by and between the Partnership and Housing Authority dated as of substantially even date herewith (the “HACLA Services Agreement”)] (1) 90% to the payment of all amounts due under the HACLA Services Agreement until paid in full and (2) 10% to the Incentive Management Fee in accordance with Section 14.02 of the Partnership Agreement;

**Eighth**, to replenish the Operating Reserve to the Operating and Debt Service Reserve Minimum;

**Ninth**, to the pro rata payment of any outstanding Operating Deficit Loans, General Partner Loans, HAP Guaranty Loans (if applicable), based upon the respective outstanding balances of
each, and thereafter to any loans made by Administrative General Partner in accordance with Section 5.03(a) of the Partnership Agreement; and

*Tenth,* to the extent of 80% of remaining Net Cash Flow, towards the payment of the following: (1) amounts due on the [Ground Lease Loan or this Note] until paid in full, (2) then, amounts due on the [Authority CNI Loan or this Note] until paid in full, and (3) then, amounts due on the [Authority TCC Loan or this Note] until paid in full.
TAB IV-12

Authority TCC Note ($13,200,000)
AUTHORITY TCC NOTE
(Jordan Downs Phase S2)

$13,200,000.00 Los Angeles, California
As of __________, 2021

FOR VALUE RECEIVED, the undersigned (the “Borrower”) promises to pay the principal sum of up to [Thirteen Million Two Hundred Thousand Dollars ($13,200,000.00)] (the “Authority TCC Loan”), or so much thereof as may be advanced to the Borrower pursuant to this Authority TCC Note (this “Note”) and that certain Authority Loan Agreement by and between the Borrower and the Housing Authority of the City of Los Angeles (the “Lender”) dated as of even date herewith (the “Loan Agreement”), with interest as provided herein from the date above upon the unpaid balance of this Note, in lawful money of the United States.

(1) Capitalized terms used but not defined herein shall have the meaning set forth in the Loan Agreement.

(2) Funds shall be advanced during the term hereof in accordance with Section 2.7 of the Loan Agreement and the TCC Requirements.

(3) Payment Terms.

(a) All payments due under this Note shall be paid to the order of the Housing Authority of the City of Los Angeles at 2600 Wilshire Boulevard, Los Angeles, CA 90057 or at such other place as the Lender hereof may from time to time designate in writing.

(b) This Note shall not bear interest.

(c) Commencing the year following Conversion, any remaining unpaid principal and interest under the Authority TCC Loan shall be due and payable from Net Cash Flow to the extent available, pursuant to Exhibit A hereto. Such payments shall be applied first to accrued interest, if any, then to principal, and shall be payable annually not later than one hundred twenty (120) days following the end of each fiscal year for the prior annual fiscal period. Notwithstanding the foregoing, if the general partner(s) of the Borrower are removed pursuant to the Partnership Agreement, no further payments shall be due until the Loan Maturity Date. Any remaining unpaid principal and interest on the Authority TCC Loan shall be due and payable on the earlier to occur of: (i) the date of any Default, (ii) the Loan Maturity Date, and (iii) any sale, transfer, assignment, or conveyance of the Property except to an affiliate of the Lender. The entire principal balance of and all interest accrued on the Authority TCC Loan may be prepaid at any time, without charge or penalty.

(4) Payment of this Note is secured by an Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing – Authority CNI/TCC Loans (the “Deed of Trust”) of even date herewith between the Borrower and the Lender, encumbering a leasehold interest in certain real property and fee interest in certain improvements
located in the City of Los Angeles, County of Los Angeles, State of California, recorded in the official land records of the County of Los Angeles, as well as by other instruments defined in the Loan Agreement as the Loan Documents.

(5) Default.

(a) Subject to the notice and cure periods set forth in the Loan Agreement, any of the following shall constitute an “event of default” under this Note:

(i) Any failure to pay, in full, any payment required under this Note within ten (10) days of written notice that such payment is due;

(ii) The occurrence of any “Default” under the Loan Agreement as defined therein, “Event of Default” under the Deed of Trust as defined therein, or breach or violation of any other instrument securing the obligations of the Borrower under this Note or under any other promissory notes hereafter issued by the Borrower to the Lender pursuant to the Loan Agreement or the Deed of Trust, following the expiration of notice and cure periods, if any, set forth therein.

(b) Upon the occurrence of such an event of default, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under this Note and the Deed of Trust shall at the option of the Lender become immediately due and payable upon written notice by the Lender to the Borrower without further demand.

(c) The failure to exercise the remedy set forth in Subsection 5(b) above or any other remedy provided by law upon the occurrence of one or more of the foregoing events of default shall not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other default. The acceptance by the Lender hereof of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of the Lender, except as and to the extent otherwise provided by law.

(6) Waivers.

(a) The Borrower hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, and notice of dishonor of this Note. The Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time and that the Lender may accept further security or release any security for this Note, all without in any way affecting the liability of the Borrower.

(b) No extension of time for payment of this Note or any installment hereof made by agreement by the Lender with any person now or hereafter liable for payment of this Note shall operate to release, discharge, modify, change, or affect the original liability of the Borrower under this Note, either in whole or in part.
(c) The obligations of the Borrower under this Note shall be absolute and the Borrower waives any and all rights to offset, deduct, or withhold any payments or charges due under this Note for any reason whatsoever.

(7) Miscellaneous Provisions.

(a) All notices to the Lender or the Borrower shall be given in the manner and at the addresses set forth in the Loan Agreement, or to such addresses as the Lender and the Borrower may hereinafter designate. Copies of notices to the Borrower from the Lender shall also be provided by the Lender to any limited partner of the Borrower who requests such notice in writing and provides the Lender with written notice of its address.

(b) The Borrower promises to pay all costs and expenses, including reasonable attorney's fees, incurred by the Lender in the enforcement of the provision of this Note, regardless of whether suit is filed to seek enforcement.

(c) This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

(d) This Note shall be governed by and construed in accordance with the laws of the State of California.

(e) The times for the performance of any obligations hereunder shall be strictly construed, time being of the essence.

(f) This document, together with the Loan Documents, contains the entire agreement between the parties as to the Authority TCC Loan. It may not be modified except upon written consent of the parties.

(g) Except as provided below and subject to Section 1 of the Investor Rider attached to the Deed of Trust as Exhibit B, neither the Borrower nor any partner of the Borrower shall have any direct or indirect personal liability for payment of the principal of, or interest on, the Authority TCC Loan or the performance of the covenants of the Borrower under the Deed of Trust. The sole recourse of the Lender with respect to the principal of, or interest on, this Note and defaults by the Borrower in the performance of its covenants under the Deed of Trust shall be to the property described in the Deed of Trust; provided, however, that nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for this Note of all the rights and remedies of the Lender thereunder, or (b) be deemed in any way to impair the right of the Lender to assert the unpaid principal amount of this Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on this Note and the performance of the Borrower's obligations under the Deed of Trust, except as hereafter set forth; nothing contained herein is intended to relieve the Borrower of its
obligation to indemnify the Lender under Sections 4.7 and 7.4 of the Loan Agreement, or for liability for: (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the Deed of Trust; and (iv) the misappropriation of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Property.

(h) Notwithstanding any other provisions of this Note, all liens, claims, charges, and priorities related to the Authority TCC Loan contemplated by this Note shall be subordinate and junior to all liens, claims, charges, and priorities related to the Construction Loan and the Permanent Loan.

(i) Exhibit A, attached hereto, is hereby incorporated into this Note.

[signature page(s) to follow]
IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered on the date set forth above.

BORROWER:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

By: Jordan S2-Michaels, LLC,
a California limited liability company
its administrative general partner

By: _______________________________
Kenneth P. Crawford
Vice President

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _______________________________
Tina Smith-Booth
President
Exhibit A

Distribution of Net Cash Flow

[attached]
EXHIBIT A

Distribution of Net Cash Flow

[SUBJECT TO FURTHER REVIEW]

Capitalized terms used in this Exhibit A, but not defined in the Note, shall have the meaning set forth in the Partnership Agreement. From and after Conversion, Net Cash Flow for each fiscal year (or fractional portion thereof) shall be distributed within ninety (90) days after the end of each fiscal year, in the following order of priority:

First, to the Investor Limited Partner until the aggregate amount of distributions made to the Investor Limited Partner under Section 11.03(b)(i) of the Partnership Agreement for the current and all prior years equals the Assumed Investor Limited Partner Tax Liability for the current and all prior years;

Second, to the Investor Limited Partner in an amount equal to any amounts due and owing to the Investor Limited Partner hereunder, including without limitation, Unpaid Tax Credit Shortfall, Investor Limited Partner Advances, Special Additional Capital Contributions, the Default Cash Priority, and then any unpaid Asset Management Fees to the Investor Limited Partner;

Third, to any Asset Management Fee payable to the Investor Limited Partner for the current fiscal year;

Fourth, to pay any accrued and unpaid management fee under Section 7.01 of the Partnership Agreement;

Fifth, to the extent of 100% of remaining Net Cash Flow towards the payment of all amounts due under the Development Agreement until paid in full;

Sixth, to the payment of any accrued and unpaid MGP Partnership Fee and then to the MGP Partnership Management Fee under Section 14.06 of the Partnership Agreement for the current fiscal year;

Seventh, to the extent of 100% of remaining Net Cash Flow and only until payment in full of all amounts due under that certain [HACLA Service Coordination Fee Agreement by and between the Partnership and Housing Authority dated as of substantially even date herewith (the “HACLA Services Agreement”)] (1) 90% to the payment of all amounts due under the HACLA Services Agreement until paid in full and (2) 10% to the Incentive Management Fee in accordance with Section 14.02 of the Partnership Agreement;

Eighth, to replenish the Operating Reserve to the Operating and Debt Service Reserve Minimum;

Ninth, to the pro rata payment of any outstanding Operating Deficit Loans, General Partner Loans, HAP Guaranty Loans (if applicable), based upon the respective outstanding balances of
each, and thereafter to any loans made by Administrative General Partner in accordance with Section 5.03(a) of the Partnership Agreement; and

Tenth, to the extent of 80% of remaining Net Cash Flow, towards the payment of the following: (1) amounts due on the [Ground Lease Loan or this Note] until paid in full, (2) then, amounts due on the [Authority CNI Loan or this Note] until paid in full, and (3) then, amounts due on the [Authority TCC Loan or this Note] until paid in full.
TAB IV-13

Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing (Authority CNI/TCC Loans)
RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Housing Authority of the
City of Los Angeles
2600 Wilshire Blvd.
Los Angeles, CA 90057
Attn: President and Chief Executive Officer

No fee for recording pursuant to
Government Code Section 27383

AUTHORITY SUBORDINATE LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF
RENTS, SECURITY AGREEMENT, AND FIXTURE FILING
AUTHORITY CNI/TCC LOANS
(Jordan Downs Phase S2)

THIS AUTHORITY SUBORDINATE LEASEHOLD DEED OF TRUST WITH
ASSIGNMENT OF RENTS, SECURITY AGREEMENT, AND FIXTURE FILING (this “Deed of
Trust”) is made as of _____________, 2021, by and among Jordan Downs Phase S2, LP, a
California limited partnership (“Trustor”), U.S. Bank National Association (“Trustee”), and the
Housing Authority of the City of Los Angeles, a public body, corporate and politic (“Beneficiary”).

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein
recited and the trust herein created, the receipt of which is hereby acknowledged, Trustor hereby
irrevocably grants, transfers, conveys, and assigns to Trustee, IN TRUST, WITH POWER OF
SALE, for the benefit and security of Beneficiary, under and subject to the terms and conditions
hereinafter set forth, Trustor's leasehold interest in the property, granted pursuant to the Ground
Lease (as hereinafter defined), located in the City of Los Angeles, County of Los Angeles, State of
California, that is described in the attached Exhibit A, incorporated herein by this reference, and the
Trustor's fee interest in any improvements constructed thereon (collectively, the “Property”).

TOGETHER WITH all interest, estates, or other claims, both in law and in equity which
Trustor now has or may hereafter acquire in the Property and the Rents (as defined in Section 2.3);

TOGETHER WITH all easements, rights-of-way, and rights used in connection therewith or
as a means of access thereto, including (without limiting the generality of the foregoing) all
tenements, hereditaments, and appurtenances thereof and thereto;

TOGETHER WITH any and all buildings and improvements of every kind and description
now or hereafter erected thereon, and all property of Trustor now or hereafter affixed to or placed
upon the Property;

TOGETHER WITH all building materials and equipment now or hereafter delivered to said
property and intended to be installed therein;

TOGETHER WITH all right, title and interest of Trustor, now owned or hereafter acquired,
in and to any land lying within the right-of-way of any street, open or proposed, adjoining the
Property, and any and all sidewalks, alleys, and strips and areas of land adjacent to or used in connection with the Property;

TOGETHER WITH all estate, interest, right, title, other claim or demand, of every nature, in and to such property, including the Property, both in law and in equity, including, but not limited to, all deposits made with or other security given by Trustor to utility companies, the proceeds from any or all of such property, including the Property, claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Trustor now has or may hereafter acquire, any and all awards made for the taking by eminent domain or by any proceeding or purchase in lieu thereof of the whole or any part of such property, including without limitation, any awards resulting from a change of grade of streets and awards for severance damages to the extent Beneficiary has an interest in such awards for taking as provided in Paragraph 4.1 herein;

TOGETHER WITH all of Trustor's interest in all articles of personal property or fixtures now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the Property which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all other goods and chattels and personal property as are ever used or furnished in operating a building, or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or shall be attached to said building or buildings in any manner; and

TOGETHER WITH all of Trustor's interest in all building materials, fixtures, equipment, work in process, and other personal property to be incorporated into the Property; all goods, materials, supplies, fixtures, equipment, machinery, furniture and furnishings, signs, and other personal property now or hereafter appropriated for use on the Property, whether stored on the Property or elsewhere, and used or to be used in connection with the Property; all rents, issues, and profits, and all inventory, accounts, accounts receivable, contract rights, general intangibles, chattel paper, instruments, documents, notes drafts, letters of credit, insurance policies, insurance and condemnation awards and proceeds, trade names, trademarks, and service marks arising from or related to the Property and any business conducted thereon by Trustor; all replacements, additions, accessions, and proceeds; and all books, records, and files relating to any of the foregoing.

All of the foregoing, together with the Property, is herein referred to as the “Security.” To have and to hold the Security together with acquittances to Trustee, its successors and assigns forever.

FOR THE PURPOSE OF SECURING:

(a) Payment of just indebtedness of Trustor to Beneficiary as set forth in the Note (defined in Article 1 below) until paid or cancelled. Said principal and other payments shall be due and payable as provided in the Note. Said Note and all its terms are incorporated herein by reference, and this conveyance shall secure any and all extensions thereof, however evidenced; and

(b) Payment of any sums advanced by Beneficiary to protect the Security pursuant to the terms and provisions of this Deed of Trust following a breach of Trustor's obligation to advance said sums and the expiration of any applicable cure period, with interest thereon as provided herein; and
Performance of every obligation, covenant, or agreement of Trustor contained herein and in the Loan Documents (defined in Section 1.1(b) below).

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

ARTICLE 1
DEFINITIONS

Section 1.1 Definitions. In addition to the terms defined elsewhere in this Deed of Trust, the following terms shall have the following meanings in this Deed of Trust:

(a) “Authority CNI Loan” shall mean the loan to the Borrower pursuant to the Loan Agreement in the maximum original amount of One Million Dollars ($1,000,000.00), consisting of funds awarded to the Authority pursuant to the CNI Requirements (as defined in the Loan Agreement). The Authority CNI Loan shall be evidenced by the Authority CNI Note.

(b) “Authority CNI Note” shall mean the Authority CNI Note of even date herewith evidencing the Authority CNI Loan, executed by Trustor in favor of Beneficiary and secured by this Deed of Trust. Copies of the Authority CNI Note are on file with Beneficiary and terms and provisions of the Authority CNI Note are incorporated herein by reference.

(c) “Authority TCC Loan” shall mean the loan to the Borrower pursuant to the Loan Agreement in the maximum principal amount of Thirteen Million Two Hundred Thousand Dollars ($13,200,000.00), consisting of funds available to Beneficiary under State of California Transformative Climate Communities Program and the TCC Requirements (as defined in the Loan Agreement). The Authority TCC Loan shall be evidenced by the Authority TCC Note.

(d) “Authority TCC Note” shall mean the Authority TCC Note of even date herewith evidencing the Authority TCC Loan, executed by Trustor in favor of Beneficiary and secured by this Deed of Trust. Copies of the Authority TCC Note are on file with Beneficiary and terms and provisions of the Authority TCC Note are incorporated herein by reference.

(e) “Ground Lease” means that certain Ground Lease Agreement by and between Trustor and Beneficiary, dated as of substantially even date herewith, pursuant to which Trustor holds a leasehold interest in the Property.

(f) “Loan” means, collectively, the Authority CNI Loan and the Authority TCC Loan.

(g) “Loan Agreement” means that certain Authority Loan Agreement between Trustor and Beneficiary dated concurrently herewith, providing for the Beneficiary to loan to Trustor the Authority CNI Loan, Authority IIG Loan (as defined in the Loan Agreement) and Authority TCC Loan for certain development costs and permanent financing related to the development of the Property.

(h) “Loan Documents” means this Deed of Trust, the Authority CNI Note, Authority TCC Note, the Loan Agreement and any other debt, loan, or security instruments between Trustor and the Beneficiary relating to the Note.
(i) “Note” means, collectively, the Authority CNI Note and Authority TCC Note. (Copies of the Note are on file with Beneficiary and terms and provisions of the Note are incorporated herein by reference.)

(j) “Principal” means the principal amount required to be paid under the Note.

(k) “Senior Deed of Trust” means any deed of trust to which this deed of trust is subordinated.

(l) “Senior Lender” means the beneficiary of a Senior Deed of Trust securing a Senior Loan.

(m) “Senior Loan” means (1) that certain tax-exempt construction loan from JPMorgan Chase Bank, N.A. (“Chase”), in the approximate amount of [Twenty-Nine Million Thirty Thousand Dollars ($29,030,000.00)], funded from tax-exempt bond proceeds pursuant to a funding loan from Chase to the Beneficiary and a project loan from the Beneficiary to the Trustor, which project loan will be concurrently assigned from the Beneficiary to U.S. Bank National Association, as fiscal agent, and which project loan will convert to permanent financing in the approximate amount of [Fifteen Million Seventy-Five Thousand Dollars ($15,075,000.00)] and (2) that certain taxable construction loan from CIT Bank, N.A. (“CIT”), in the approximate amount of [Eleven Million Seven Hundred Fifty-Eight Thousand Two Hundred Eighteen Dollars ($11,758,218.00)], funded from taxable bond proceeds pursuant to a funding loan from CIT to the Beneficiary and a project loan from the Beneficiary to the Trustor, which project loan will be concurrently assigned from the Beneficiary to U.S. Bank National Association, as fiscal agent.

ARTICLE 2
MAINTENANCE AND MODIFICATION OF THE PROPERTY AND SECURITY

Section 2.1 Maintenance and Modification of the Property by Trustor. Trustor agrees that at all times prior to full payment of the sum owed under the Note, Trustor will, at Trustor's own expense, maintain, preserve, and keep the Security or cause the Security to be maintained and preserved in good condition. Trustor will from time to time make or cause to be made all repairs, replacements, and renewals deemed proper and necessary by it. If there arises a condition in contravention of this requirement, and if the Trustor has not cured such condition within thirty (30) days after receiving a Beneficiary notice of such a condition, and the Trustor has not initiated diligent efforts to cure such condition within such period, then in addition to any other rights available to the Beneficiary, the Beneficiary shall have the right to perform all acts necessary to cure such condition, and to establish or enforce a lien or other encumbrance against the Security. Beneficiary shall have no responsibility in any of these matters or for the making of improvements or additions to the Security.

Trustor agrees to pay fully and discharge (or cause to be paid fully and discharged) all claims for labor done and for material and services furnished in connection with the Security, diligently to file or procure the filing of a valid notice of cessation upon the event of a cessation of labor on the work or construction on the Security for a continuous period of thirty (30) days or more, and to take all other reasonable steps to forestall the assertion of claims of lien against the Security or any part thereof. Trustor irrevocably appoints, designates, and authorizes Beneficiary as its agent (said agency being coupled with an interest) with the authority, but without any obligation, to file for record any notices of completion or cessation of labor or any other notice that Beneficiary deems necessary or desirable to protect its interest in and to the Security or the Loan Documents; provided,
however, that Beneficiary shall exercise its rights as agent of Trustor only in the event that Trustor shall fail to take, or shall fail to diligently continue to take, those actions as hereinbefore provided.

Upon demand by Beneficiary, Trustor shall make or cause to be made such demands or claims as Beneficiary shall specify upon laborers, materialmen, subcontractors, or other persons who have furnished or claim to have furnished labor, services, or materials in connection with the Security. Nothing herein contained shall require Trustor to pay any claims for labor, materials, or services which Trustor in good faith disputes and is diligently contesting provided that Trustor shall, within thirty (30) days after the filing of any claim of lien, record in the Office of the Recorder of the County of Los Angeles, a surety bond in an amount one and a half times the amount of such claim item to protect against a claim of lien.

Section 2.2 Granting of Easements. Except as set forth in the Loan Documents, Trustor may not grant easements, licenses, rights-of-way, or other rights or privileges in the nature of easements with respect to any property or rights included in the Security except those required or desirable for installation and maintenance of public utilities including, without limitation, access, water, gas, electricity, sewer, telephone, and telegraph, or those required by law and as approved, in writing, by Beneficiary, which approval shall not be unreasonably withheld or delayed.

Section 2.3 Assignment of Rents. As part of the consideration for the indebtedness evidenced by the Note, Trustor hereby absolutely and unconditionally assigns and transfers to Beneficiary all the rents and revenues of the Property including those now due, past due, or to become due by virtue of any lease or other agreement for the occupancy or use of all or any part of the Property, regardless of to whom the rents and revenues of the Property are payable (collectively, the “Rents”). After the occurrence and during the continuation of an Event of Default (as defined in Section 7.1), Trustor hereby authorizes Beneficiary or Beneficiary's agents to collect the aforesaid rents and revenues and hereby directs each tenant of the Property to pay such Rents to Beneficiary or Beneficiary's agents. Prior to the occurrence of an Event of Default, Trustor shall collect and receive all Rents of the Property as trustee for the benefit of Beneficiary and Trustor shall apply the Rents so collected to the sums secured by this Deed of Trust with the balance, so long as no Event of Default has occurred, to the account of Trustor, it being intended by Trustor and Beneficiary that this assignment of rents constitutes an absolute assignment and not an assignment for additional security only. Upon delivery of written notice by Beneficiary to Trustor of an Event of Default, and without the necessity of Beneficiary entering upon and taking and maintaining full control of the Property in person, by agent, or by a court-appointed receiver, Beneficiary shall immediately be entitled to possession of all Rents of the Property as specified in this Section 2.3 as the same becomes due and payable, including but not limited to Rents then due and unpaid, and all such Rents shall immediately upon delivery of such notice be held by Trustor as trustee for the benefit of Beneficiary only; provided, however, that the written notice by Beneficiary to Trustor of an Event of Default shall contain a statement that Beneficiary exercises its rights to such Rents. Trustor agrees that commencing upon delivery of such written notice of an Event of Default, each tenant of the Property shall make such Rents payable to and pay such Rents to Beneficiary or Beneficiary's agents on Beneficiary's written demand to each tenant therefor, delivered to each tenant personally, by mail, or by delivering such demand to each rental unit, without any liability on the part of said tenant to inquire further as to the existence of a default by Trustor.

Except for the financing previously approved by the Beneficiary pursuant to the Loan Agreement, Trustor hereby covenants that Trustor has not executed any prior assignment of said Rents, that Trustor has not performed, and will not perform, any acts or has not executed and will
not execute, any instrument which would prevent Beneficiary from exercising its rights under this Section 2.3, and that at the time of execution of this Deed of Trust, there has been no anticipation or prepayment of any of the Rents of the Property for more than two (2) months prior to the due dates of such rents. Trustor covenants that Trustor will not hereafter collect or accept payment of any Rents of the Property more than two (2) months prior to the due dates of such Rents. Trustor further covenants that Trustor will execute and deliver to Beneficiary such further assignments of rents and revenues of the Property as Beneficiary may from time to time request.

Upon and during the continuation of an Event of Default, Beneficiary may in person, by agent, or by a court-appointed receiver, regardless of the adequacy of Beneficiary's security, enter upon and take and maintain full control of the Property in order to perform all acts necessary and appropriate for the operation and maintenance thereof including, but not limited to, the execution, cancellation, or modification of leases, the collection of all Rents of the Property, the making of repairs to the Property, and the execution or termination of contracts providing for the management or maintenance of the Property, all on such terms as are deemed best to protect the security of this Deed of Trust. In the event Beneficiary elects to seek the appointment of a receiver for the Property upon an Event of Default, Trustor hereby expressly consents to the appointment of such receiver. Beneficiary or the receiver shall be entitled to receive a reasonable fee for so managing the Property.

All Rents collected upon and during the continuation of an Event of Default shall be applied first to the costs, if any, of taking control of and managing the Property and collecting the Rents, including, but not limited to, attorney's fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the Property, premiums on insurance policies, taxes, assessments, and other charges on the Property, and the costs of discharging any obligation or liability of Trustor as lessor or landlord of the Property and then to the sums secured by this Deed of Trust. Beneficiary or the receiver shall have access to the books and records used in the operation and maintenance of the Property and shall be liable to account only for those Rents actually received. Beneficiary shall not be liable to Trustor, anyone claiming under or through Trustor, or anyone having an interest in the Property by reason of anything done or left undone by Beneficiary under this Section 2.3.

If the Rents of the Property are not sufficient to meet the costs, if any, of taking control of and managing the Property and collecting the Rents, any funds expended by Beneficiary for such purposes shall become indebtedness of Trustor to Beneficiary secured by this Deed of Trust pursuant to Section 3.3 hereof. Unless Beneficiary and Trustor agree in writing to other terms of payment, such amounts shall be payable upon notice from Beneficiary to Trustor requesting payment thereof and shall bear interest from the date of disbursement at the rate stated in Section 3.3.

Any entering upon and taking and maintaining of control of the Property by Beneficiary or the receiver and any application of Rents as provided herein shall not cure or waive any default hereunder or invalidate any other right or remedy of Beneficiary under applicable law or provided herein. This assignment of rents of the Property shall terminate at such time as this Deed of Trust ceases to secure indebtedness held by Beneficiary. The rights of the Beneficiary under this Section 2.3 are subject to the rights of the Senior Lender and any other senior lender.

ARTICLE 3
TAXES AND INSURANCE; ADVANCES
Section 3.1 Taxes, Other Governmental Charges and Utility Charges. Trustor shall pay, or cause to be paid prior to the date of delinquency, all taxes, assessments, charges, and levies imposed by any public authority or utility company which are or may become a lien affecting the Security or any part thereof; provided, however, that Trustor shall not be required to pay and discharge any such tax, assessment, charge, or levy so long as (a) the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings, and (b) Trustor maintains reserves adequate to pay any liabilities contested pursuant to this Section 3.1. With respect to taxes, special assessments, or other similar governmental charges, Trustor shall pay such amount in full prior to the attachment of any lien therefor on any part of the Security; provided, however, if such taxes, assessments, or charges may be paid in installments, Trustor may pay in such installments. Except as provided in clause (b) of the first sentence of this paragraph, the provisions of this Section 3.1 shall not be construed to require that Trustor maintain a reserve account, escrow account, impound account, or other similar account for the payment of future taxes, assessments, charges, and levies.

In the event that Trustor shall fail to pay any of the foregoing items required by this Section to be paid by Trustor, Beneficiary may (but shall be under no obligation to) pay the same, after Beneficiary has notified Trustor of such failure to pay and Trustor fails to fully pay such items within seven (7) business days after receipt of such notice. Any amount so advanced therefor by Beneficiary, together with interest thereon from the date of such advance at the maximum rate permitted by law, shall become an additional obligation of Trustor to the Beneficiary and shall be secured hereby, and Trustor agrees to pay all such amounts.

Section 3.2 Provisions Respecting Insurance. Trustor agrees to provide insurance conforming in all respects to that required under the Loan Documents during the course of construction and following completion, and at all times until all amounts secured by this Deed of Trust have been paid and all other obligations secured hereunder fulfilled, and this Deed of Trust reconveyed.

All such insurance policies and coverages shall be maintained at Trustor's sole cost and expense. Certificates of insurance for all of the above insurance policies, showing the same to be in full force and effect, shall be delivered to Beneficiary upon demand therefor at any time prior to Beneficiary's receipt of the entire Principal and all amounts secured by this Deed of Trust.

Section 3.3 Advances. In the event Trustor shall fail to maintain the full insurance coverage required by this Deed of Trust or shall fail to keep the Security in accordance with the Loan Documents, Beneficiary, after at least seven (7) days prior notice to Beneficiary, may (but shall be under no obligation to) take out the required policies of insurance, pay the premiums on the same, make such repairs or replacements as are necessary and provide for payment thereof, or expend such funds as necessary to remedy such failure by Trustor; and all amounts so advanced therefor by Beneficiary shall become an additional obligation of Trustor to Beneficiary (together with interest as set forth below) and shall be secured hereby, which amounts Trustor agrees to pay on the demand of Beneficiary, and if not so paid, shall bear interest from the date of the advance at the lesser of ten percent (10%) per annum or the maximum rate permitted by law.

ARTICLE 4
DAMAGE, DESTRUCTION OR CONDEMNATION

Section 4.1 Awards and Damages. All judgments, awards of damages, settlements, and compensation made in connection with or in lieu of (1) taking of all or any part of or any interest in
the Property by or under assertion of the power of eminent domain, (2) any damage to or destruction of the Property or in any part thereof by insured casualty, and (3) any other injury or damage to all or any part of the Property (“\textbf{Funds}”) are hereby assigned to and shall be paid to Beneficiary by a check made payable to Beneficiary. Such Funds shall be applied to restoration or repair of the Property damaged, provided such restoration or repair is economically feasible and (after completion of the repair or restoration) the security of this Deed of Trust is not thereby impaired, as determined in Beneficiary’s reasonable discretion. Such work or repair shall be in accordance with plans and specifications approved by the Beneficiary and commenced no later than the later of (a) one hundred twenty (120) days after the damage or loss occurs or (b) thirty (30) days following receipt of the Funds, and shall be complete within one (1) year thereafter. If such restoration or repair is not economically feasible, or if Trustor fails to provide additional monies to fund any deficiency in connection with such restoration, or if the security of this Deed of Trust would be impaired, then the Funds will be used to repay any amounts due under this Deed of Trust with the excess, if any, paid to Trustor. Beneficiary must consent to the settlement and adjustment of all claims under insurance policies provided under this Deed of Trust. All or any part of the amounts so collected and recovered by Beneficiary may be released to Trustor upon such conditions as Beneficiary may impose for its disposition. Application of all or any part of the Funds collected and received by Beneficiary or the release thereof shall not cure or waive any default under this Deed of Trust. The rights of Beneficiary under this Section 4.1 are subject to the rights of the Senior Lender and any other senior lender.

\textbf{ARTICLE 5}
\textbf{AGREEMENTS AFFECTING THE PROPERTY; FURTHER ASSURANCES; PAYMENT OF PRINCIPAL AND INTEREST}

Section 5.1 \textit{Other Agreements Affecting Property}. Trustor shall duly and punctually perform all terms, covenants, conditions, and agreements binding upon it under the Loan Documents and any other agreement of any nature whatsoever now or hereafter involving or affecting the Security or any part thereof.

Section 5.2 \textit{Agreement to Pay Attorneys’ Fees and Expenses}. In the event of any Event of Default (as defined in Section 7.1) hereunder, and if Beneficiary should employ attorneys or incur other expenses for the collection of amounts due or the enforcement of performance or observance of an obligation or agreement on the part of Trustor in this Deed of Trust, Trustor agrees that it will, on demand therefor, pay to Beneficiary the reasonable fees of such attorneys and such other reasonable expenses so incurred by Beneficiary; and any such amounts paid by Beneficiary shall be added to the indebtedness secured by the lien of this Deed of Trust, and shall bear interest from the date such expenses are incurred at the lesser of ten percent (10\%) per annum or the maximum rate permitted by law.

Section 5.3 \textit{Payment of the Principal}. Trustor shall pay to Beneficiary the Principal and any other payments as set forth in the Note in the amounts and by the times set out therein.

Section 5.4 \textit{Personal Property; Fixture Filing}. To the maximum extent permitted by law, the personal property subject to this Deed of Trust shall be deemed to be fixtures and part of the real property and this Deed of Trust shall constitute a fixtures filing under the California Commercial Code. As to any personal property not deemed or permitted to be fixtures, this Deed of Trust shall constitute a security agreement under the California Commercial Code. Trustor hereby grants Beneficiary a security interest in such items.
Section 5.5 Financing Statement. Trustor shall execute and deliver to Beneficiary such financing statements pursuant to the appropriate statutes, and any other documents or instruments as are required to convey to Beneficiary a valid perfected security interest in the Security. Trustor agrees to perform all acts which Beneficiary may reasonably request so as to enable Beneficiary to maintain such valid perfected security interest in the Security in order to secure the payment of the Note in accordance with their terms. Beneficiary is authorized to file a copy of any such financing statement in any jurisdiction(s) as it shall deem appropriate from time to time in order to protect the security interest established pursuant to this instrument. Trustor shall pay all costs of filing such financing statements and any extensions, renewals, amendments, and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements, and releases thereof, as Beneficiary may reasonably require. Without the prior written consent of Beneficiary, Trustor shall not create or suffer to be created pursuant to the California Commercial Code any other security interest in the Security, including replacements and additions thereto.

Section 5.6 Operation of the Security. Trustor shall operate the Security (and, in case of a transfer of a portion of the Security subject to this Deed of Trust, the transferee shall operate such portion of the Security) in full compliance with the Loan Documents.

Section 5.7 Inspection of the Security. At any and all reasonable times upon seventy-two (72) hours' notice, Beneficiary and its duly authorized agents, attorneys, experts, engineers, accountants, and representatives, shall have the right, without payment of charges or fees, to inspect the Security.

Section 5.8 Nondiscrimination. Trustor herein covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, age, sex, sexual orientation, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Security, nor shall Trustor itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Security. The foregoing covenants shall run with the land.

ARTICLE 6
HAZARDOUS WASTE

Trustor shall keep and maintain the Property in compliance with, and shall not cause or permit the Property to be in violation of any federal, state, or local laws, ordinances, or regulations relating to industrial hygiene or to the environmental conditions on, under, or about the Property including, but not limited to, soil and ground water conditions; provided however, that if any condition causing non-compliance with this Section existed at the Property prior to the date of this Agreement or at other property within the vicinity of the Leased Premises, the Borrower shall not be in default hereunder. Trustor shall not use, generate, manufacture, store, or dispose of on, under, or about the Property or transport to or from the Property any flammable explosives, radioactive materials, hazardous wastes, toxic substances, or related materials, including without limitation, any substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” or “toxic substances” under any applicable federal or state laws or regulations (collectively referred to hereinafter as “Hazardous Materials”) except such of the
foregoing as are used in construction of the improvements on the Property or as may be customarily kept and used in and about residential property.

Trustor shall immediately advise Beneficiary in writing if at any time it receives written notice of: (i) any and all enforcement, cleanup, removal, or other governmental or regulatory actions instituted, completed, or threatened against Trustor or the Property pursuant to any applicable federal, state, or local laws, ordinances, or regulations relating to any Hazardous Materials, ("Hazardous Materials Law"); (ii) all claims made or threatened by any third party against Trustor or the Property relating to damage, contribution, cost recovery compensation, loss, or injury resulting from any Hazardous Materials (the matters set forth in clauses (i) and (ii) above are hereinafter referred to as “Hazardous Materials Claims”); and (iii) Trustor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be classified as “border-zone property” under the provision of California Health and Safety Code, Sections 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability, or use of the Property under any Hazardous Materials Law.

Beneficiary shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims. Trustor shall indemnify and hold harmless Beneficiary and its board members, supervisors, directors, officers, employees, agents, successors, and assigns from and against any loss, damage, cost, expense, or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal, or presence of Hazardous Materials on, under, or about the Property including without limitation: (a) all foreseeable consequential damages; (b) the costs of any required or necessary repair, cleanup, or detoxification of the Property and the preparation and implementation of any closure, remedial, or other required plans; and (c) all reasonable costs and expenses incurred by Beneficiary in connection with clauses (a) and (b), including but not limited to reasonable attorneys' fees; provided however that this indemnification shall not apply to any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to any condition that existed at the Property prior to the date of this Deed of Trust or at other property within the vicinity of the Property.

Without Beneficiary's prior written consent, which shall not be unreasonably withheld, Trustor shall not take any remedial action in response to the presence of any Hazardous Materials on, under, or about the Property, nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Material Claims, which remedial action, settlement, consent decree, or compromise might, in Beneficiary's reasonable judgment, impair the value of Beneficiary's security hereunder; provided, however, that Beneficiary's prior consent shall not be necessary in the event that the presence of Hazardous Materials on, under, or about the Property either poses an immediate threat to the health, safety, or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain Beneficiary's consent before taking such action, provided that in such event Trustor shall notify Beneficiary as soon as practicable of any action so taken. Beneficiary agrees not to withhold its consent, where such consent is required hereunder, if either: (i) a particular remedial action is ordered by a court of competent jurisdiction; (ii) Trustor will or may be subjected to civil or criminal sanctions or penalties if it fails to take a required action; (iii) Trustor establishes to the reasonable satisfaction of Beneficiary that there is no reasonable alternative to such remedial action which would result in less impairment of Beneficiary's security hereunder; or (iv) the action has been agreed to by Beneficiary.
Trustor hereby acknowledges and agrees that (i) this Article is intended as Beneficiary's written request for information (and the Trustor's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5, and (ii) each representation and warranty in this Deed of Trust or any of the other Loan Documents (together with any indemnity applicable to a breach of any such representation and warranty) with respect to the environmental condition of the property is intended by Beneficiary and Trustor to be an “environmental provision” for purposes of California Code of Civil Procedure Section 736.

In the event that any portion of the Property is determined to be “environmentally impaired” (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an “affected parcel” (as that term is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting Beneficiary's or Trustee's rights and remedies under this Deed of Trust, Beneficiary may elect to exercise its rights under California Code of Civil Procedure Section 726.5(a) to (1) waive its lien on such environmentally impaired or affected portion of the Property and (2) exercise (a) the rights and remedies of an unsecured creditor, including reduction of its claim against Trustor to judgment, and (b) any other rights and remedies permitted by law. For purposes of determining Beneficiary's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), Trustor shall be deemed to have willfully permitted or acquiesced in a release or threatened release of Hazardous Materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of Hazardous Materials was knowingly or negligently caused or contributed to by any lessee, occupant, or user of any portion of the Property and Trustor knew or should have known of the activity by such lessee, occupant, or user which caused or contributed to the release or threatened release. All costs and expenses, including (but not limited to) attorneys' fees, incurred by Beneficiary in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the lesser of ten percent (10%) or the maximum rate permitted by law, until paid, shall be added to the indebtedness secured by this Deed of Trust and shall be due and payable to Beneficiary upon its demand made at any time following the conclusion of such action.

Trustor is aware that California Civil Code Section 2955.5(a) provides as follows: “No lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.”

ARTICLE 7
EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default. Each of the following shall constitute an Event of Default following the expiration of any applicable notice and cure periods: (1) failure to make any payment to be paid by Trustor under the Loan Documents within ten (10) days after the date due; (2) failure to observe or perform any of Trustor's other covenants, agreements, or obligations under the Loan Documents (which failure has not been cured within the times and in the manner set forth in the Loan Agreement); or (3) failure to make any payment or perform any of Trustor's other covenants, agreements, or obligations under any other debt instruments or regulatory agreement secured by the Property, which default shall not be cured within the times and in the manner provided therein, provided, however, to the extent that the Trustor cures its failure to perform as described in this
Section 7.1(3), Trustor shall be deemed to have cured the Event of Default arising from this Section 7.1(3).

Section 7.2 Acceleration of Maturity. If an Event of Default shall have occurred and be continuing, then at the option of Beneficiary, the amount of any payment related to the Event of Default and the unpaid Principal of the Note (including all interest thereon) shall immediately become due and payable, upon written notice by Beneficiary to Trustor (or automatically where so specified in the Loan Documents), and no omission on the part of Beneficiary to exercise such option when entitled to do so shall be construed as a waiver of such right.

Section 7.3 Beneficiary's Right to Enter and Take Possession. If an Event of Default shall have occurred and be continuing, Beneficiary may:

(a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, enter upon the Security and take possession thereof (or any part thereof) and of any of the Security, in its own name or in the name of Trustee, and do any acts which it deems necessary or desirable to preserve the value or marketability of the Property, or part thereof or interest therein, increase the income therefrom or protect the security thereof. The entering upon and taking possession of the Security shall not cure or waive any Event of Default or Notice of Default (as defined below) hereunder or invalidate any act done in response to such Default or pursuant to such Notice of Default and, notwithstanding the continuance in possession of the Security, Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust, or by law upon occurrence of any Event of Default, including the right to exercise the power of sale;

(b) Commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

(c) Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Security to be sold ("Notice of Default and Election to Sell"), which notice Trustee or Beneficiary shall cause to be duly filed for record in the Official Records of the County of Los Angeles; or

(d) Exercise all other rights and remedies provided herein, in the instruments by which Trustor acquires title to any Security, or in any other document or agreement now or hereafter evidencing, creating, or securing all or any portion of the obligations secured hereby, or provided by law.

Section 7.4 Foreclosure By Power of Sale. Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall give notice to Trustee (the "Notice of Sale") and shall deposit with Trustee this Deed of Trust which is secured hereby (and the deposit of which shall be deemed to constitute evidence that the unpaid principal amount of the Note is immediately due and payable), and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

(a) Upon receipt of such notice from Beneficiary, Trustee shall cause to be recorded, published, and delivered to Trustor such Notice of Default and Election to Sell as then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Default and
Election to Sell and after Notice of Sale having been given as required by law, sell the Security, at the time and place of sale fixed by it in said Notice of Sale, whether as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as it may determine unless specified otherwise by Trustor according to California Civil Code Section 2924g(b), at public auction to the highest bidder, for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed or any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee, or Beneficiary, may purchase at such sale, and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(b) After deducting all reasonable costs, fees, and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale to payment of: (i) the unpaid Principal amount of the Note; (ii) all other amounts owed to Beneficiary under the Loan Documents; (iii) all other sums then secured hereby; and (iv) the remainder, if any, to Trustor.

(c) Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new Notice of Sale.

Section 7.5 Receiver. If an Event of Default shall have occurred and be continuing, Beneficiary, as a matter of right and without further notice to Trustor or anyone claiming under the Security, and without regard to the then value of the Security or the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Security (or a part thereof), and Trustor hereby irrevocably consents to such appointment and waives further notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases, and all the powers and duties of Beneficiary in case of entry as provided herein, and shall continue as such and exercise all such powers until the date of confirmation of sale of the Security, unless such receivership is sooner terminated.

Section 7.6 Remedies Cumulative. No right, power, or remedy conferred upon or reserved to Beneficiary by this Deed of Trust is intended to be exclusive of any other right, power, or remedy, but each and every such right, power, and remedy shall be cumulative and concurrent and shall be in addition to any other right, power, and remedy given hereunder or now or hereafter existing at law or in equity.

Section 7.7 No Waiver.

(a) No delay or omission of Beneficiary to exercise any right, power, or remedy accruing upon any Event of Default shall exhaust or impair any such right, power, or remedy, or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every right, power, and remedy given by this Deed of Trust to Beneficiary may be exercised from time to time and as often as may be deemed expedient by Beneficiary. Beneficiary's expressed or implied consent to a breach by Trustor, or a waiver of any obligation of Trustor hereunder, shall not be deemed or construed to be a consent to any subsequent breach, or further waiver, of such obligation or of any other obligations of Trustor hereunder. Failure on the part of Beneficiary to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure
continues, shall not constitute a waiver by Beneficiary of its right hereunder or impair any rights, power, or remedies consequent on any Event of Default by Trustor.

(b) If Beneficiary (i) grants forbearance or an extension of time for the payment of any sums secured hereby, (ii) takes other or additional security or the payment of any sums secured hereby, (iii) waives or does not exercise any right granted in the Loan Documents, (iv) releases any part of the Security from the lien of this Deed of Trust, or otherwise changes any of the terms, covenants, conditions, or agreements in the Loan Documents, (v) consents to the granting of any easement or other right affecting the Security, or (vi) makes or consents to any agreement subordinating the lien hereof, any such act or omission shall not release, discharge, modify, change, or affect the original liability under this Deed of Trust, or any other obligation of Trustor or any subsequent purchaser of the Security or any part thereof, or any maker, co-signer, endorser, surety, or guarantor (unless expressly released); nor shall any such act or omission preclude Beneficiary from exercising any right, power, or privilege herein granted or intended to be granted in any Event of Default then made or of any subsequent Event of Default, nor, except as otherwise expressly provided in an instrument or instruments executed by Beneficiary shall the lien of this Deed of Trust be altered thereby.

Section 7.8 Suits to Protect the Security. Beneficiary shall have power to (a) institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Security and the rights of Beneficiary as may be unlawful or any violation of this Deed of Trust, (b) preserve or protect its interest (as described in this Deed of Trust) in the Security, and (c) restrain the enforcement of or compliance with any legislation or other governmental enactment, rule, or order that may be unconstitutional or otherwise invalid, if the enforcement for compliance with such enactment, rule, or order would impair the Security thereunder or be prejudicial to the interest of Beneficiary.

Section 7.9 Beneficiary May File Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition, or other proceedings affecting Trustor, its creditors, or its property, Beneficiary, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of Beneficiary allowed in such proceedings and for any additional amount which may become due and payable by Trustor hereunder after such date.

Section 7.10 Waiver. Trustor waives presentment, demand for payment, notice of dishonor, notice of protest and nonpayment, protest, notice of interest on interest and late charges, and diligence in taking any action to collect any sums owing under the Note or in proceedings against the Security, in connection with the delivery, acceptance, performance, default, endorsement, or guaranty of this Deed of Trust.

ARTICLE 8
MISCELLANEOUS

Section 8.1 Amendments: Prior Agreements. This instrument cannot be waived, changed, discharged, or terminated orally, but only by an instrument in writing signed by Beneficiary and Trustor.

Section 8.2 Reconveyance by Trustee. Upon written request of Beneficiary stating that (i) all sums secured hereby have been paid or forgiven, and (ii) that all obligations of Trustor under the
Loan Documents have been satisfied, and upon surrender of this Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee shall reconvey the Security to Trustor, or to the person or persons legally entitled thereto.

Section 8.3 Notices. If at any time after the execution of this Deed of Trust it shall become necessary or convenient for one of the parties hereto to serve any notice, demand, or communication upon the other party, such notice, demand, or communication shall be in writing and shall be served by depositing the same in the registered United States mail, return receipt requested, postage prepaid and:

If to Beneficiary: Housing Authority of City of Los Angeles 2600 Wilshire Blvd. Los Angeles, CA 90057 Attn: President and Chief Executive Officer Attn: General Counsel

with copy to: Reno & Cavanaugh, PLLC 455 Massachusetts Avenue, Suite 400 Washington, DC 20001 Attn: Megan Glasheen

If to Trustor: Jordan Downs Phase S2, LP c/o The Michaels Organization 2 Cooper Street Camden, NJ 08102 Attn: John J. O’Donnell

with copy to: Levine, Staller, Sklar, Chan & Brown, P.A. 3030 Atlantic Avenue Atlantic City, NJ 08401 Attn: Arthur M. Brown

Any notice, demand, or communication shall be deemed given, received, made, or communicated, if mailed in the manner herein specified, on the delivery date or date delivery is refused by the addressee, as shown on the return receipt. Either party may change its address at any time by giving written notice of such change to Beneficiary or Trustor as the case may be, in the manner provided herein, at least ten (10) days prior to the date such change is desired to be effective.

Section 8.4 Successors and Joint Trustors. Where an obligation is created herein binding upon Trustor, the obligation shall also apply to and bind any transferee or successors in interest. Where the terms of this Deed of Trust have the effect of creating an obligation of Trustor and a transferee, such obligation shall be deemed to be a joint and several obligation of Trustor and such transferee. Where Trustor is more than one entity or person, all obligations of Trustor shall be deemed to be a joint and several obligation of each and every entity and person comprising Trustor.

Section 8.5 Captions. The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Deed of Trust.
Section 8.6 Invalidity of Certain Provisions. Every provision of this Deed of Trust is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court or other body of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Security, the unsecured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid or applied to the full payment of that portion of the debt which is not secured or partially secured by the lien of this Deed of Trust.

Section 8.7 Governing Law. This Deed of Trust shall be governed by and construed in accordance with the laws of the State of California.

Section 8.8 Gender and Number. In this Deed of Trust, the singular shall include the plural and the masculine shall include the feminine and neuter and vice versa, if the context so requires.

Section 8.9 Deed of Trust, Mortgage. Any reference in this Deed of Trust to a mortgage shall also refer to a deed of trust and any reference to a deed of trust shall also refer to a mortgage.

Section 8.10 Actions. Trustor agrees to appear in and defend any action or proceeding purporting to affect the Security.

Section 8.11 Substitution of Trustee. Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Deed of Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the Property is situated, shall be conclusive proof of proper appointment of the successor trustee.

Section 8.12 Statute of Limitations. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law.

Section 8.13 Acceptance by Trustee. Trustee accepts this Deed of Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law the Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

Section 8.14 Compliance with Internal Revenue Code Section 42. Beneficiary acknowledges that Trustor intends to enter into an extended use agreement, which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended (the “Code”). As of the date hereof, Code Section 42(h)(6)(E)(ii) does not permit the eviction or termination of tenancy (other than for good cause) of an existing tenant of any low-income unit or any increase in the gross rent with respect to such unit not otherwise permitted under
Code Section 42 for a period of three (3) years after the date the building is acquired by foreclosure or by instrument in lieu of foreclosure. In the event the extended use agreement is recorded against the Property, Beneficiary agrees to comply with the provisions set forth in Code Section 42(h)(6)(E)(ii).

ARTICLE 9
SUBORDINATE DEED OF TRUST

This Deed of Trust is and shall at all times continue to be subordinate, subject, and inferior (in payment and priority) to the Senior Loan and the Senior Deed of Trust, and the liens, rights, payment interests, priority interests, and security interests granted to Beneficiary hereunder and the Loan and the Loan Documents are, and are hereby expressly acknowledged to be in all respects and at all times, subject to the terms of the Subordination Agreement by and among Beneficiary, Trustor and Senior Lender of even date herewith. Exhibit B and Exhibit C, attached hereto, are hereby incorporated into this Deed of Trust by this reference.

[remainder of this page intentionally left blank]
IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first above written.

TRUSTOR:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

By: Jordan S2-Michaels, LLC,
a California limited liability company
   its administrative general partner

By: ____________________________
    Kenneth P. Crawford
    Vice President

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
   its managing general partner

By: ____________________________
    Tina Smith-Booth
    President
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of New Jersey )
County of ______________________ )

On ______________________, before me, ________________________,
Notary Public, personally appeared ________________________,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of New Jersey that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature___________________
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  )
County of ______________________ )

On _________________________, before me, ________________________, Notary Public, personally appeared ________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature__________________
EXHIBIT A

Legal Description

The land referred to herein is situated in the State of California, County of Los Angeles, City of Los Angeles and 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
EXHIBIT B

Investor Rider

This Rider is attached to and made a part of the promissory notes, the deed of trust, and loan agreement or other document(s) evidencing, securing, and governing a loan of Choice Neighborhoods Implementation Grant funds in the approximate original amount of One Million Dollars ($1,000,000.00) (the “Authority CNI Loan”) and a loan of Transformative Climate Communities Grant funds in the approximate original amount of Thirteen Million Two Hundred Thousand Dollars ($13,200,000.00) (the “Authority TCC Loan” and together with the Authority CNI Loan, the “Loan”) made by the Housing Authority of the City of Los Angeles (“Lender”) to Jordan Downs Phase S2, LP, a California limited partnership (“Borrower” or the “Partnership”) for the construction of approximately eighty-one (81) units (including one (1) manager’s unit) of rental housing and related improvements (the “Project”). The Amended and Restated Agreement of Limited Partnership forming or continuing the Borrower is referred to herein as the “Partnership Agreement”.

The parties hereto agree that the following covenants, terms, and conditions shall be part of and shall modify or supplement each of the documents evidencing, securing, or governing the disbursement of the Loan (the “Loan Documents”), and that in the event of any inconsistency or conflict between the covenants, terms, and conditions of the Loan Documents and this Rider, the following covenants, terms, and conditions shall control and prevail:

1. Recourse/Non-recourse Obligation. The Loan is (i) a recourse obligation of Borrower during the period the Construction Loan (as defined in the Loan Agreement) is outstanding and (ii) a non-recourse obligation of the Borrower following repayment of the Construction Loan. Neither the general partners nor the limited partners of Borrower shall have any personal liability for repayment of the Loan.

2. General Partner and Limited Partner Change. The withdrawal, removal, and/or replacement of a general partner of the Partnership pursuant to the terms of the Partnership Agreement shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan, provided that (i) the Borrower’s limited partner provides the Lender with prior written notice of removal and substitution of a general partner of Borrower, and (ii) with respect to Jordan S2-Michaels LLC, the administrative general partner of Borrower, any substitute general partner is reasonably acceptable to Lender.

Additionally, the transfer of any limited partnership interests in Borrower or in any limited or special limited partner of Borrower pursuant to the terms of the Partnership Agreement shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan.

3. Monetary Default. If a monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder Lender shall give Borrower and each of the general and limited partners of the Partnership, as identified in the Partnership Agreement, simultaneous written notice of such default. Borrower shall have a period of seven (7) days after such notice is given within which to cure the default prior to exercise of remedies by Lender under the Loan Documents, or such longer period of time as may be specified in the Loan Documents. Borrower’s limited partners shall have the right, but not the obligation, to cure any
default under the Loan Documents within the applicable cure periods provided to Borrower thereunder.

4. **Non-Monetary Default.** If a non-monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder Lender shall give Borrower and each of the general and limited partners of the Partnership, as identified in the Partnership Agreement, simultaneous written notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Borrower shall have such period to effect a cure prior to exercise of remedies by Lender under the Loan Documents, or such longer period of time as may be specified in the Loan Documents. If the default is such that it is not reasonably capable of being cured within thirty (30) days or such longer period if so specified, and if Borrower (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then Borrower shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Lender. If Borrower fails to take corrective action or to cure the default within a reasonable time, Lender shall give Borrower and each of the general and limited partners of the Partnership written notice thereof, whereupon the limited partner may remove and replace the general partner with a substitute general partner who shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions. In no event shall Lender be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within one hundred eighty (180) days after the first notice of default is given, or such longer period of time as may be specified in the Loan Documents. Borrower’s limited partners shall have the right, but not the obligation, to cure any default under the Loan Documents within the applicable cure periods provided to Borrower thereunder.

Additionally, notwithstanding the occurrence of any monetary or nonmonetary default under the terms of any of the Loan Documents, during the Compliance Period (as defined in the Partnership Agreement), Lender shall not (i) commence foreclosure proceedings with respect to the Property under the Loan Documents or exercise any other rights or remedies it may have under the Loan Documents, including, but not limited to, accelerating sums due under the Loan Documents, collecting rents, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies hereunder or (ii) join with any other creditor in commencing any bankruptcy reorganization arrangement, insolvency or liquidation proceedings with respect to Borrower.

5. **Casualty, Condemnation, Etc.** In the event of any fire or other casualty to the Project or eminent domain proceedings resulting in condemnation of the Project or any part thereof, Borrower shall have the right to rebuild the Project, and to use all available insurance or condemnation proceeds therefor, provided that (a) such proceeds are sufficient to rebuild the Project in a manner that provides adequate security to Lender for repayment of the Loan or if such proceeds are insufficient then Borrower shall have funded any deficiency, (b) Lender shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (c) no material default then exists under the Loan Documents (subject to any applicable cure periods thereunder). If the casualty or condemnation affects only part of the Project and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the Loan in a manner that provides adequate security to Lender for repayment of the remaining balance of the Loan.
6. **Force Majeure.** There shall be no default for delays by reason of Force Majeure as provided in Section 7.14 of the Loan Agreement, except as provided in said Section 7.14.

7. **Purchase Rights.** The execution and delivery of the purchase option and right of first refusal agreement described in the Partnership Agreement shall not constitute a default under the Loan Documents or accelerate the maturity of the Loan thereunder. Any requisite consent of Lender to (a) the exercise of said purchase option and right of first refusal agreement by the project sponsor identified therein, and to (b) the assumption without penalty of Loan obligations by the project sponsor and the release of Borrower from such obligations, shall not be unreasonably withheld. Subject to any such consent requirement, the exercise of rights under such agreement shall not constitute a default or accelerate maturity of the Loan.

8. **Loan Assumption.** If the purchase option and right of first refusal agreement described in the Partnership Agreement is not exercised and the Project is sold subject to low-income housing use restrictions as contained in an existing regulatory agreement or other recorded covenant, any requisite consent of lender to said sale, and to the assumption without penalty of loan obligations by the purchaser and the release of Borrower from such obligations, shall not be unreasonably withheld, provided, however, that the principals of purchaser shall be comparable to the principals of Borrower in (a) experience and track record of developing, operating, maintaining, and, if applicable, managing, affordable housing financed with sources and restrictions comparable to the Approved Financing, (b) financial wherewithal, and (c) such other underwriting criteria as may be employed by lender at the time of any such proposed assumption.

9. **Lender Approvals, Etc.** In any approval, consent, or other determination by Lender required under any of the Loan Documents, Lender shall act reasonably and in good faith.

10. **Subordination.** Lender acknowledges that Borrower and the California Tax Credit Allocation Committee intend to enter into, or concurrently with the execution and delivery of the Loan Documents are entering into, an extended use agreement, which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended. Lender agrees to subordinate the Loan and Lender’s rights under the Loan Documents executed in conjunction therewith to the relevant provisions of said extended use agreement. This subordination is being made in consideration of the allocation of tax credits to the Project, absent which the development of the Project would not occur, and this mortgage loan would not be made.

Subject to the prior written approval of the Lender, which approval shall not be unreasonably withheld, conditioned or delayed, the Borrower may refinance the Approved Financing loans (as defined in the Loan Documents). Any refinancing of the Approved Financing loans shall be on commercially reasonable terms in an amount not to exceed the then outstanding principal balance of such Approved Financing loans plus reasonable costs. The Borrower shall reimburse the Lender for any costs it incurs related to the refinancing of the Approved Financing loans.

11. **Notice Address.**

   The Notice Address of the limited partner is: Berkadia Jordan Downs Phase S2 Investor LP
   Two Liberty Place
   50 south 16th Street, Suite 2825
   Philadelphia, PA 19102
   Attn: Managing Director & General Counsel
12. **Third Party Beneficiary Status.** Borrower’s limited partners shall be intended third party beneficiaries of this Rider for purposes of the rights granted to the limited partners hereunder.

[signatures page follows]
In Witness Whereof, the undersigned have caused this Rider to be executed this ____ day of ________________, 2021.

LENDER:

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic

By: ___________________________
Douglas Guthrie
President and Chief Executive Officer
BORROWER:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

By: Jordan S2-Michaels, LLC,
a California limited liability company
its administrative general partner

By: _______________________________
    Kenneth P. Crawford
    Vice President

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _______________________________
    Tina Smith-Booth
    President
EXHIBIT C

HUD Rider to Loan Documents

This HUD Rider to Loan Documents (this “Rider”) modifies the deed of trust and related documents (collectively, the “Loan Documents”) entered into between the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic, organized and existing under the laws of the State of California (the “Authority”) and JORDAN DOWNS PHASE S2, LP, a California limited partnership (the “Borrower”), in connection with a loan of One Million Dollars ($1,000,000.00) in Choice Neighborhood Initiative Implementation Grant funds and [Thirteen Million Two Hundred Thousand Dollars ($13,200,000.00)] of Transformative Climate Communities Program Grant funds (collectively, the “Authority Funds”) by the Authority to the Borrower to be used for the construction of approximately eighty-one (81) units (including one (1) manager’s unit) of rental housing and related improvements (the “Project”) on real property in the County of Los Angeles, California as more particularly described in Exhibit A attached to the aforementioned deed of trust (the “Property”).

1. **Inconsistent Provisions.** If the provisions of this Rider are inconsistent with the provisions of the Loan Documents, the provisions of this Rider shall be controlling.

2. **Defined Terms.** Capitalized terms not defined herein are as defined in the Loan Documents.

3. **RAD Regulatory Documents.** By the acceptance, execution and/or recording of this Rider, the Lender acknowledges that seventeen (17) units in the Project are subject to: (a) requirements applicable to the U. S. Department of Housing and Urban Development’s (“HUD”) Rental Assistance Demonstration (“RAD”) Program authorized by the Consolidated and Further Continuing Appropriations Act of 2012 as amended by the Consolidated Appropriations Act, 2014 (Pub. L. No. 113-76, approved January 17, 2014), the Consolidated and Further Continuing Appropriations Act, 2015 (Pub. L. No. 113-235, approved December 6, 2014), and Division L, Title II, Section 237 of the Consolidated Appropriations Act (Pub. L. No. 114-113, enacted December 18, 2015), (b) HUD Notice H-2019-09 PIH 2019-23 (HA) (September 5, 2019), as may be further amended; and (c) requirements contained in (i) the RAD Use Agreement (Form HUD 52625), (ii) the RAD Conversion Commitment (HUD Form 52624), as amended, and (iii) the Rental Assistance Demonstration (RAD) for the Conversion of Public Housing to the Section 8 Project-Based Voucher (PBV) Program Housing Assistance Payment Contract (HUD Form 52530A (04/2015) and HUD 52621 (4/2017)) executed with the Project. Such requirements in Sections (a) and (b) herein shall be referred to as the “RAD Requirements.” If there is a conflict between a provision of the Loan Documents and any RAD Requirement, then the RAD Requirement shall govern, except as such RAD Requirement may have been expressly waived in writing by HUD.

4. **CNI Requirements.**

(a) The Project has been financed, in part, by the Authority pursuant to that certain Development Proposal (the “Development Proposal”) submitted by the Authority to HUD under the Choice Neighborhoods Initiative (“CNI”) Implementation Grant Program and as implemented by that certain Declaration of Restrictive Covenants Choice Neighborhoods Initiative Implementation Grant Program executed by the Authority and the Borrower for the benefit of HUD dated on or about the date hereof (the “CNI Declaration”).
(b) The proceeds made available pursuant to the Development Proposal are to be used by the Authority in connection with Borrower’s revitalization of the former Jordan Downs public housing development and its surrounding neighborhood. The proceeds made available pursuant to the Development Proposal shall be used to support the Project by the Borrower. The Project is the subject of the transaction contemplated by the Loan Documents and consists of forty-nine (49) residential rental units subject to the CNI Declaration.

(c) Notwithstanding any provisions of the CNI Declaration that may be construed to the contrary, in the event of any conflict with, or ambiguity between, the CNI Declaration and any term or provision of the Loan Documents, the provisions of the CNI Declaration shall be controlling, except to the extent that a more restrictive requirement under the Loan Documents is enforceable without violating the CNI Declaration.

5. **Inconsistent Provisions.** If the provisions of this Rider are inconsistent with the provisions of the Loan Documents, the provisions of this Rider shall be controlling.

6. **Subordination to HUD Documents.** The Loan Documents are: (i) subordinate and subject to the RAD Use Agreement, (ii) subordinate to the CNI Declaration and (iii) encumbers the leasehold estate of the Borrower. Subordination extends to and continues in effect with respect to any future amendment, extension, renewal, or any other modification of the RAD Use Agreement, CNI Declaration, Loan Documents or this Deed of Trust. The RAD Use Agreement and CNI Declaration survive foreclosure and bankruptcy of the Borrower.

7. **Transfer Restrictions.** The Authority agrees that any transfers of interests in the Property or Project will be done in accordance with the RAD Requirements and CNI Declaration.

8. **Transferred Funds Not Deemed to Create Relationship With HUD.** Nothing contained in any of the Loan Documents, nor any act of HUD, shall be deemed or construed to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, joint venture, or any association or relationship involving HUD.

9. **Incorporation.** This Rider shall be deemed incorporated into the Loan Documents as if fully set forth herein and therein.

10. **Third-Party Beneficiary.** Notwithstanding anything in the Loan Documents to the contrary, the Authority is an express third-party beneficiary under the provisions of this Rider for the sole purpose of enforcing the provisions of this Rider.

11. **Notices.** Any notices of Borrower default provided pursuant to the Loan Documents shall also be provided to HUD as follows:

   If to HUD, to: United States Department of Housing and Urban Development  
   451 Seventh Street, S.W.  
   Washington, DC 20410  
   Attn: Office of the General Counsel

   [signature pages follow]
IN WITNESS WHEREOF, the Borrower and the Authority have duly executed and delivered this Rider contemporaneous with the Loan Documents.

BORROWER:

JORDAN DOWNS PHASE S2, LP,

a California limited partnership

By: Jordan S2-Michaels, LLC,
a California limited liability company
its administrative general partner

By: _______________________________
    Kenneth P. Crawford
    Vice President

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _______________________________
    Tina Smith-Booth
    President
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )
County of ______________________ )

On _________________________, before me, ________________________________,
Notary Public, personally appeared ________________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature ___________________
A Notary Public or other officer completing this certificate verifies only the identity of the
individual who signed the document to which this certificate is attached, and not the truthfulness,
accuracy, or validity of that document.

State of California  )
County of ______________________ )

On _________________________, before me, ________ ________________________,
(insert name and title of the officer)
Notary Public, personally appeared ______________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

Signature__________________________
AUTHORITY:

HOUSING AUTHORITY OF
THE CITY OF LOS ANGELES
a public body, corporate and politic

By: ___________________________
Douglas Guthrie
President and Chief Executive Officer
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of ______________________

On ______________________, before me, ________________________,
(Notary Public, title)
Notary Public, personally appeared ________________________,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature_________________
Authority IIIG Promissory Note
($2,000,000)
AUTHORITY IIG NOTE  
(Jordan Downs Phase S2)

$2,000,000.00 Los Angeles, California
As of ________, 2021

FOR VALUE RECEIVED, the undersigned (the “Borrower”) promises to pay the principal sum of up to Two Million Dollars ($2,000,000) (the “Authority IIG Loan”), or so much thereof as may be advanced to the Borrower pursuant to this Authority IIG Note (this “Note”) and that certain Authority Loan Agreement by and between the Borrower and the Housing Authority of the City of Los Angeles (the “Lender”) dated as of even date herewith (the “Loan Agreement”), with interest as provided herein from the date above upon the unpaid balance of this Note, in lawful money of the United States.

(1) Capitalized terms used but not defined herein shall have the meaning set forth in the Loan Agreement.

(2) Funds shall be advanced during the term hereof in accordance with Section 2.7 of the Loan Agreement and the IIG Requirements.

(3) Payment Terms.

(a) All payments due under this Note shall be paid to the order of the Housing Authority of the City of Los Angeles at 2600 Wilshire Boulevard, Los Angeles, CA 90057 or at such other place as the Lender hereof may from time to time designate in writing.

(b) This Note shall not bear interest.

(c) All principal and interest owed under this Note is due in full on the earlier to occur of: (i) the date of any Default, (ii) the Loan Maturity Date, and (iii) any sale, transfer, assignment, or conveyance of the Property except to an affiliate of the Lender. The entire principal balance of and all interest accrued on the Authority IIG Loan may be prepaid at any time, without charge or penalty.

(4) Payment of this Note is secured by an Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing – Authority IIG Loan (the “Deed of Trust”) of even date herewith between the Borrower and the Lender, encumbering a leasehold interest in certain real property and fee interest in certain improvements located in the City of Los Angeles, County of Los Angeles, State of California, recorded in the official land records of the County of Los Angeles, as well as by other instruments defined in the Loan Agreement as the Loan Documents.

(5) Default.
(a) Subject to the notice and cure periods set forth in the Loan Agreement, any of the following shall constitute an “event of default” under this Note:

   (i) Any failure to pay, in full, any payment required under this Note within ten (10) days of written notice that such payment is due;

   (ii) The occurrence of any “Default” under the Loan Agreement as defined therein, “Event of Default” under the Deed of Trust, as defined therein, or breach or violation of any other instrument securing the obligations of the Borrower under this Note or under any other promissory notes hereafter issued by the Borrower to the Lender pursuant to the Loan Agreement or the Deed of Trust, following the expiration of notice and cure periods, if any, set forth therein.

(b) Upon the occurrence of such an event of default, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under this Note and the Deed of Trust shall at the option of the Lender become immediately due and payable upon written notice by the Lender to the Borrower without further demand.

(c) The failure to exercise the remedy set forth in Subsection 5(b) above or any other remedy provided by law upon the occurrence of one or more of the foregoing events of default shall not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other default. The acceptance by the Lender hereof of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of the Lender, except as and to the extent otherwise provided by law.

(6) Waivers.

(a) The Borrower hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, and notice of dishonor of this Note. The Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time, and that the Lender may accept further security or release any security for this Note, all without in any way affecting the liability of the Borrower.

(b) No extension of time for payment of this Note or any installment hereof made by agreement by the Lender with any person now or hereafter liable for payment of this Note shall operate to release, discharge, modify, change, or affect the original liability of the Borrower under this Note, either in whole or in part.

(c) The obligations of the Borrower under this Note shall be absolute and the Borrower waives any and all rights to offset, deduct, or withhold any payments or charges due under this Note for any reason whatsoever.

(7) Miscellaneous Provisions.
(a) All notices to the Lender or the Borrower shall be given in the manner and at the addresses set forth in the Loan Agreement, or to such addresses as the Lender and the Borrower may hereinafter designate. Copies of notices to the Borrower from the Lender shall also be provided by the Lender to any limited partner of the Borrower who requests such notice in writing and provides the Lender with written notice of its address.

(b) The Borrower promises to pay all costs and expenses, including reasonable attorney's fees, incurred by the Lender in the enforcement of the provision of this Note, regardless of whether suit is filed to seek enforcement.

(c) This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

(d) This Note shall be governed by and construed in accordance with the laws of the State of California.

(e) The times for the performance of any obligations hereunder shall be strictly construed, time being of the essence.

(f) This document, together with the Loan Documents, contains the entire agreement between the parties as to the Authority IIG Loan. It may not be modified except upon written consent of the parties.

(g) Except as provided below and subject to Section 1 of the Investor Rider attached to the Deed of Trust as Exhibit B, neither the Borrower nor any partner of the Borrower shall have any direct or indirect personal liability for payment of the principal of, or interest on, the Authority IIG Loan or the performance of the covenants of the Borrower under the Deed of Trust. The sole recourse of the Lender with respect to the principal of, or interest on, this Note and defaults by the Borrower in the performance of its covenants under the Deed of Trust shall be to the property described in the Deed of Trust; provided, however, that nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for this Note of all the rights and remedies of the Lender thereunder, or (b) be deemed in any way to impair the right of the Lender to assert the unpaid principal amount of this Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on this Note and the performance of the Borrower's obligations under the Deed of Trust, except as hereafter set forth; nothing contained herein is intended to relieve the Borrower of its obligation to indemnify the Lender under Sections 4.7 and 7.4 of the Loan Agreement, or for liability for: (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the Deed of Trust; and (iv) the misappropriation
of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Property.

(h) Notwithstanding any other provisions of this Note, all liens, claims, charges, and priorities related to the Authority IIG Loan contemplated by this Note shall be subordinate and junior to all liens, claims, charges, and priorities related to the Construction Loan and the Permanent Loan.

[signature page(s) to follow]
IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered on the date set forth above.

BORROWER:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

By: Jordan S2-Michaels, LLC,
a California limited liability company
its administrative general partner

By: _______________________________
Kenneth P. Crawford
Vice President

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _______________________________
Tina Smith-Booth
President
TAB IV-15

Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing (Authority IIG Loan)
RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Housing Authority of the
City of Los Angeles
2600 Wilshire Blvd.
Los Angeles, CA 90057
Attn: President and Chief Executive Officer

No fee for recording pursuant to
Government Code Section 27383

AUTHORITY SUBORDINATE LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT, AND FIXTURE FILING
AUTHORITY IIG LOAN
(Jordan Downs Phase S2)

THIS AUTHORITY SUBORDINATE LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT, AND FIXTURE FILING (this “Deed of Trust”) is made as of ______________, 2021, by and among Jordan Downs Phase S2, LP, a California limited partnership (“Trustor”), U.S. Bank National Association (“Trustee”), and the Housing Authority of the City of Los Angeles, a public body, corporate and politic (“Beneficiary”).

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited and the trust herein created, the receipt of which is hereby acknowledged, Trustor hereby irrevocably grants, transfers, conveys, and assigns to Trustee, IN TRUST, WITH POWER OF SALE, for the benefit and security of Beneficiary, under and subject to the terms and conditions hereinafter set forth, Trustor's leasehold interest in the property, granted pursuant to the Ground Lease (as hereinafter defined), located in the City of Los Angeles, County of Los Angeles, State of California, that is described in the attached Exhibit A, incorporated herein by this reference, and the Trustor's fee interest in any improvements constructed thereon (collectively, the “Property”).

TOGETHER WITH all interest, estates, or other claims, both in law and in equity which Trustor now has or may hereafter acquire in the Property and the Rents (as defined in Section 2.3);

TOGETHER WITH all easements, rights-of-way, and rights used in connection therewith or as a means of access thereto, including (without limiting the generality of the foregoing) all tenements, hereditaments, and appurtenances thereof and thereto;

TOGETHER WITH any and all buildings and improvements of every kind and description now or hereafter erected thereon, and all property of Trustor now or hereafter affixed to or placed upon the Property;

TOGETHER WITH all building materials and equipment now or hereafter delivered to said property and intended to be installed therein;

TOGETHER WITH all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the
Property, and any and all sidewalks, alleys, and strips and areas of land adjacent to or used in connection with the Property;

TOGETHER WITH all estate, interest, right, title, other claim or demand, of every nature, in and to such property, including the Property, both in law and in equity, including, but not limited to, all deposits made with or other security given by Trustor to utility companies, the proceeds from any or all of such property, including the Property, claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Trustor now has or may hereafter acquire, any and all awards made for the taking by eminent domain or by any proceeding or purchase in lieu thereof of the whole or any part of such property, including without limitation, any awards resulting from a change of grade of streets and awards for severance damages to the extent Beneficiary has an interest in such awards for taking as provided in Paragraph 4.1 herein;

TOGETHER WITH all of Trustor's interest in all articles of personal property or fixtures now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the Property which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all other goods and chattels and personal property as are ever used or furnished in operating a building, or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or shall be attached to said building or buildings in any manner; and

TOGETHER WITH all of Trustor's interest in all building materials, fixtures, equipment, work in process, and other personal property to be incorporated into the Property; all goods, materials, supplies, fixtures, equipment, machinery, furniture and furnishings, signs, and other personal property now or hereafter appropriated for use on the Property, whether stored on the Property or elsewhere, and used or to be used in connection with the Property; all rents, issues, and profits, and all inventory, accounts, accounts receivable, contract rights, general intangibles, chattel paper, instruments, documents, notes drafts, letters of credit, insurance policies, insurance and condemnation awards and proceeds, trade names, trademarks, and service marks arising from or related to the Property and any business conducted thereon by Trustor; all replacements, additions, accessions, and proceeds; and all books, records, and files relating to any of the foregoing.

All of the foregoing, together with the Property, is herein referred to as the “Security.” To have and to hold the Security together with acquittances to Trustee, its successors and assigns forever.

FOR THE PURPOSE OF SECURING:

(a) Payment of just indebtedness of Trustor to Beneficiary as set forth in the Note (defined in Article 1 below) until paid or cancelled. Said principal and other payments shall be due and payable as provided in the Note. Said Note and all its terms are incorporated herein by reference, and this conveyance shall secure any and all extensions thereof, however evidenced; and

(b) Payment of any sums advanced by Beneficiary to protect the Security pursuant to the terms and provisions of this Deed of Trust following a breach of Trustor’s obligation to advance said sums and the expiration of any applicable cure period, with interest thereon as provided herein; and
(c) Performance of every obligation, covenant, or agreement of Trustor contained herein and in the Loan Documents (defined in Section 1.1(b) below).

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

ARTICLE 1
DEFINITIONS

Section 1.1 Definitions. In addition to the terms defined elsewhere in this Deed of Trust, the following terms shall have the following meanings in this Deed of Trust:

(a) “Authority IIG Loan” shall mean the loan to the Borrower pursuant to the Loan Agreement in the maximum principal amount of Two Million Dollars ($2,000,000.00), consisting of Infill Infrastructure Grant funds awarded to the Authority pursuant to the IIG Requirements (as defined in the Loan Agreement). The Authority IIG Loan shall be evidenced by the Authority IIG Note.

(b) “Authority IIG Note” shall mean the Authority IIG Note of even date herewith evidencing the Authority IIG Loan, executed by Trustor in favor of Beneficiary and secured by this Deed of Trust. Copies of the Authority IIG Note are on file with Beneficiary and terms and provisions of the Authority IIG Note are incorporated herein by reference.

(c) “Ground Lease” means that certain Ground Lease Agreement by and between Trustor and Beneficiary, dated as of substantially even date herewith, pursuant to which Trustor holds a leasehold interest in the Property.

(d) “Loan” means the Authority IIG Loan.

(e) “Loan Agreement” means that certain Authority Loan Agreement between Trustor and Beneficiary dated concurrently herewith, providing for the Beneficiary to loan to Trustor Authority IIG Loan, the Authority CNI Loan (as defined in the Loan Agreement) and Authority TCC Loan (as defined in the Loan Agreement) for certain development costs and permanent financing related to the development of the Property.

(f) “Loan Documents” means this Deed of Trust, the Authority IIG Note, the Loan Agreement and any other debt, loan, or security instruments between Trustor and the Beneficiary relating to the Note.

(g) “Note” means the Authority IIG Note. (Copies of the Note are on file with Beneficiary and terms and provisions of the Note are incorporated herein by reference.)

(h) “Principal” means the principal amount required to be paid under the Note.

(i) “Senior Deed of Trust” means any deed of trust to which this deed of trust is subordinated.
(j) “Senior Lender” means the beneficiary of a Senior Deed of Trust securing a Senior Loan.

(k) “Senior Loan” means (1) that certain tax-exempt construction loan from JPMorgan Chase Bank, N.A. (“Chase”), in the approximate amount of [Twenty-Nine Million Thirty Thousand Dollars ($29,030,000.00)], funded from tax-exempt bond proceeds pursuant to a funding loan from Chase to the Beneficiary and a project loan from the Beneficiary to the Trustor, which project loan will be concurrently assigned from the Beneficiary to U.S. Bank National Association, as fiscal agent, and which project loan will convert to permanent financing in the approximate amount of [Fifteen Million Seventy-Five Thousand Dollars ($15,075,000.00)] and (2) that certain taxable construction loan from CIT Bank, N.A. (“CIT”), in the approximate amount of [Eleven Million Seven Hundred Fifty-Eight Thousand Two Hundred Eighteen Dollars ($11,758,218.00)], funded from taxable bond proceeds pursuant to a funding loan from CIT to the Beneficiary and a project loan from the Beneficiary to the Trustor, which project loan will be concurrently assigned from the Beneficiary to U.S. Bank National Association, as fiscal agent.

ARTICLE 2
MAINTENANCE AND MODIFICATION OF THE PROPERTY AND SECURITY

Section 2.1 Maintenance and Modification of the Property by Trustor. Trustor agrees that at all times prior to full payment of the sum owed under the Note, Trustor will, at Trustor's own expense, maintain, preserve, and keep the Security or cause the Security to be maintained and preserved in good condition. Trustor will from time to time make or cause to be made all repairs, replacements, and renewals deemed proper and necessary by it. If there arises a condition in contravention of this requirement, and if the Trustor has not cured such condition within thirty (30) days after receiving a Beneficiary notice of such a condition, and the Trustor has not initiated diligent efforts to cure such condition within such period, then in addition to any other rights available to the Beneficiary, the Beneficiary shall have the right to perform all acts necessary to cure such condition, and to establish or enforce a lien or other encumbrance against the Security. Beneficiary shall have no responsibility in any of these matters or for the making of improvements or additions to the Security.

Trustor agrees to pay fully and discharge (or cause to be paid fully and discharged) all claims for labor done and for material and services furnished in connection with the Security, diligently to file or procure the filing of a valid notice of cessation upon the event of a cessation of labor on the work or construction on the Security for a continuous period of thirty (30) days or more, and to take all other reasonable steps to forestall the assertion of claims of lien against the Security or any part thereof. Trustor irrevocably appoints, designates, and authorizes Beneficiary as its agent (said agency being coupled with an interest) with the authority, but without any obligation, to file for record any notices of completion or cessation of labor or any other notice that Beneficiary deems necessary or desirable to protect its interest in and to the Security or the Loan Documents; provided, however, that Beneficiary shall exercise its rights as agent of Trustor only in the event that Trustor shall fail to take, or shall fail to diligently continue to take, those actions as hereinbefore provided.

Upon demand by Beneficiary, Trustor shall make or cause to be made such demands or claims as Beneficiary shall specify upon laborers, materialmen, subcontractors, or other persons who have furnished or claim to have furnished labor, services, or materials in connection with the Security. Nothing herein contained shall require Trustor to pay any claims for labor, materials, or services which Trustor in good faith disputes and is diligently contesting provided that Trustor shall,
within thirty (30) days after the filing of any claim of lien, record in the Office of the Recorder of the County of Los Angeles, a surety bond in an amount one and a half times the amount of such claim item to protect against a claim of lien.

Section 2.2  Granting of Easements. Except as set forth in the Loan Documents, Trustor may not grant easements, licenses, rights-of-way, or other rights or privileges in the nature of easements with respect to any property or rights included in the Security except those required or desirable for installation and maintenance of public utilities including, without limitation, access, water, gas, electricity, sewer, telephone, and telegraph, or those required by law and as approved, in writing, by Beneficiary, which approval shall not be unreasonably withheld or delayed.

Section 2.3  Assignment of Rents. As part of the consideration for the indebtedness evidenced by the Note, Trustor hereby absolutely and unconditionally assigns and transfers to Beneficiary all the rents and revenues of the Property including those now due, past due, or to become due by virtue of any lease or other agreement for the occupancy or use of all or any part of the Property, regardless of to whom the rents and revenues of the Property are payable (collectively, the “Rents”). After the occurrence and during the continuation of an Event of Default (as defined in Section 7.1), Trustor hereby authorizes Beneficiary or Beneficiary's agents to collect the aforesaid rents and revenues and hereby directs each tenant of the Property to pay such Rents to Beneficiary or Beneficiary's agents. Prior to the occurrence of an Event of Default, Trustor shall collect and receive all Rents of the Property as trustee for the benefit of Beneficiary and Trustor shall apply the Rents so collected to the sums secured by this Deed of Trust with the balance, so long as no Event of Default has occurred, to the account of Trustor, it being intended by Trustor and Beneficiary that this assignment of rents constitutes an absolute assignment and not an assignment for additional security only. Upon delivery of written notice by Beneficiary to Trustor of an Event of Default, and without the necessity of Beneficiary entering upon and taking and maintaining full control of the Property in person, by agent, or by a court-appointed receiver, Beneficiary shall immediately be entitled to possession of all Rents of the Property as specified in this Section 2.3 as the same becomes due and payable, including but not limited to Rents then due and unpaid, and all such Rents shall immediately upon delivery of such notice be held by Trustor as trustee for the benefit of Beneficiary only; provided, however, that the written notice by Beneficiary to Trustor of an Event of Default shall contain a statement that Beneficiary exercises its rights to such Rents. Trustor agrees that commencing upon delivery of such written notice of an Event of Default, each tenant of the Property shall make such Rents payable to and pay such Rents to Beneficiary or Beneficiary's agents on Beneficiary's written demand to each tenant therefor, delivered to each tenant personally, by mail, or by delivering such demand to each rental unit, without any liability on the part of said tenant to inquire further as to the existence of a default by Trustor.

Except for the financing previously approved by the Beneficiary pursuant to the Loan Agreement, Trustor hereby covenants that Trustor has not executed any prior assignment of said Rents, that Trustor has not performed, and will not perform, any acts or has not executed and will not execute, any instrument which would prevent Beneficiary from exercising its rights under this Section 2.3, and that at the time of execution of this Deed of Trust, there has been no anticipation or prepayment of any of the Rents of the Property for more than two (2) months prior to the due dates of such rents. Trustor covenants that Trustor will not hereafter collect or accept payment of any Rents of the Property more than two (2) months prior to the due dates of such Rents. Trustor further covenants that Trustor will execute and deliver to Beneficiary such further assignments of rents and revenues of the Property as Beneficiary may from time to time request.
Upon and during the continuation of an Event of Default, Beneficiary may in person, by agent, or by a court-appointed receiver, regardless of the adequacy of Beneficiary's security, enter upon and take and maintain full control of the Property in order to perform all acts necessary and appropriate for the operation and maintenance thereof including, but not limited to, the execution, cancellation, or modification of leases, the collection of all Rents of the Property, the making of repairs to the Property, and the execution or termination of contracts providing for the management or maintenance of the Property, all on such terms as are deemed best to protect the security of this Deed of Trust. In the event Beneficiary elects to seek the appointment of a receiver for the Property upon an Event of Default, Trustor hereby expressly consents to the appointment of such receiver. Beneficiary or the receiver shall be entitled to receive a reasonable fee for so managing the Property.

All Rents collected upon and during the continuation of an Event of Default shall be applied first to the costs, if any, of taking control of and managing the Property and collecting the Rents, including, but not limited to, attorney's fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the Property, premiums on insurance policies, taxes, assessments, and other charges on the Property, and the costs of discharging any obligation or liability of Trustor as lessor or landlord of the Property and then to the sums secured by this Deed of Trust. Beneficiary or the receiver shall have access to the books and records used in the operation and maintenance of the Property and shall be liable to account only for those Rents actually received. Beneficiary shall not be liable to Trustor, anyone claiming under or through Trustor, or anyone having an interest in the Property by reason of anything done or left undone by Beneficiary under this Section 2.3.

If the Rents of the Property are not sufficient to meet the costs, if any, of taking control of and managing the Property and collecting the Rents, any funds expended by Beneficiary for such purposes shall become indebtedness of Trustor to Beneficiary secured by this Deed of Trust pursuant to Section 3.3 hereof. Unless Beneficiary and Trustor agree in writing to other terms of payment, such amounts shall be payable upon notice from Beneficiary to Trustor requesting payment thereof and shall bear interest from the date of disbursement at the rate stated in Section 3.3.

Any entering upon and taking and maintaining of control of the Property by Beneficiary or the receiver and any application of Rents as provided herein shall not cure or waive any default hereunder or invalidate any other right or remedy of Beneficiary under applicable law or provided herein. This assignment of rents of the Property shall terminate at such time as this Deed of Trust ceases to secure indebtedness held by Beneficiary. The rights of the Beneficiary under this Section 2.3 are subject to the rights of the Senior Lender and any other senior lender.

ARTICLE 3
TAXES AND INSURANCE; ADVANCES

Section 3.1 Taxes, Other Governmental Charges and Utility Charges. Trustor shall pay, or cause to be paid prior to the date of delinquency, all taxes, assessments, charges, and levies imposed by any public authority or utility company which are or may become a lien affecting the Security or any part thereof; provided, however, that Trustor shall not be required to pay and discharge any such tax, assessment, charge, or levy so long as (a) the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings, and (b) Trustor maintains reserves adequate to pay any liabilities contested pursuant to this Section 3.1. With respect to taxes, special assessments, or other similar governmental charges, Trustor shall pay such amount in full prior to the attachment of any lien therefor on any part of the Security; provided, however, if such taxes,
assessments, or charges may be paid in installments, Trustor may pay in such installments. Except as provided in clause (b) of the first sentence of this paragraph, the provisions of this Section 3.1 shall not be construed to require that Trustor maintain a reserve account, escrow account, impound account, or other similar account for the payment of future taxes, assessments, charges, and levies.

In the event that Trustor shall fail to pay any of the foregoing items required by this Section to be paid by Trustor, Beneficiary may (but shall be under no obligation to) pay the same, after Beneficiary has notified Trustor of such failure to pay and Trustor fails to fully pay such items within seven (7) business days after receipt of such notice. Any amount so advanced therefor by Beneficiary, together with interest thereon from the date of such advance at the maximum rate permitted by law, shall become an additional obligation of Trustor to the Beneficiary and shall be secured hereby, and Trustor agrees to pay all such amounts.

Section 3.2 Provisions Respecting Insurance. Trustor agrees to provide insurance conforming in all respects to that required under the Loan Documents during the course of construction and following completion, and at all times until all amounts secured by this Deed of Trust have been paid and all other obligations secured hereunder fulfilled, and this Deed of Trust reconveyed.

All such insurance policies and coverages shall be maintained at Trustor's sole cost and expense. Certificates of insurance for all of the above insurance policies, showing the same to be in full force and effect, shall be delivered to Beneficiary upon demand therefor at any time prior to Beneficiary's receipt of the entire Principal and all amounts secured by this Deed of Trust.

Section 3.3 Advances. In the event Trustor shall fail to maintain the full insurance coverage required by this Deed of Trust or shall fail to keep the Security in accordance with the Loan Documents, Beneficiary, after at least seven (7) days prior notice to Beneficiary, may (but shall be under no obligation to) take out the required policies of insurance, pay the premiums on the same, make such repairs or replacements as are necessary and provide for payment thereof, or expend such funds as necessary to remedy such failure by Trustor; and all amounts so advanced therefor by Beneficiary shall become an additional obligation of Trustor to Beneficiary (together with interest as set forth below) and shall be secured hereby, which amounts Trustor agrees to pay on the demand of Beneficiary, and if not so paid, shall bear interest from the date of the advance at the lesser of ten percent (10%) per annum or the maximum rate permitted by law.

ARTICLE 4
DAMAGE, DESTRUCTION OR CONDEMNATION

Section 4.1 Awards and Damages. All judgments, awards of damages, settlements, and compensation made in connection with or in lieu of (1) taking of all or any part of or any interest in the Property by or under assertion of the power of eminent domain, (2) any damage to or destruction of the Property or in any part thereof by insured casualty, and (3) any other injury or damage to all or any part of the Property (“Funds”) are hereby assigned to and shall be paid to Beneficiary by a check made payable to Beneficiary. Such Funds shall be applied to restoration or repair of the Property damaged, provided such restoration or repair is economically feasible and (after completion of the repair or restoration) the security of this Deed of Trust is not thereby impaired, as determined in Beneficiary's reasonable discretion. Such work or repair shall be in accordance with plans and specifications approved by the Beneficiary and commenced no later than the later of (a) one hundred twenty (120) days after the damage or loss occurs or (b) thirty (30) days following
receipt of the Funds, and shall be complete within one (1) year thereafter. If such restoration or repair is not economically feasible, or if Trustor fails to provide additional monies to fund any deficiency in connection with such restoration, or if the security of this Deed of Trust would be impaired, then the Funds will be used to repay any amounts due under this Deed of Trust with the excess, if any, paid to Trustor. Beneficiary must consent to the settlement and adjustment of all claims under insurance policies provided under this Deed of Trust. All or any part of the amounts so collected and recovered by Beneficiary may be released to Trustor upon such conditions as Beneficiary may impose for its disposition. Application of all or any part of the Funds collected and received by Beneficiary or the release thereof shall not cure or waive any default under this Deed of Trust. The rights of Beneficiary under this Section 4.1 are subject to the rights of the Senior Lender and any other senior lender.

ARTICLE 5
AGREEMENTS AFFECTING THE PROPERTY; FURTHER ASSURANCES; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.1 Other Agreements Affecting Property. Trustor shall duly and punctually perform all terms, covenants, conditions, and agreements binding upon it under the Loan Documents and any other agreement of any nature whatsoever now or hereafter involving or affecting the Security or any part thereof.

Section 5.2 Agreement to Pay Attorneys' Fees and Expenses. In the event of any Event of Default (as defined in Section 7.1) hereunder, and if Beneficiary should employ attorneys or incur other expenses for the collection of amounts due or the enforcement of performance or observance of an obligation or agreement on the part of Trustor in this Deed of Trust, Trustor agrees that it will, on demand therefor, pay to Beneficiary the reasonable fees of such attorneys and such other reasonable expenses so incurred by Beneficiary; and any such amounts paid by Beneficiary shall be added to the indebtedness secured by the lien of this Deed of Trust, and shall bear interest from the date such expenses are incurred at the lesser of ten percent (10%) per annum or the maximum rate permitted by law.

Section 5.3 Payment of the Principal. Trustor shall pay to Beneficiary the Principal and any other payments as set forth in the Note in the amounts and by the times set out therein.

Section 5.4 Personal Property; Fixture Filing. To the maximum extent permitted by law, the personal property subject to this Deed of Trust shall be deemed to be fixtures and part of the real property and this Deed of Trust shall constitute a fixtures filing under the California Commercial Code. As to any personal property not deemed or permitted to be fixtures, this Deed of Trust shall constitute a security agreement under the California Commercial Code. Trustor hereby grants Beneficiary a security interest in such items.

Section 5.5 Financing Statement. Trustor shall execute and deliver to Beneficiary such financing statements pursuant to the appropriate statutes, and any other documents or instruments as are required to convey to Beneficiary a valid perfected security interest in the Security. Trustor agrees to perform all acts which Beneficiary may reasonably request so as to enable Beneficiary to maintain such valid perfected security interest in the Security in order to secure the payment of the Note in accordance with their terms. Beneficiary is authorized to file a copy of any such financing statement in any jurisdiction(s) as it shall deem appropriate from time to time in order to protect the security interest established pursuant to this instrument. Trustor shall pay all costs of filing such
financing statements and any extensions, renewals, amendments, and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements, and releases thereof, as Beneficiary may reasonably require. Without the prior written consent of Beneficiary, Trustor shall not create or suffer to be created pursuant to the California Commercial Code any other security interest in the Security, including replacements and additions thereto.

Section 5.6 Operation of the Security. Trustor shall operate the Security (and, in case of a transfer of a portion of the Security subject to this Deed of Trust, the transferee shall operate such portion of the Security) in full compliance with the Loan Documents.

Section 5.7 Inspection of the Security. At any and all reasonable times upon seventy-two (72) hours' notice, Beneficiary and its duly authorized agents, attorneys, experts, engineers, accountants, and representatives, shall have the right, without payment of charges or fees, to inspect the Security.

Section 5.8 Nondiscrimination. Trustor herein covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, age, sex, sexual orientation, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Security, nor shall Trustor itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Security. The foregoing covenants shall run with the land.

ARTICLE 6
HAZARDOUS WASTE

Trustor shall keep and maintain the Property in compliance with, and shall not cause or permit the Property to be in violation of any federal, state, or local laws, ordinances, or regulations relating to industrial hygiene or to the environmental conditions on, under, or about the Property including, but not limited to, soil and ground water conditions; provided however, that if any condition causing non-compliance with this Section existed at the Property prior to the date of this Agreement or at other property within the vicinity of the Leased Premises, the Borrower shall not be in default hereunder. Trustor shall not use, generate, manufacture, store, or dispose of on, under, or about the Property or transport to or from the Property any flammable explosives, radioactive materials, hazardous wastes, toxic substances, or related materials, including without limitation, any substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” or “toxic substances” under any applicable federal or state laws or regulations (collectively referred to hereinafter as “Hazardous Materials”) except such of the foregoing as are used in construction of the improvements on the Property or as may be customarily kept and used in and about residential property.

Trustor shall immediately advise Beneficiary in writing if at any time it receives written notice of: (i) any and all enforcement, cleanup, removal, or other governmental or regulatory actions instituted, completed, or threatened against Trustor or the Property pursuant to any applicable federal, state, or local laws, ordinances, or regulations relating to any Hazardous Materials, (“Hazardous Materials Law”); (ii) all claims made or threatened by any third party against Trustor or the Property relating to damage, contribution, cost recovery compensation, loss, or injury
resulting from any Hazardous Materials (the matters set forth in clauses (i) and (ii) above are hereinafter referred to as “Hazardous Materials Claims”); and (iii) Trustor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be classified as “border-zone property” under the provision of California Health and Safety Code, Sections 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability, or use of the Property under any Hazardous Materials Law.

Beneficiary shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims. Trustor shall indemnify and hold harmless Beneficiary and its board members, supervisors, directors, officers, employees, agents, successors, and assigns from and against any loss, damage, cost, expense, or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal, or presence of Hazardous Materials on, under, or about the Property including without limitation: (a) all foreseeable consequential damages; (b) the costs of any required or necessary repair, cleanup, or detoxification of the Property and the preparation and implementation of any closure, remedial, or other required plans; and (c) all reasonable costs and expenses incurred by Beneficiary in connection with clauses (a) and (b), including but not limited to reasonable attorneys' fees; provided however that this indemnification shall not apply to any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to any condition that existed at the Property prior to the date of this Deed of Trust or at other property within the vicinity of the Property.

Without Beneficiary's prior written consent, which shall not be unreasonably withheld, Trustor shall not take any remedial action in response to the presence of any Hazardous Materials on, under, or about the Property, nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Material Claims, which remedial action, settlement, consent decree, or compromise might, in Beneficiary's reasonable judgment, impair the value of Beneficiary's security hereunder; provided, however, that Beneficiary's prior consent shall not be necessary in the event that the presence of Hazardous Materials on, under, or about the Property either poses an immediate threat to the health, safety, or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain Beneficiary's consent before taking such action, provided that in such event Trustor shall notify Beneficiary as soon as practicable of any action so taken. Beneficiary agrees not to withhold its consent, where such consent is required hereunder, if either: (i) a particular remedial action is ordered by a court of competent jurisdiction; (ii) Trustor will or may be subjected to civil or criminal sanctions or penalties if it fails to take a required action; (iii) Trustor establishes to the reasonable satisfaction of Beneficiary that there is no reasonable alternative to such remedial action which would result in less impairment of Beneficiary's security hereunder; or (iv) the action has been agreed to by Beneficiary.

Trustor hereby acknowledges and agrees that (i) this Article is intended as Beneficiary's written request for information (and the Trustor's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5, and (ii) each representation and warranty in this Deed of Trust or any of the other Loan Documents (together with any indemnity applicable to a breach of any such representation and warranty) with respect to the environmental condition of the property is intended by Beneficiary and Trustor to be an “environmental provision” for purposes of California Code of Civil Procedure Section 736.
In the event that any portion of the Property is determined to be “environmentally impaired” (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an “affected parcel” (as that term is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting Beneficiary's or Trustee's rights and remedies under this Deed of Trust, Beneficiary may elect to exercise its rights under California Code of Civil Procedure Section 726.5(a) to (1) waive its lien on such environmentally impaired or affected portion of the Property and (2) exercise (a) the rights and remedies of an unsecured creditor, including reduction of its claim against Trustor to judgment, and (b) any other rights and remedies permitted by law. For purposes of determining Beneficiary's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), Trustor shall be deemed to have willfully permitted or acquiesced in a release or threatened release of Hazardous Materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of Hazardous Materials was knowingly or negligently caused or contributed to by any lessee, occupant, or user of any portion of the Property and Trustor knew or should have known of the activity by such lessee, occupant, or user which caused or contributed to the release or threatened release. All costs and expenses, including (but not limited to) attorneys' fees, incurred by Beneficiary in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the lesser of ten percent (10%) or the maximum rate permitted by law, until paid, shall be added to the indebtedness secured by this Deed of Trust and shall be due and payable to Beneficiary upon its demand made at any time following the conclusion of such action.

Trustor is aware that California Civil Code Section 2955.5(a) provides as follows: “No lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.”

ARTICLE 7
EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default. Each of the following shall constitute an Event of Default following the expiration of any applicable notice and cure periods: (1) failure to make any payment to be paid by Trustor under the Loan Documents within ten (10) days after the date due; (2) failure to observe or perform any of Trustor's other covenants, agreements, or obligations under the Loan Documents (which failure has not been cured within the times and in the manner set forth in the Loan Agreement); or (3) failure to make any payment or perform any of Trustor's other covenants, agreements, or obligations under any other debt instruments or regulatory agreement secured by the Property, which default shall not be cured within the times and in the manner provided therein, provided, however, to the extent that the Trustor cures its failure to perform as described in this Section 7.1(3), Trustor shall be deemed to have cured the Event of Default arising from this Section 7.1(3).

Section 7.2 Acceleration of Maturity. If an Event of Default shall have occurred and be continuing, then at the option of Beneficiary, the amount of any payment related to the Event of Default and the unpaid Principal of the Note (including all interest thereon) shall immediately become due and payable, upon written notice by Beneficiary to Trustor (or automatically where so specified in the Loan Documents), and no omission on the part of Beneficiary to exercise such option when entitled to do so shall be construed as a waiver of such right.
Section 7.3 Beneficiary's Right to Enter and Take Possession. If an Event of Default shall have occurred and be continuing, Beneficiary may:

(a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, enter upon the Security and take possession thereof (or any part thereof) and of any of the Security, in its own name or in the name of Trustee, and do any acts which it deems necessary or desirable to preserve the value or marketability of the Property, or part thereof or interest therein, increase the income therefrom or protect the security thereof. The entering upon and taking possession of the Security shall not cure or waive any Event of Default or Notice of Default (as defined below) hereunder or invalidate any act done in response to such Default or pursuant to such Notice of Default and, notwithstanding the continuance in possession of the Security, Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust, or by law upon occurrence of any Event of Default, including the right to exercise the power of sale;

(b) Commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

(c) Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Security to be sold ("Notice of Default and Election to Sell"), which notice Trustee or Beneficiary shall cause to be duly filed for record in the Official Records of the County of Los Angeles; or

(d) Exercise all other rights and remedies provided herein, in the instruments by which Trustor acquires title to any Security, or in any other document or agreement now or hereafter evidencing, creating, or securing all or any portion of the obligations secured hereby, or provided by law.

Section 7.4 Foreclosure By Power of Sale. Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall give notice to Trustee (the "Notice of Sale") and shall deposit with Trustee this Deed of Trust which is secured hereby (and the deposit of which shall be deemed to constitute evidence that the unpaid principal amount of the Note is immediately due and payable), and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

(a) Upon receipt of such notice from Beneficiary, Trustee shall cause to be recorded, published, and delivered to Trustor such Notice of Default and Election to Sell as then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Default and Election to Sell and after Notice of Sale having been given as required by law, sell the Security, at the time and place of sale fixed by it in said Notice of Sale, whether as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as it may determine unless specified otherwise by Trustor according to California Civil Code Section 2924g(b), at public auction to the highest bidder, for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed or any matters of facts shall be conclusive proof of the truthfulness thereof.
Any person, including, without limitation, Trustor, Trustee, or Beneficiary, may purchase at such sale, and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(b) After deducting all reasonable costs, fees, and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale to payment of: (i) the unpaid Principal amount of the Note; (ii) all other amounts owed to Beneficiary under the Loan Documents; (iii) all other sums then secured hereby; and (iv) the remainder, if any, to Trustor.

(c) Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new Notice of Sale.

Section 7.5 Receiver. If an Event of Default shall have occurred and be continuing, Beneficiary, as a matter of right and without further notice to Trustor or anyone claiming under the Security, and without regard to the then value of the Security or the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Security (or a part thereof), and Trustor hereby irrevocably consents to such appointment and waives further notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases, and all the powers and duties of Beneficiary in case of entry as provided herein, and shall continue as such and exercise all such powers until the date of confirmation of sale of the Security, unless such receivership is sooner terminated.

Section 7.6 Remedies Cumulative. No right, power, or remedy conferred upon or reserved to Beneficiary by this Deed of Trust is intended to be exclusive of any other right, power, or remedy, but each and every such right, power, and remedy shall be cumulative and concurrent and shall be in addition to any other right, power, and remedy given hereunder or now or hereafter existing at law or in equity.

Section 7.7 No Waiver.

(a) No delay or omission of Beneficiary to exercise any right, power, or remedy accruing upon any Event of Default shall exhaust or impair any such right, power, or remedy, or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every right, power, and remedy given by this Deed of Trust to Beneficiary may be exercised from time to time and as often as may be deemed expeditious by Beneficiary. Beneficiary's expressed or implied consent to a breach by Trustor, or a waiver of any obligation of Trustor hereunder, shall not be deemed or construed to be a consent to any subsequent breach, or further waiver, of such obligation or of any other obligations of Trustor hereunder. Failure on the part of Beneficiary to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by Beneficiary of its right hereunder or impair any rights, power, or remedies consequent on any Event of Default by Trustor.

(b) If Beneficiary (i) grants forbearance or an extension of time for the payment of any sums secured hereby, (ii) takes other or additional security or the payment of any sums secured hereby, (iii) waives or does not exercise any right granted in the Loan Documents, (iv) releases any part of the Security from the lien of this Deed of Trust, or otherwise changes any of the terms, covenants, conditions, or agreements in the Loan Documents, (v) consents to the granting of
any easement or other right affecting the Security, or (vi) makes or consents to any agreement
subordinating the lien hereof, any such act or omission shall not release, discharge, modify, change,
or affect the original liability under this Deed of Trust, or any other obligation of Trustor or any
subsequent purchaser of the Security or any part thereof, or any maker, co-signer, endorser, surety,
or guarantor (unless expressly released); nor shall any such act or omission preclude Beneficiary
from exercising any right, power, or privilege herein granted or intended to be granted in any Event
of Default then made or of any subsequent Event of Default, nor, except as otherwise expressly
provided in an instrument or instruments executed by Beneficiary shall the lien of this Deed of Trust
be altered thereby.

Section 7.8 Suits to Protect the Security. Beneficiary shall have power to (a) institute and
maintain such suits and proceedings as it may deem expedient to prevent any impairment of the
Security and the rights of Beneficiary as may be unlawful or any violation of this Deed of Trust, (b)
preserve or protect its interest (as described in this Deed of Trust) in the Security, and (c) restrain the
enforcement of or compliance with any legislation or other governmental enactment, rule, or order
that may be unconstitutional or otherwise invalid, if the enforcement for compliance with such
enactment, rule, or order would impair the Security thereunder or be prejudicial to the interest of
Beneficiary.

Section 7.9 Beneficiary May File Proofs of Claim. In the case of any receivership,
insolvency, bankruptcy, reorganization, arrangement, adjustment, composition, or other proceedings
affecting Trustor, its creditors, or its property, Beneficiary, to the extent permitted by law, shall be
entitled to file such proofs of claim and other documents as may be necessary or advisable in order
to have the claims of Beneficiary allowed in such proceedings and for any additional amount which
may become due and payable by Trustor hereunder after such date.

Section 7.10 Waiver. Trustor waives presentment, demand for payment, notice of dishonor,
notice of protest and nonpayment, protest, notice of interest on interest and late charges, and
diligence in taking any action to collect any sums owing under the Note or in proceedings against
the Security, in connection with the delivery, acceptance, performance, default, endorsement, or
 guaranty of this Deed of Trust.

ARTICLE 8
MISCELLANEOUS

Section 8.1 Amendments: Prior Agreements. This instrument cannot be waived, changed,
discharged, or terminated orally, but only by an instrument in writing signed by Beneficiary and
Trustor.

Section 8.2 Reconveyance by Trustee. Upon written request of Beneficiary stating that (i)
all sums secured hereby have been paid or forgiven, and (ii) that all obligations of Trustor under the
Loan Documents have been satisfied, and upon surrender of this Deed of Trust to Trustee for
cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee shall
reconvey the Security to Trustor, or to the person or persons legally entitled thereto.

Section 8.3 Notices. If at any time after the execution of this Deed of Trust it shall
become necessary or convenient for one of the parties hereto to serve any notice, demand, or
communication upon the other party, such notice, demand, or communication shall be in writing and
shall be served by depositing the same in the registered United States mail, return receipt requested, postage prepaid and:

If to Beneficiary: Housing Authority of City of Los Angeles
2600 Wilshire Blvd.
Los Angeles, CA 90057
Attn: President and Chief Executive Officer
Attn: General Counsel

with copy to: Reno & Cavanaugh, PLLC
455 Massachusetts Avenue, Suite 400
Washington, DC 20001
Attn: Megan Glasheen

If to Trustor: Jordan Downs Phase S2, LP
c/o The Michaels Organization
2 Cooper Street
Camden, NJ 08102
Attn: John J. O’Donnell

with copy to: Levine, Staller, Sklar, Chan & Brown, P.A.
3030 Atlantic Avenue
Atlantic City, NJ 08401
Attn: Arthur M. Brown

Any notice, demand, or communication shall be deemed given, received, made, or communicated, if mailed in the manner herein specified, on the delivery date or date delivery is refused by the addressee, as shown on the return receipt. Either party may change its address at any time by giving written notice of such change to Beneficiary or Trustor as the case may be, in the manner provided herein, at least ten (10) days prior to the date such change is desired to be effective.

Section 8.4 Successors and Joint Trustors. Where an obligation is created herein binding upon Trustor, the obligation shall also apply to and bind any transferee or successors in interest. Where the terms of this Deed of Trust have the effect of creating an obligation of Trustor and a transferee, such obligation shall be deemed to be a joint and several obligation of Trustor and such transferee. Where Trustor is more than one entity or person, all obligations of Trustor shall be deemed to be a joint and several obligation of each and every entity and person comprising Trustor.

Section 8.5 Captions. The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Deed of Trust.

Section 8.6 Invalidity of Certain Provisions. Every provision of this Deed of Trust is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court or other body of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Security, the unsecured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have
been first paid or applied to the full payment of that portion of the debt which is not secured or partially secured by the lien of this Deed of Trust.

Section 8.7  Governing Law. This Deed of Trust shall be governed by and construed in accordance with the laws of the State of California.

Section 8.8  Gender and Number. In this Deed of Trust, the singular shall include the plural and the masculine shall include the feminine and neuter and vice versa, if the context so requires.

Section 8.9  Deed of Trust, Mortgage. Any reference in this Deed of Trust to a mortgage shall also refer to a deed of trust and any reference to a deed of trust shall also refer to a mortgage.

Section 8.10  Actions. Trustor agrees to appear in and defend any action or proceeding purporting to affect the Security.

Section 8.11  Substitution of Trustee. Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Deed of Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the Property is situated, shall be conclusive proof of proper appointment of the successor trustee.

Section 8.12  Statute of Limitations. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law.

Section 8.13  Acceptance by Trustee. Trustee accepts this Deed of Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law the Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action of proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

Section 8.14  Compliance with Internal Revenue Code Section 42. Beneficiary acknowledges that Trustor intends to enter into an extended use agreement, which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended (the “Code”). As of the date hereof, Code Section 42(h)(6)(E)(ii) does not permit the eviction or termination of tenancy (other than for good cause) of an existing tenant of any low-income unit or any increase in the gross rent with respect to such unit not otherwise permitted under Code Section 42 for a period of three (3) years after the date the building is acquired by foreclosure or by instrument in lieu of foreclosure. In the event the extended use agreement is recorded against the Property, Beneficiary agrees to comply with the provisions set forth in Code Section 42(h)(6)(E)(ii).

ARTICLE 9
SUBORDINATE DEED OF TRUST
This Deed of Trust is and shall at all times continue to be subordinate, subject, and inferior (in payment and priority) to the Senior Loan and the Senior Deed of Trust, and the liens, rights, payment interests, priority interests, and security interests granted to Beneficiary hereunder and the Loan and the Loan Documents are, and are hereby expressly acknowledged to be in all respects and at all times, subject to the terms of the Subordination Agreement by and among Beneficiary, Trustor and Senior Lender of even date herewith. Exhibit B and Exhibit C, attached hereto, are hereby incorporated into this Deed of Trust by this reference.
IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first above written.

TRUSTOR:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

By: Jordan S2-Michaels, LLC,
a California limited liability company
its administrative general partner

By: _______________________________
Kenneth P. Crawford
Vice President

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _______________________________
Tina Smith-Booth
President
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of New Jersey )
County of ______________________ )

On ______________________, before me, ___________________________,
Notary Public, personally appeared ____________________________,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of New Jersey that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature__________________
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )
County of ______________________ )

On _________________________, before me, ____________________________,
Notary Public, personally appeared ____________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature____________________
EXHIBIT A

Legal Description

The land referred to herein is situated in the State of California, County of Los Angeles, City of Los Angeles and 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
EXHIBIT B

Investor Rider

This Rider is attached to and made a part of the promissory note, the deed of trust, and loan agreement or other document(s) evidencing, securing, and governing a loan of Infill Infrastructure Grant funds in the approximate original amount of Two Million Dollars ($2,000,000.00) (the “Authority IIG Loan” or the “Loan”) made by the Housing Authority of the City of Los Angeles (“Lender”) to Jordan Downs Phase S2, LP, a California limited partnership (“Borrower” or the “Partnership”) for the construction of approximately eighty-one (81) units (including one (1) manager’s unit) of rental housing and related improvements (the “Project”). The Amended and Restated Agreement of Limited Partnership forming or continuing the Borrower is referred to herein as the “Partnership Agreement”.

The parties hereto agree that the following covenants, terms, and conditions shall be part of and shall modify or supplement each of the documents evidencing, securing, or governing the disbursement of the Loan (the “Loan Documents”), and that in the event of any inconsistency or conflict between the covenants, terms, and conditions of the Loan Documents and this Rider, the following covenants, terms, and conditions shall control and prevail:

1. **Recourse/Non-recourse Obligation.** The Loan is (i) a recourse obligation of Borrower during the period the Construction Loan (as defined in the Loan Agreement) is outstanding and (ii) a non-recourse obligation of the Borrower following repayment of the Construction Loan. Neither the general partners nor the limited partners of Borrower shall have any personal liability for repayment of the Loan.

2. **General Partner and Limited Partner Change.** The withdrawal, removal, and/or replacement of a general partner of the Partnership pursuant to the terms of the Partnership Agreement shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan, provided that (i) the Borrower’s limited partner provides the Lender with prior written notice of removal and substitution of a general partner of Borrower, and (ii) with respect to Jordan S2-Michaels LLC, the administrative general partner of Borrower, any substitute general partner is reasonably acceptable to Lender.

   Additionally, the transfer of any limited partnership interests in Borrower or in any limited or special limited partner of Borrower pursuant to the terms of the Partnership Agreement shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan.

3. **Monetary Default.** If a monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder Lender shall give Borrower and each of the general and limited partners of the Partnership, as identified in the Partnership Agreement, simultaneous written notice of such default. Borrower shall have a period of seven (7) days after such notice is given within which to cure the default prior to exercise of remedies by Lender under the Loan Documents, or such longer period of time as may be specified in the Loan Documents. Borrower’s limited partners shall have the right, but not the obligation, to cure any default under the Loan Documents within the applicable cure periods provided to Borrower thereunder.
4. **Non-Monetary Default.** If a non-monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder Lender shall give Borrower and each of the general and limited partners of the Partnership, as identified in the Partnership Agreement, simultaneous written notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Borrower shall have such period to effect a cure prior to exercise of remedies by Lender under the Loan Documents, or such longer period of time as may be specified in the Loan Documents. If the default is such that it is not reasonably capable of being cured within thirty (30) days or such longer period if so specified, and if Borrower (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then Borrower shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Lender. If Borrower fails to take corrective action or to cure the default within a reasonable time, Lender shall give Borrower and each of the general and limited partners of the Partnership written notice thereof, whereupon the limited partner may remove and replace the general partner with a substitute general partner who shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions. In no event shall Lender be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within one hundred eighty (180) days after the first notice of default is given, or such longer period of time as may be specified in the Loan Documents. Borrower’s limited partners shall have the right, but not the obligation, to cure any default under the Loan Documents within the applicable cure periods provided to Borrower thereunder.

Additionally, notwithstanding the occurrence of any monetary or nonmonetary default under the terms of any of the Loan Documents, during the Compliance Period (as defined in the Partnership Agreement), Lender shall not (i) commence foreclosure proceedings with respect to the Property under the Loan Documents or exercise any other rights or remedies it may have under the Loan Documents, including, but not limited to, accelerating sums due under the Loan Documents, collecting rents, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies hereunder or (ii) join with any other creditor in commencing any bankruptcy reorganization arrangement, insolvency or liquidation proceedings with respect to Borrower.

5. **Casualty, Condemnation, Etc.** In the event of any fire or other casualty to the Project or eminent domain proceedings resulting in condemnation of the Project or any part thereof, Borrower shall have the right to rebuild the Project, and to use all available insurance or condemnation proceeds therefor, provided that (a) such proceeds are sufficient to rebuild the Project in a manner that provides adequate security to Lender for repayment of the Loan or if such proceeds are insufficient then Borrower shall have funded any deficiency, (b) Lender shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (c) no material default then exists under the Loan Documents (subject to any applicable cure periods thereunder). If the casualty or condemnation affects only part of the Project and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the Loan in a manner that provides adequate security to Lender for repayment of the remaining balance of the Loan.

6. **Force Majeure.** There shall be no default for delays by reason of Force Majeure as provided in Section 7.14 of the Loan Agreement, except as provided in said Section 7.14.
7. **Purchase Rights.** The execution and delivery of the purchase option and right of first refusal agreement described in the Partnership Agreement shall not constitute a default under the Loan Documents or accelerate the maturity of the Loan thereunder. Any requisite consent of Lender to (a) the exercise of said purchase option and right of first refusal agreement by the project sponsor identified therein, and to (b) the assumption without penalty of Loan obligations by the project sponsor and the release of Borrower from such obligations, shall not be unreasonably withheld. Subject to any such consent requirement, the exercise of rights under such agreement shall not constitute a default or accelerate maturity of the Loan.

8. **Loan Assumption.** If the purchase option and right of first refusal agreement described in the Partnership Agreement is not exercised and the Project is sold subject to low-income housing use restrictions as contained in an existing regulatory agreement or other recorded covenant, any requisite consent of lender to said sale, and to the assumption without penalty of loan obligations by the purchaser and the release of Borrower from such obligations, shall not be unreasonably withheld, provided, however, that the principals of purchaser shall be comparable to the principals of Borrower in (a) experience and track record of developing, operating, maintaining, and, if applicable, managing, affordable housing financed with sources and restrictions comparable to the Approved Financing, (b) financial wherewithal, and (c) such other underwriting criteria as may be employed by lender at the time of any such proposed assumption.

9. **Lender Approvals, Etc.** In any approval, consent, or other determination by Lender required under any of the Loan Documents, Lender shall act reasonably and in good faith.

10. **Subordination.** Lender acknowledges that Borrower and the California Tax Credit Allocation Committee intend to enter into, or concurrently with the execution and delivery of the Loan Documents are entering into, an extended use agreement, which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended. Lender agrees to subordinate the Loan and Lender’s rights under the Loan Documents executed in conjunction therewith to the relevant provisions of said extended use agreement. This subordination is being made in consideration of the allocation of tax credits to the Project, absent which the development of the Project would not occur, and this mortgage loan would not be made.

Subject to the prior written approval of the Lender, which approval shall not be unreasonably withheld, conditioned or delayed, the Borrower may refinance the Approved Financing loans (as defined in the Loan Documents). Any refinancing of the Approved Financing loans shall be on commercially reasonable terms in an amount not to exceed the then outstanding principal balance of such Approved Financing loans plus reasonable costs. The Borrower shall reimburse the Lender for any costs it incurs related to the refinancing of the Approved Financing loans.

11. **Notice Address.**

The Notice Address of the limited partner is: Berkadia Jordan Downs Phase S2 Investor LP Two Liberty Place 50 south 16th Street, Suite 2825 Philadelphia, PA 19102 Attn: Managing Director & General Counsel

with a copy to: Nixon Peabody LLP Exchange Place
53 Exchange Street  
Boston, MA 02109  
Attn: Roger W. Holmes

12. **Third Party Beneficiary Status.** Borrower’s limited partners shall be intended third party beneficiaries of this Rider for purposes of the rights granted to the limited partners hereunder.

[signatures page follows]
In Witness Whereof, the undersigned have caused this Rider to be executed this ____ day of ________________, 2021.

LENDER:

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic

By: ___________________________
   Douglas Guthrie
   President and Chief Executive Officer
BORROWER:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

By: Jordan S2-Michaels, LLC,
a California limited liability company
its administrative general partner

By: _______________________________
    Kenneth P. Crawford
    Vice President

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _______________________________
    Tina Smith-Booth
    President
This HUD Rider to Loan Documents (this “Rider”) modifies the deed of trust and related documents (collectively, the “Loan Documents”) entered into between the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic, organized and existing under the laws of the State of California (the “Authority”) and JORDAN DOWNS PHASE S2, LP, a California limited partnership (the “Borrower”), in connection with a loan of Two Million Dollars ($2,000,000.00) of Infill Infrastructure Grant funds by the Authority to the Borrower to be used for the construction of approximately eighty-one (81) units (including one (1) manager’s unit) of rental housing and related improvements (the “Project”) on real property in the County of Los Angeles, California as more particularly described in Exhibit A attached to the aforementioned deed of trust (the “Property”).

1. **Inconsistent Provisions.** If the provisions of this Rider are inconsistent with the provisions of the Loan Documents, the provisions of this Rider shall be controlling.

2. **Defined Terms.** Capitalized terms not defined herein are as defined in the Loan Documents.

3. **RAD Regulatory Documents.** By the acceptance, execution and/or recording of this Rider, the Lender acknowledges that seventeen (17) units in the Project are subject to: (a) requirements applicable to the U. S. Department of Housing and Urban Development’s (“HUD”) Rental Assistance Demonstration (“RAD”) Program authorized by the Consolidated and Further Continuing Appropriations Act of 2012 as amended by the Consolidated Appropriations Act, 2014 (Pub. L. No. 113-76, approved January 17, 2014), the Consolidated and Further Continuing Appropriations Act, 2015 (Pub. L. No. 114-235, approved December 6, 2014), and Division L, Title II, Section 237 of the Consolidated Appropriations Act (Pub. L. No. 114-113, enacted December 18, 2015), (b) HUD Notice H-2019-09 PIH 2019-23 (HA) (September 5, 2019), as may be further amended; and (c) requirements contained in (i) the RAD Use Agreement (Form HUD 52625), (ii) the RAD Conversion Commitment (HUD Form 52624), as amended, and (iii) the Rental Assistance Demonstration (RAD) for the Conversion of Public Housing to the Section 8 Project-Based Voucher (PBV) Program Housing Assistance Payment Contract (HUD Form 52530A (04/2015) and HUD 52621 (4/2017)) executed with the Project. Such requirements in Sections (a) and (b) herein shall be referred to as the “RAD Requirements.” If there is a conflict between a provision of the Loan Documents and any RAD Requirement, then the RAD Requirement shall govern, except as such RAD Requirement may have been expressly waived in writing by HUD.

4. **CNI Requirements.**

(a) The Project has been financed, in part, by the Authority pursuant to that certain Development Proposal (the “Development Proposal”) submitted by the Authority to HUD under the Choice Neighborhoods Initiative (“CNI”) Implementation Grant Program and as implemented by that certain Declaration of Restrictive Covenants Choice Neighborhoods Initiative Implementation Grant Program executed by the Authority and the Borrower for the benefit of HUD dated on or about the date hereof (the “CNI Declaration”).
(b) The proceeds made available pursuant to the Development Proposal are to be used by the Authority in connection with Borrower’s revitalization of the former Jordan Downs public housing development and its surrounding neighborhood. The proceeds made available pursuant to the Development Proposal shall be used to support the Project by the Borrower. The Project is the subject of the transaction contemplated by the Loan Documents and consists of forty-nine (49) residential rental units subject to the CNI Declaration.

(c) Notwithstanding any provisions of the CNI Declaration that may be construed to the contrary, in the event of any conflict with, or ambiguity between, the CNI Declaration and any term or provision of the Loan Documents, the provisions of the CNI Declaration shall be controlling, except to the extent that a more restrictive requirement under the Loan Documents is enforceable without violating the CNI Declaration.

5. **Inconsistent Provisions.** If the provisions of this Rider are inconsistent with the provisions of the Loan Documents, the provisions of this Rider shall be controlling.

6. **Subordination to HUD Documents.** The Loan Documents are: (i) subordinate and subject to the RAD Use Agreement, (ii) subordinate to the CNI Declaration and (iii) encumbers the leasehold estate of the Borrower. Subordination extends to and continues in effect with respect to any future amendment, extension, renewal, or any other modification of the RAD Use Agreement, CNI Declaration, Loan Documents or this Deed of Trust. The RAD Use Agreement and CNI Declaration survive foreclosure and bankruptcy of the Borrower.

7. **Transfer Restrictions.** The Authority agrees that any transfers of interests in the Property or Project will be done in accordance with the RAD Requirements and CNI Declaration.

8. **Transferred Funds Not Deemed to Create Relationship With HUD.** Nothing contained in any of the Loan Documents, nor any act of HUD, shall be deemed or construed to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, joint venture, or any association or relationship involving HUD.

9. **Incorporation.** This Rider shall be deemed incorporated into the Loan Documents as if fully set forth herein and therein.

10. **Third-Party Beneficiary.** Notwithstanding anything in the Loan Documents to the contrary, the Authority is an express third-party beneficiary under the provisions of this Rider for the sole purpose of enforcing the provisions of this Rider.

11. **Notices.** Any notices of Borrower default provided pursuant to the Loan Documents shall also be provided to HUD as follows:

   If to HUD, to: United States Department of Housing and Urban Development 451 Seventh Street, S.W. Washington, DC 20410 Attn: Office of the General Counsel

   [signature pages follow]
IN WITNESS WHEREOF, the Borrower and the Authority have duly executed and delivered this Rider contemporaneous with the Loan Documents.

**BORROWER:**

**JORDAN DOWNS PHASE S2, LP,**  
a California limited partnership

By: Jordan S2-Michaels, LLC,  
a California limited liability company  
its administrative general partner

By: _______________________________  
Kenneth P. Crawford  
Vice President

By: La Cienega LOMOD, Inc.,  
a California nonprofit public benefit corporation,  
its managing general partner

By: _______________________________  
Tina Smith-Booth  
President
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )
County of ______________________ )

On _________________________, before me, _________________________________ ,
Notary Public, personally appeared _________________________________ , who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature__________________
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )
County of ______________________ )

On _________________________, before me, ________________________________,
Notary Public, personally appeared ________________________________,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature____________________
AUTHORITY:

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES
a public body, corporate and politic

By: ___________________________
Douglas Guthrie
President and Chief Executive Officer
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )
County of ______________________ )

On ______________________, before me, ______________________, Notary Public, personally appeared ______________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature__________________
TAB IV-16

Subordination Agreement (HACLA Loans)
SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (this “Agreement”) is entered into this 1st day of ____, 2021 by and among (i) U.S. Bank National Association, as Fiscal Agent (“Senior Lender”), (ii) the Housing Authority of the City of Los Angeles, a public body, corporate and politic organized and existing under the laws of the State of California (the "Subordinate Lender"), and (iii) Jordan Downs Phase S2, LP, a California limited partnership (the “Borrower”).

Recitals

A. Borrower is the owner of a leasehold estate in certain real property located in Los Angeles County, California, more particularly described in Exhibit A to the Security Instrument (as defined below) (the “Property”).

B. Substantially concurrently herewith, the Housing Authority of the City of Los Angeles, a public body, corporate and politic organized and existing under the laws of the State of California as Governmental Lender, JPMorgan Chase Bank, N.A. and CIT Bank, N.A., collectively, as Funding Lender and Senior Lender, as Fiscal Agent have executed that certain Funding Loan Agreement (“Funding Loan Agreement”) in connection with the origination of a loan to the Governmental Lender in the principal amount $___________ (the “Funding Loan”) evidenced by those certain Multifamily Notes given by Governmental Lender, each in favor of a Funding Lender (collectively, the “Governmental Note”); and the Governmental Lender, the Fiscal Agent and the Borrower have executed that certain Project Loan Agreement of even date herewith (the “Project Loan Agreement”) pursuant to which, from the proceeds of the Governmental Note, the Governmental Lender is making a loan (the “First Mortgage Loan”) of up to $___________ to the Borrower.

C. The First Mortgage Loan is secured by a Construction and Permanent Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing of even date herewith given by the Borrower to the Governmental Lender (“First Mortgage”) and concurrently assigned to the Fiscal Agent as security for the Funding Loan.

D. The proceeds of the First Mortgage Loan will be advanced in accordance with the Project Loan Agreement and that certain Construction and Permanent Loan Agreement of even date herewith, by and between Funding Lender and Borrower (“Loan Agreement”).

E. The Project Loan Agreement, the Loan Agreement, the First Mortgage Note, the First Mortgage and all other documents, instruments and agreements other than, and specifically excluding, this Agreement, now in effect or hereafter entered into in connection with the First Mortgage Loan are referred to, collectively, as the “Senior Loan Documents.” Undefined capitalized terms shall have the meanings ascribed to such terms in the Loan Agreement.
F. Substantially concurrently herewith, the interest of Governmental Lender in the First Mortgage, the First Mortgage Note and certain other Senior Loan Documents have been assigned to Senior Lender by that certain Assignment of Deed of Trust of even date herewith.

G. The Borrower has requested the Senior Lender to permit the Subordinate Lender to make four subordinate loans to Borrower: (i) one in the amount of $3,400,000.00 (the "Subordinate Acquisition Loan"), (ii) one in the amount of $2,000,000 (the "Subordinate IIG Loan"), (iii) one in the amount of $500,000 (the "Subordinate CNI Loan"), and (iv) one in the amount of $13,200,000 (the "Subordinate TCC Loan and, collectively with the Subordinate Acquisition Loan, the Subordinate IIG Loan and the Subordinate CNI Loan, the "Subordinate Loans"), and to secure each Subordinate Loan by, among other things, placing separate mortgage liens against the Property to secure each Subordinate Loan.

H. The Senior Lender has agreed to permit the Subordinate Lender to make the Subordinate Loans and to place separate subordinate mortgage liens against the Property to secure each Subordinate Loan, subject to all of the conditions contained in this Agreement.

NOW, THEREFORE, in order to induce the Senior Lender to permit the Subordinate Lender to make the Subordinate Loans to the Borrower and to place a separate subordinate mortgage lien against the Property to secure each Subordinate Loan, and in consideration thereof, the Senior Lender, the Subordinate Lender and the Borrower agree as follows:

1. Definitions.

In addition to the terms defined in the Recitals to this Agreement, for purposes of this Agreement the following terms have the respective meanings set forth below:

"Affiliate" means, when used with respect to a Person, any corporation, partnership, joint venture, limited liability company, limited liability partnership, trust or individual controlled by, under common control with, or which controls such Person (the term "control" for these purposes shall mean the ability, whether by the ownership of shares or other equity interests, by contract or otherwise, to elect a majority of the directors of a corporation, to make management decisions on behalf of, or independently to select the managing partner of, a partnership, or otherwise to have the power independently to remove and then select a majority of those individuals exercising managerial authority over an entity, and control shall be conclusively presumed in the case of the ownership of 50% or more of the equity interests).

"Borrower" means the Person named as such in the first paragraph of this Agreement and any other Person (other than the Senior Lender or Funding Lender) who acquires title to the Property after the date of this Agreement.

"Business Day" means any day other than Saturday, Sunday or a day on which the Senior Lender is not open for business.

"Default Notice" means: (a) a copy of the written notice from the Senior Lender or Funding Lender to the Borrower stating that a First Mortgage Loan Default has occurred under the First Mortgage Loan; or (b) a copy of the written notice from the Subordinate Lender to the Borrower stating that a Subordinate Loan Default has occurred under one of the Subordinate Loans. Each Default Notice shall specify the default upon which such Default Notice is based.

"First Mortgage Loan Default" means the occurrence of an "Event of Default" as that term is defined in the First Mortgage Loan Documents.

"First Mortgage Loan Documents" means the First Mortgage Note and all other documents evidencing, securing or otherwise executed and delivered in connection with the First Mortgage Loan.
"First Mortgage Note" means, collectively, that certain Promissory Note (Tax Exempt Project Loan) dated ___, 2021 executed by Borrower in favor of Governmental Lender in the original principal amount of $29,030,000 and that certain Promissory Note (Taxable Project Loan) dated ___, 2021 executed by Borrower in favor of Governmental Lender in the original principal amount of $13,881,988.

"Ground Lease" means that certain Ground Lease Agreement by and between the Subordinate Lender, as landlord, and Borrower, as tenant, dated as of ___ 1, 2021, a memorandum of which is to be recorded in the official records of Los Angeles County, California substantially concurrent with the recording of this Agreement.

"Person" means an individual, estate, trust, partnership, corporation, limited liability company, limited liability partnership, governmental department or agency or any other entity which has the legal capacity to own property.

"Senior Lender" means the Person named as such in the first paragraph on page 1 of this Agreement. When any other Person becomes the legal holder of the First Mortgage Note, such other Person shall automatically become the Senior Lender.

"Subordinate Lender" means the Person named as such in the first paragraph on page 1 of this Agreement and any other Person who becomes the legal holder of a Subordinate Note after the date of this Agreement.

"Subordinate Loan Default" means a default by the Borrower in performing or observing any of the terms, covenants or conditions in the Subordinate Loan Documents to be performed or observed by it, which continues beyond any applicable period provided in the Subordinate Loan Documents for curing the default.

"Subordinate Acquisition Loan Documents" means the Subordinate Acquisition Note, the Subordinate Acquisition Mortgage and all other documents evidencing, securing or otherwise executed and delivered in connection with the Subordinate Acquisition Loan.

"Subordinate Acquisition Mortgage" means the mortgage or deed of trust encumbering the Property as security for the Subordinate Acquisition Loan, which the Subordinate Lender will cause to be recorded among the applicable land records immediately before this Agreement.

"Subordinate Acquisition Note" means the promissory note dated as of ___, 2021, issued by the Borrower to the Subordinate Lender, or order, to evidence the Subordinate Acquisition Loan.

"Subordinate CNI Loan Documents" means the Subordinate CNI Note, the Subordinate CNI/TCC Mortgage and all other documents evidencing, securing or otherwise executed and delivered in connection with the Subordinate CNI Loan.

"Subordinate CNI Note" means the promissory note dated as of ___, 2021, issued by the Borrower to the Subordinate Lender, or order, to evidence the Subordinate CNI Loan.

"Subordinate CNI/TCC Mortgage" means the mortgage or deed of trust encumbering the Property as security for the Subordinate CNI Loan and Subordinate TCC Loan, which the Subordinate Lender will cause to be recorded among the applicable land records immediately before this Agreement.

"Subordinate IIG Loan Documents" means the Subordinate IIG Note, the Subordinate IIG Mortgage and all other documents evidencing, securing or otherwise executed and delivered in connection with the Subordinate IIG Loan.
"Subordinate IIG Mortgage" means the mortgage or deed of trust encumbering the Property as security for the Subordinate IIG Loan, which the Subordinate Lender will cause to be recorded among the applicable land records immediately before this Agreement.

"Subordinate Loan Agreement" means that certain Authority Loan Agreement dated as of __, 2021 executed by Borrower and Subordinate Lender.

"Subordinate TCC Note" means the promissory note dated as of __, 2021, issued by the Borrower to the Subordinate Lender, or order, to evidence the Subordinate TCC Loan.

"Subordinate Loan Documents" means the Subordinate Acquisition Note, the Subordinate Acquisition Mortgage, the Subordinate CNI Note, the Subordinate CNI/TCC Mortgage, the Subordinate IIG Note, the Subordinate IIG Mortgage, the Subordinate TCC Note and all other documents evidencing, securing or otherwise executed and delivered in connection with the Subordinate Loans.

"Subordinate Mortgage" or "Subordinate Mortgages" means, individually or collectively, as the case may warrant, the Subordinate Acquisition Mortgage, the Subordinate CNI/TCC Mortgage and the Subordinate IIG Mortgage.

"Subordinate Note" or "Subordinate Notes" means, individually or collectively, as the case may warrant, the Subordinate Acquisition Note, the Subordinate CNI Note, the Subordinate IIG Note and the Subordinate TCC Note.

2. Permission to Place Mortgage Lien Against Property.

The Senior Lender agrees, notwithstanding the prohibition against inferior liens on the Property contained in the First Mortgage Loan Documents and subject to the provisions of this Agreement, to permit the Subordinate Lender to record the Subordinate Mortgages and other recordable Subordinate Loan Documents against the Property (which are each subordinate in all respects to the lien of the First Mortgage) to secure the Borrower's obligation to repay the Subordinate Notes and all other obligations, indebtedness and liabilities of the Borrower to the Subordinate Lender under and in connection with the Subordinate Loans. Such permission is subject to the condition that each of the representations and warranties made by the Borrower and the Subordinate Lender in Section 3 is true and correct on the date of this Agreement and on the date on which any proceeds of a Subordinate Loan are disbursed to the Borrower. If any of the representations and warranties made by the Borrower and the Subordinate Lender in Section 3 is not true and correct on both of those dates, the provisions of the First Mortgage Loan Documents applicable to unpermitted liens on the Property shall apply.


The Borrower and the Subordinate Lender each makes the following representations and warranties to the Senior Lender:

(a) **Relationship of Borrower to Subordinate Lender and Senior Lender.** The Subordinate Lender is not an Affiliate of the Borrower and is not in possession of any facts which would lead it to believe that the Senior Lender is an Affiliate of the Borrower.

(b) **Term.** The term of the Subordinate Acquisition Note does not end before the term of the First Mortgage Note, and the term of the Subordinate Bridge Note does not end before the term of the First Mortgage Note.

(c) **Subordinate Loan Documents.** The executed Subordinate Loan Documents are substantially in the same forms as those submitted to, and approved by, Senior Lender prior to the date of this Agreement. Upon execution and delivery of the Subordinate Loan Documents, Borrower
shall deliver to Senior Lender an executed copy of each of the Subordinate Loan Documents, certified to be true, correct and complete.

(d) Senior Loan Documents. The executed Senior Loan Documents are substantially in the same forms as, when applicable, those submitted to, and approved by, Senior Lender prior to the date of this Agreement. Upon execution and delivery of the Senior Loan Documents, Borrower shall deliver to Subordinate Lender an executed copy of each of the Senior Loan Documents, certified to be true, correct and complete.

4. Terms of Subordination.

(a) Agreement to Subordinate. The Senior Lender and the Subordinate Lender agree that: (i) the indebtedness evidenced by the Subordinate Loan Documents (including, without limitation, any amounts added to the amounts owing under either Subordination Loan pursuant to the terms and provisions of the Ground Lease) is and shall be subordinated in right of payment, to the extent and in the manner provided in this Agreement to the prior payment in full of the indebtedness evidenced by the First Mortgage Loan Documents, and (ii) each of the Subordinate Mortgages and the other Subordinate Loan Documents are and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Mortgage and the other First Mortgage Loan Documents and to all advances heretofore made or which may hereafter be made pursuant to the First Mortgage and the other First Mortgage Loan Documents (including but not limited to, all sums advanced for the purposes of (1) protecting or further securing the lien of the First Mortgage, curing defaults by the Borrower under the First Mortgage Loan Documents or for any other purpose expressly permitted by the First Mortgage, or (2) constructing, renovating, repairing, furnishing, fixture or equipping the Property).

(b) Subordination of Subrogation Rights. The Subordinate Lender agrees that if, by reason of its payment of real estate taxes or other monetary obligations of the Borrower, or by reason of its exercise of any other right or remedy under the Subordinate Loan Documents, it acquires by right of subrogation or otherwise a lien on the Property which (but for this subsection) would be senior to the lien of the First Mortgage, then, in that event, such lien shall be subject and subordinate to the lien of the First Mortgage.

(c) [Reserved].

(d) Payments under Subordinate Loans. The Borrower agrees that it will not make any payments under or pursuant to the Subordinate Loan Documents (including but not limited to principal, interest, additional interest, late payment charges, default interest, attorney's fees, or any other sums secured by either of the Subordinate Mortgages) without the Senior Lender's prior written consent. The Subordinate Lender agrees that it will not accept any payments under or pursuant to the Subordinate Loan Documents (including but not limited to principal, interest, additional interest, late payment charges, default interest, attorney's fees, or any other sums secured by either of the Subordinate Mortgages) without the Senior Lender's prior written consent.

(e) Remitting Subordinate Loan Payments to Senior Lender. If the Subordinate Lender receives any payments under the Subordinate Loan Documents, the Subordinate Lender agrees that such payment or other distribution will be received and held in trust for the Senior Lender and unless the Senior Lender otherwise notifies the Subordinate Lender in writing, will be promptly remitted, in kind to the Senior Lender, properly endorsed to the Senior Lender, to be applied to the principal of, interest on and other amounts due under the First Mortgage Loan Documents in accordance with the provisions of the First Mortgage Loan Documents. By executing this Agreement, the Borrower specifically authorizes the Subordinate Lender to endorse and remit any such payments to the Senior Lender, and specifically waives any and all rights to have such payments returned to the Borrower or credited against the Subordinate Loan. Borrower and Senior Lender acknowledge and agree that payments received by the Subordinate Lender, and remitted to the Senior Lender under
this Section 4, shall not be applied or otherwise credited against either Subordinate Loan, nor shall the
tender of such payment to the Senior Lender waive any Subordinate Loan Default which may arise
from the inability of the Subordinate Lender to retain such payment or apply such payment to either
Subordinate Loan.

(f) Agreement Not to Commence Bankruptcy Proceeding. The Subordinate Lender
agrees that during the term of this Agreement it will not commence, or join with any other creditor in
commencing any bankruptcy reorganization, arrangement, insolvency or liquidation proceedings with
respect to the Borrower, without the Senior Lender's prior written consent.

5. Default Under Subordinate Loan Documents.

(a) Notice of Default and Cure Rights. The Subordinate Lender shall deliver to the
Senior Lender and Funding Lender a Default Notice within five Business Days in each case where the
Subordinate Lender has given a Default Notice to the Borrower. The Senior Lender shall have the
right, but not the obligation, to cure any Subordinate Loan Default within 60 days following the date of
such notice. All amounts paid by the Senior Lender in accordance with the First Mortgage Loan
Documents to cure a Subordinate Loan Default shall be deemed to have been advanced by the Senior
Lender pursuant to, and shall be secured by the lien of, the First Mortgage.

(b) Subordinate Lender's Agreement to Standstill. If a Subordinate Loan Default
occurs and is continuing, the Subordinate Lender agrees that, without the Senior Lender's prior written
consent, it will not accelerate the Subordinate Loan, commence foreclosure proceedings with respect
to the Property, collect rents, appoint (or seek the appointment of) a receiver or institute any other
collection or enforcement action.

(c) Cross Default. The Borrower and the Subordinate Lender agree that a Subordinate
Loan Default shall constitute a First Mortgage Loan Default under the First Mortgage Loan Documents
and the Senior Lender shall have the right to exercise all rights or remedies under the First Mortgage
Loan Documents in the same manner as in the case of any other First Mortgage Loan Default. If the
Subordinate Lender notifies the Senior Lender and Funding Lender in writing that any Subordinate
Loan Default of which the Senior Lender has received a Default Notice has been cured or waived, as
determined by the Subordinate Lender in its sole discretion, then provided that Senior Lender has not
conducted a sale of the Property pursuant to its rights under the First Mortgage Loan Documents, any
First Mortgage Loan Default under the First Mortgage Loan Documents arising solely from such
Subordinate Loan Default shall be deemed cured, and the First Mortgage Loan shall be reinstated,
provided, however, that the Senior Lender shall not be required to return or otherwise credit for the
benefit of the Borrower any default rate interest or other default related charges or payments received
by the Senior Lender during such First Mortgage Loan Default.

6. Default Under First Mortgage Loan Documents. The Subordinate Lender agrees that,
notwithstanding any contrary provision contained in the Subordinate Loan Documents, a First Mortgage Loan
Default shall not constitute a default under the Subordinate Loan Documents if no other default occurred under
the Subordinate Loan Documents.

7. Conflict.

The Borrower, the Senior Lender and the Subordinate Lender each agrees that, in the event of any
conflict or inconsistency between the terms of the First Mortgage Loan Documents, the Subordinate Loan
Documents and the terms of this Agreement, the terms of this Agreement shall govern and control solely
as to the following: (a) the relative priority of the security interests of the Senior Lender and the Subordinate
Lender in the Property; (b) the timing of the exercise of remedies by the Senior Lender and the Subordinate
Lender under the First Mortgage and the Subordinate Mortgages, respectively; and (c) solely as between
the Senior Lender and the Subordinate Lender, the notice requirements, cure rights, and the other rights
and obligations which the Senior Lender and the Subordinate Lender have agreed to as expressly provided
in this Agreement. Borrower acknowledges that the terms and provisions of this Agreement shall not, and shall not be deemed to: extend Borrower's time to cure any First Mortgage Loan Default or Subordinate Loan Default, as the case may be; give the Borrower the right to notice of any First Mortgage Loan Default or Subordinate Loan Default, as the case may be other than that, if any, provided, respectively under the First Mortgage Loan Documents or the Subordinate Loan Documents; or create any other right or benefit for Borrower as against Senior Lender or Subordinate Lender.

8. Rights and Obligations of the Subordinate Lender Under the Subordinate Loan Documents and of the Senior Lender under the First Mortgage Loan Documents.

Subject to each of the other terms of this Agreement, all of the following provisions shall supersede any provisions of the Subordinate Loan Documents covering the same subject matter:

(a) Protection of Security Interest. The Subordinate Lender shall not, without the prior written consent of the Senior Lender in each instance, take any action which has the effect of increasing the indebtedness outstanding under, or secured by, the Subordinate Loan Documents.

(b) Condemnation or Casualty. In the event of: a taking or threatened taking by condemnation or other exercise of eminent domain of all or a portion of the Property (collectively, a "Taking"); or the occurrence of a fire or other casualty resulting in damage to all or a portion of the Property (collectively, a "Casualty"), at any time or times when the First Mortgage remains a lien on the Property the following provisions shall apply:

(1) The Subordinate Lender hereby agrees that its rights (under the Subordinate Loan Documents or otherwise) to participate in any proceeding or action relating to a Taking and/or a Casualty, or to participate or join in any settlement of, or to adjust, any claims resulting from a Taking or a Casualty shall be and remain subordinate in all respects to the Senior Lender's rights under the First Mortgage Loan Documents with respect thereto, and the Subordinate Lender shall be bound by any settlement or adjustment of a claim resulting from a Taking or a Casualty made by the Senior Lender; and

(2) all proceeds received or to be received on account of a Taking or a Casualty, or both, shall be applied (either to payment of the costs and expenses of repair and restoration or to payment of the First Mortgage Loan) in the manner determined by the Senior Lender in its sole discretion; provided, however, that if the Senior Lender elects to apply such proceeds to payment of the principal of, interest on and other amounts payable under the First Mortgage Loan, any proceeds remaining after the satisfaction in full of the principal of, interest on and other amounts payable under the First Mortgage Loan shall be paid to, and may be applied by, the Subordinate Lender in accordance with the applicable provisions of the Subordinate Loan Documents.

(c) No Modification of Subordinate Loan Documents. The Borrower and the Subordinate Lender each agrees that, until the principal of, interest on and all other amounts payable under the First Mortgage Loan Documents have been paid in full, it will not, without the prior written consent of the Senior Lender in each instance, amend, modify or restate any of the Subordinate Loan Documents or any of the terms of either of the Subordinate Loans in any manner. Any unauthorized amendment, modification or restatement of any of the Subordinate Loan Documents or assignment of the Subordinate Lender's interest in either Subordinate Loan without the Senior Lender's consent shall be void ab initio and of no effect whatsoever and Subordinate Lender agrees that it shall not transfer or assign either Subordinate Loan or any of the Subordinate Loan Documents without the prior written consent of the Senior Lender.
9. Modification or Refinancing of First Mortgage Loan.

The Subordinate Lender consents to any agreement or arrangement in which the Senior Lender or Funding Lender waives, postpones, extends, reduces or modifies any provisions of the First Mortgage Loan Documents, including any provision requiring the payment of money. Subordinate Lender further agrees that its agreement to subordinate hereunder shall extend to any new mortgage debt which is for the purpose of refinancing all or any part of the First Mortgage Loan (including reasonable and necessary costs associated with the closing and/or the refinancing) and Subordinate Lender shall execute and deliver to Senior Lender a new subordination agreement on the same terms and conditions as this Subordination Agreement.

10. Default by the Subordinate Lender or Senior Lender.

If the Subordinate Lender or Senior Lender defaults in performing or observing any of the terms, covenants or conditions to be performed or observed by it under this Agreement, the other, non-defaulting lender shall have the right to all available legal and equitable relief.


Each notice, request, demand, consent, approval or other communication (hereinafter in this Section referred to collectively as “notices” and referred to singly as a “notice”) which the Senior Lender or the Subordinate Lender is required or permitted to give to the other party pursuant to this Agreement shall be in writing and shall be deemed to have been duly and sufficiently given if: (a) personally delivered with proof of delivery thereof (any notice so delivered shall be deemed to have been received at the time so delivered); or (b) sent by Federal Express (or other similar national overnight courier) designating early morning delivery (any notice so delivered shall be deemed to have been received on the next Business Day following receipt by the courier); or (c) sent by United States registered or certified mail, return receipt requested, postage prepaid, at a post office regularly maintained by the United States Postal Service (any notice so sent shall be deemed to have been received two days after mailing in the United States), addressed to the respective parties as follows:

SENIOR LENDER:
U.S. Bank National Association
Global Corporate Trust
633 West 5th St.
Los Angeles, CA 90071
Attention Julia Hommel

With a copy to
JPMorgan Chase Bank, N.A.
Community Development Banking
300 South Grand Avenue, Suite 300
Los Angeles, CA 90071
Attention: Douglas Leezer

And:

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
And:

CIT Bank, N.A.
75 N. Fair Oaks Avenue
Pasadena, CA 91103
Attention: Claudia Lima

With a copy to:

CIT Bank, N.A. CBS/Client Banking Services
75 N. Fair Oaks Avenue
Pasadena, CA 91103
Attention: Peter Elia

And a copy to:

CIT Bank, N.A.
2450 Broadway, Suite 400
Santa Monica, CA 90404
Attention: Legal Counsel, Real Estate Finance

SUBORDINATE LENDER: Housing Authority of the City of Los Angeles
2600 Wilshire Boulevard, Third Floor
Los Angeles, California 90057
Attention: President and Chief Executive Director

With a copy to:

Housing Authority of the City of Los Angeles
2600 Wilshire Boulevard, Third Floor
Los Angeles, California 90057
Attention: General Counsel

With a copy to:

Reno & Cavanaugh, PLLC
455 Massachusetts Avenue NW, Suite 400
Washington, DC 90001
Attention: Megan Glasheen

Either party may, by notice given pursuant to this Section, change the person or persons and/or address or addresses, or designate an additional person or persons or an additional address or addresses for its notices, but notice of a change of address shall only be effective upon receipt.


(a) Assignment/Successors. This Agreement shall be binding upon the Borrower, the Senior Lender and the Subordinate Lender and shall inure to the benefit of the respective legal
successors and assigns of the Senior Lender and the Subordinate Lender. Except for the Funding Lender, no other party will be entitled to any benefits under this Agreement, whether as a third party beneficiary or otherwise.

(b) No Partnership or Joint Venture. The Senior Lender's permission for the placement of the Subordinate Loan Documents does not constitute the Senior Lender or funding Lender as a joint venturer or partner of the Subordinate Lender. Neither party hereto shall hold itself out as a partner, agent or Affiliate of the other party hereto.

(c) Senior Lender's and Subordinate Lender's Consent. Wherever the Senior Lender's consent or approval is required by any provision of this Agreement, such consent or approval may be granted or denied by the Senior Lender in its sole and absolute discretion, unless otherwise expressly provided in this Agreement. Wherever the Subordinate Lender's consent or approval is required by any provision of this Agreement, such consent or approval may be granted or denied by the Subordinate Lender in its sole and absolute discretion, unless otherwise expressly provided in this Agreement.

(d) Further Assurances. The Subordinate Lender, the Senior Lender and the Borrower each agree, at the Borrower's expense, to execute and deliver all additional instruments and/or documents reasonably required by any other party to this Agreement or Funding Lender in order to evidence that the Subordinate Mortgages are each subordinate to the lien, covenants and conditions of the First Mortgage, or to further evidence the intent of this Agreement.

(e) Amendment. This Agreement shall not be amended except by written instrument signed by all parties hereto.

(f) Governing Law. This Agreement shall be governed by the laws of the State in which the Property is located.

(g) Severable Provisions. If any provision of this Agreement shall be invalid or unenforceable to any extent, then the other provisions of this Agreement, shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

(h) Term. The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (i) the payment of all of the principal of, interest on and other amounts payable under the First Mortgage Loan Documents; (ii) the payment of all of the principal of, interest on and other amounts payable under the Subordinate Loan Documents, other than by reason of payments which the Subordinate Lender is obligated to remit to the Senior Lender pursuant to Section 4 hereof; (iii) the acquisition by the Senior Lender or Funding Lender of title to the Property pursuant to a foreclosure or a deed in lieu of foreclosure of, or the exercise of a power of sale contained in, the First Mortgage; or (iv) the acquisition by the Subordinate Lender of title to the Property pursuant to a foreclosure or a deed in lieu of foreclosure of, or the exercise of a power of sale contained in, a Subordinate Mortgage, but only if such acquisition of title does not violate any of the terms of this Agreement.

(i) Funding Lender’s Right to Control. Notwithstanding anything herein to the contrary, all acts, consents, approvals and undertakings of Senior Lender hereunder shall be solely at the written direction of the Funding Lender. The parties acknowledge and agree that Funding Lender is a third party beneficiary of this Agreement, with full rights as such.

(j) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

SENIOR LENDER:

U.S. BANK NATIONAL ASSOCIATION, as Fiscal Agent

By: ____________________________________
Name: ____________________________________
Title: ____________________________________

[Signatures continue on following page]
SUBORDINATE LENDER:

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic organized and existing under the laws of the State of California

By: ____________________________________
Name: ____________________________________
Title: ____________________________________

[Signatures continue on following page]
BORROWER:

JORDAN DOWNS PHASE2, LP,
a California limited partnership

By: Jordan S2-Michaels LLC,
a California limited liability company
its administrative general partner

By: _______________________________
   Ken Crawford
   Vice President

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _______________________________
   Tina Smith-Booth
   President
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California                                      )
County of Orange                                        )

On ____________________, before me, __________________________, a Notary Public, personally appeared _______________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature ____________________________________________
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )
County of Orange )

On ____________________, before me, ____________________________, a Notary Public, personally appeared _______________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _________________________________
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )
County of Orange )

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 ______________________________
TAB V

LIHTC Equity Documents
TAB V-17

Purchase Option Agreement
PURCHASE OPTION AGREEMENT

Jordan Downs Phase S2

This Purchase Option Agreement (this “Agreement”) is made and entered into as of ________, 2021 among Jordan Downs Phase S2, LP, a California limited partnership (the “Partnership”), Jordan Downs S2-Michaels LLC, a California limited liability company (the “Administrative General Partner”), La Cienega LOMOD, Inc., a California nonprofit public benefit corporation (the “Optionee”), and the Housing Authority of the City of Los Angeles, a public body, corporate and politic (the “HACLA”) and is consented to hereinbelow by Berkadia Jordan Downs Phase S2 Investor LP, a Delaware limited partnership (the “Investor Limited Partner”).

RECITALS

A. Concurrently with the execution and delivery of this Agreement, the Administrative General Partner, Optionee, Investor Limited Partner are entering into that certain Amended and Restated Agreement of Limited Partnership (the “Partnership Agreement”), continuing the Partnership by amending and restating a prior partnership agreement.

B. The Project is or will be subject to an extended use agreement (the “Extended Use Agreement”) with the Agency restricting the Project’s use to low-income housing (such use restrictions under the Regulatory Agreement and the Extended Use Agreement being referred to collectively herein as the “Use Restrictions”).

C. The Optionee desires to have the option to acquire the Project or the Partnership Interests on the terms and conditions of this Agreement.

D. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Partnership Agreement.
NOW, THEREFORE, in consideration of the execution and delivery of the Partnership Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. **Grant of Option.** The Partnership hereby grants to the Optionee, or its designee, including, without limitation, HACLA, an option to purchase the Partnership’s interest in the real estate, ground lease, structures, improvements, fixtures, and personal property comprising the Project or associated with the physical operation thereof, located at the Project and owned by the Partnership at the time of purchase, during the Option Period (as defined herein), on the terms and conditions set forth in this Agreement and subject to the conditions precedent to the exercise of the Option specified herein. The Project is legally described in Exhibit A attached hereto and made a part hereof. The rights of Optionee under this Section 1 are hereinafter referred to as the “Option”.

2. **Term of Option.** The term of this Option shall commence on the first calendar day of the 15th year following the commencement of the ten-year tax credit period for the Project, and shall expire at 11:59 p.m. (Pacific Time) on the eighteenth (18th) year following the commencement of such ten-year tax credit period (the “Option Period”). In the event that different component buildings that comprise the Project have different tax credit periods, the Option Period will be based on the latest of these periods.

3. **Purchase Price Under Option.** The purchase price for the Project pursuant to the Option (the “Option Price”) shall be the greater of the following amounts, subject to the provision set forth hereinbelow:

   (a) **Price Formula.** An amount, determined by the Partnership’s Accountants, which is equal to the sum of (1) the outstanding principal, accrued interest, any prepayment penalty and any other amounts due under all mortgage documents relating to the Project, whether or not such amounts are due upon sale, and the total amount of all other indebtedness of the Partnership as of the date of closing; (2) plus exit taxes for all Partners; and (3) the amount of any unreimbursed deficiency in Code Section 42 low-income housing tax credits recognized by the Investor Limited Partner, or its successor as investor limited partner of Partnership, with respect to the Project as compared to the level agreed to be provided to the Investor Limited Partner by the Partnership, as the same may have been adjusted pursuant to the Partnership Agreement (the “Tax Credit Shortfall”). In computing such price, it shall be assumed that each of the Partners of the Partnership (or their constituent partners or members) has an effective combined federal, state and local income tax rate calculated using the maximum of such rates in effect on the date of closing; or

   (b) **Fair Market Value.** An amount equal to the sum of one hundred percent (100%) of the fair market value of the Project, appraised in accordance with the procedures described in Section 6 below (the “Appraised Fair Market Value”). If the Optionee desires to acquire the reserves held by Project Lenders or the Partnership in connection with the transfer of the Project, the Option Price under this paragraph (b) shall include the fair market value of such reserves. Fair market value shall be calculated considering the nature of the reserves and any existing...
restrictions on the use or availability of the reserves.

4. **Conditions Precedent.** Notwithstanding anything in this Agreement to the contrary, the Option granted hereunder to Optionee shall be contingent on the following being true and correct at the time of exercise of the Option and any purchase pursuant thereto: (i) all amounts then owed to the Investor Limited Partner, or its successor limited partner of the Partnership, under the Partnership Agreement and the Guaranty (other than the Tax Credit Shortfall, if any, included in the purchase price) have been, or concurrently with the exercise of the Option will be, paid in full and (ii) all required Authority and Project Lender approvals have been obtained.

If any or all of such conditions precedent have not been satisfied, the Option shall not be exercisable by the Optionee. Upon any of the events terminating the Option under this Section 4 with respect to the Optionee, the Option shall be void and of no further force and effect.

5. **Exercise of Option.** The Option may be exercised by the Optionee by (a) giving prior written notice of its intent to exercise the Option to the Partnership and each of its Partners in the manner provided in the Partnership Agreement and in compliance with the requirements of this Section 5 (the “Option Exercise Notice”), and (b) complying with the contract and closing requirements of Section 7 hereof. Any such Option Exercise Notice may be given during the period commencing six (6) months prior to commencement of the Option Period and terminating at the end of the Option Period. It shall be a condition precedent to the exercise of the Option at any time prior to the end of the Compliance Period that Optionee shall covenant and agree to maintain the Project as a qualified low-income housing project for the balance of the Compliance Period. The Option may be exercised by Optionee (or an Affiliate of Optionee) during the Option Period.

6. **Determination of Option Price.** Upon delivery of the Option Exercise Notice, the Partnership and the Optionee shall determine the Option Price utilizing the Appraised Fair Market Value of the Project determined as follows: As soon as practicable following the delivery of the Option Exercise Notice, the Optionee and the Investor Limited Partner shall select a mutually acceptable independent appraiser familiar with properties similar to the Project in Los Angeles, California (“Independent Appraiser”). If the parties have not selected a mutually acceptable Independent Appraiser by the date fifteen (15) business days after delivery of the Option Exercise Notice, the Investor Limited Partner shall provide the Optionee with a list of at least three (3) but no more than five (5) appraisers approved by Investor Limited Partner for the Los Angeles, California market. Optionee shall respond in writing with its choice of the name of one (1) Independent Appraiser from such list within fifteen (15) business days of receipt of the Optionee's candidates. The selected Independent Appraiser shall determine the Appraised Fair Market Value. The Partnership and the Optionee shall each pay one-half of the fees and expenses of any Independent Appraiser selected pursuant to this Section 6.

7. **Contract and Closing.** Upon determination of the purchase price, the Partnership and the Optionee, shall enter into a written contract for the purchase and sale of the Project in accordance with the terms of this Agreement and containing such other terms and conditions as are standard and customary for similar commercial transactions in the geographic area which the Project is located, providing for a closing not later than the date specified in the Option Exercise
Notice or one hundred eighty (180) calendar days after the Option Price has been determined, whichever is later. In the absence of any such contract, this Agreement shall be specifically enforceable upon the exercise of the Option. The purchase and sale hereunder shall be closed through a deed-and-money escrow with the title insurer for the Project or another mutually acceptable title company, provided, however, that the purchase price may be paid in cash or by assumption of debts of the Partnership, or a combination thereof. Upon closing, the Partnership shall deliver to the Optionee, along with the deed to the property, a CLTA Owner’s Policy dated as of the close of escrow in the amount of the purchase price, subject to the liens, encumbrances and other exceptions then affecting the title. The Optionee shall be responsible for all costs including, but not limited to, transfer taxes, title policy premiums and recording costs.

8. Use Restrictions.

(a) In consideration of the Option granted hereunder at the price specified herein, unless other use restrictions remain on the Project at the closing of the sale, Optionee hereby agrees that the deed granting the Project to Optionee shall contain a covenant running with the land, restricting the use of the Project to low-income housing to the extent required by those Use Restrictions contained in the Regulatory Agreement and the Extended Use Agreement. Such deed covenant shall include a provision requiring Optionee to pay any and all costs, including attorneys’ fees, incurred by the Investor Limited Partner in enforcing or attempting to enforce the Use Restrictions, and to pay any and all damages incurred by the Investor Limited Partner from any delay in or lack of enforceability of the same. All provisions relating to the Use Restrictions contained in such deed and in this Agreement shall be subject and subordinate to any third-party liens encumbering the Property.

(b) In the absence of a deed to Optionee conforming to the requirements of this Agreement, the provisions of this Agreement shall run with the land. In the event that the Option is not exercised, or the sale pursuant thereto is not consummated, then, upon conveyance of the Project to anyone other than Optionee hereunder, the foregoing provisions shall terminate and have no further force or effect.

9. Alternative Purchase of Partnership Interests. Notwithstanding the foregoing, the Optionee may, at its election, in lieu of a direct acquisition of the Project pursuant to the Option, acquire the limited partnership Interests (but not less than all of such interests) of any of the Partners which it does not already wholly own for a purchase price equal to one hundred percent (100%) of the fair market value of the Interests of the Partners, as applicable. Upon delivery of the Option Exercise Notice, the Partnership and the Optionee shall determine the Option Price of the limited partnership Interests pursuant to this Section 9 and the appraisal process set forth in Section 6 above.

10. Applicable Law. This Agreement shall be construed in accordance with the laws of the State of California.

11. Notices. All notices, demands or other communications hereunder shall be in writing and deemed to have been given when the same are (i) deposited in the United States mail and sent by certified or registered mail, postage prepaid, (ii) deposited with Federal Express or
similar overnight delivery service, (iii) transmitted by telecopier or other facsimile transmission, answerback requested, or (iv) delivered personally, in each case to the parties at the addresses set forth below or at such other addresses as such parties may designate by notice to the Partnership:

To Optionee: Housing Authority of the City of Los Angeles
2600 Wilshire Blvd., Third Floor
Los Angeles CA 90057
Attn: President and Chief Executive Officer

with copy to: Reno & Cavanaugh, PLLC
455 Massachusetts Avenue, Suite 400
Washington, DC 20001
Attn: Megan Glasheen

To Partnership: Jordan Downs Phase S2, LP
c/o The Michaels Development Company I, L.P.
2 Cooper Street
Camden, NJ 08102
Attn: John J. O’Donnell

with copy to: Levine, Staller, Sklar, Chan & Brown, P.A.
3030 Atlantic Avenue
Atlantic City, NJ 08401
Attn: Arthur M. Brown

To Administrative General Partner: Jordan Downs S2-Michaels LLC
c/o The Michaels Development Company I, L.P.
2 Cooper Street
Camden, NJ 08102
Attn: John J. O’Donnell

with copy to: Levine, Staller, Sklar, Chan & Brown, P.A.
3030 Atlantic Avenue
Atlantic City, NJ 08401
Attn: Arthur M. Brown

To Managing General Partner: La Cienega LOMOD, Inc.
2600 Wilshire Blvd., Fourth Floor
Los Angeles CA 90057
Attn: Tina Smith-Booth, President

with copy to: Reno & Cavanaugh, PLLC
455 Massachusetts Avenue, Suite 400
Washington, DC 20001
Attn: Megan Glasheen
To Investor Berkadia Jordan Downs Phase S2 Investor LP
Limited Partner: Two Liberty Place
50 South 16th Street, Suite 2825
Philadelphia, PA 19102
Attn: Managing Director

with copy to: Nixon Peabody LLP
Exchange Place
53 State Street
Boston, MA 02109
Attn: Roger W. Holmes

12. **Binding Provisions.** The covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the heirs, legal representatives, successors and assignees of the respective parties hereto, except in each case as expressly provided to the contrary in this Agreement.

13. **Counterparts.** This Agreement may be executed in several counterparts and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the original or the same counterpart.

14. **Amendments.** This Agreement may be amended only by a written instrument executed in one or more counterparts by the parties hereto.

15. **Time.** Time is of the essence with respect to this Agreement, and all provisions relating thereto shall be so construed.

16. **Legal Fees.** Except as provided otherwise herein, in the event that legal proceedings are commenced by the Partnership against the Optionee, or by the Optionee, against the Partnership in connection with this Agreement or the transactions contemplated hereby, each party shall bear its own attorney’s fees and expenses.

17. **Assignment.** Optionee may assign its rights under this Agreement to an Affiliate wholly controlled by or under common control with Optionee, including, without limitation, HACLA. Except for the foregoing, Optionee shall not assign its interest in this Agreement without the Investor Limited Partner’s prior written consent.

18. **Rights Subordinate; Priority of Requirements of Section 42 of the Code.** This Agreement is hereby subordinated in all respects to any regulatory agreements (including, without limitation, the Rental Assistance Demonstration Use Agreement to be recorded on the Project) and to the terms and conditions of the Mortgages securing the Project Loans, including any lien of any deed of trust securing any loans made to the Partnership, with respect to the Project. In addition, it is the intention of the parties that nothing in this Agreement be construed to affect the Partnership’s status as owner of the Project for federal income tax purposes prior to exercise of the Option granted hereunder. Accordingly, notwithstanding anything to the contrary contained herein, both the grant and the exercise of the Option shall be subject in all respects to
all applicable provisions of Section 42 of the Code. In the event of a conflict between the provisions contained in this Agreement and Section 42 of the Code, the provisions of Section 42 shall control except for the determination of the purchase price unless Section 42 is amended in a manner that makes it mutually beneficial to amend the purchase price. Each Project Lender and their respective successors and assigns are hereby each made an express third party beneficiary of the foregoing subordination, and this Section 18 shall not be modified without the prior written consent of each Project Lender.

[signature page(s) to follow]
IN WITNESS WHEREOF, the parties have executed this document as of the date first set forth hereinabove.

PARTNERSHIP:

JORDAN DOWNS PHASE S2, LP,
a California limited company

By: Jordan S2-Michaels, LLC,
a California limited liability company
its administrative general partner

By: _______________________________
Kenneth P. Crawford
Vice President

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _______________________________
Tina Smith-Booth
President

[NOTARY BLOCKS ON NEXT PAGE]
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of New Jersey  )
County of ______________________ )

On ______________________, before me, ______________________, Notary Public, personally appeared ______________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of New Jersey that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature ______________________
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )
County of ____________________ )

On ______________________, before me, __________________________, Notary Public, personally appeared __________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature __________________
ADMINISTRATIVE GENERAL PARTNER:

JORDAN S2-MICHAELS LLC,
a California limited company

By: ___________________________________________
    Kenneth P. Crawford
    Vice President

[NOTARY BLOCK ON NEXT PAGE]
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of New Jersey )
County of ______________________ )

On _________________________, before me, _________________________,
Notary Public, personally appeared _________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of New Jersey that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature ______________________
OPTIONEE:

LA CIENEGA LOMOD, INC.
a California nonprofit public benefit corporation,

By: ________________________________________
    Tina Smith-Booth
    President

[NOTARY BLOCK ON NEXT PAGE]
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )
County of ______________________ )

On _________________________ , before me, ____________________________ , Notary Public, personally appeared ____________________________ , who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature ____________________________
HACLA:

HOUSING AUTHORITY OF
THE CITY OF LOS ANGELES,
a public body, corporate and politic

By: ________________________________
    Douglas Guthrie
    President and Chief Executive Officer

[NOTARY BLOCK ON NEXT PAGE]
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )
County of ______________________ )

On _________________________, before me, ________________________,
(insert name and title of the officer)
Notary Public, personally appeared ________________________,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature ______________________
INVESTOR LIMITED PARTNER:

BERKADIA JORDAN DOWNS PHASE S2 INVESTOR LP, a Delaware limited partnership

By: Riverside Capital, LLC, aka Berkadia Affordable Tax Credit Solutions, its general partner

By: ________________________________
Drew Ries
Chief Financial Officer &
Chief Operating Officer

[NOTARY BLOCK ON NEXT PAGE]
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

Commonwealth of Pennsylvania )
County of ______________________ )

On _________________________, before me, __________________________________________,
Notary Public, personally appeared ____________________________,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the Commonwealth of Pennsylvania that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature ____________________
EXHIBIT A

LEGAL DESCRIPTION

The land referred to herein is situated in the State of California, County of Los Angeles, City of Los Angeles and 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
Right of First Refusal Agreement
RIGHT OF FIRST REFUSAL AGREEMENT

Jordan Downs Phase S2

This Right of First Refusal Agreement (the “Agreement”) is made and entered into as of ________, 2021, among Jordan Downs Phase S2, LP, a California limited partnership (the “Owner”), Jordan Downs S2-Michaels, LLC, a California limited liability company (the “Administrative General Partner”), La Cienega LOMOD, Inc., a California nonprofit public benefit corporation (the “Managing General Partner”), and the Housing Authority of the City of Los Angeles, a public body, corporate and politic (the “Optionee”) and is consented to hereinbelow by Berkadia Jordan Downs Phase S2 Investor LP, a Delaware limited partnership (the “Investor Limited Partner”).

RECITALS

WHEREAS, the Owner was formed to acquire, own, construct, develop, finance, maintain, operate and eventually dispose of a eighty-one (81) unit multifamily apartment development intended for rental to low-income tenants located in Los Angeles, California (the “Project”);

WHEREAS, an Affiliate of Optionee is the Managing General Partner of Owner under the Amended and Restated Agreement of Limited Partnership of the Owner of substantially even date herewith (the “Partnership Agreement”); and

WHEREAS, the Owner desires to give, grant, bargain, sell and convey to Optionee certain rights of first refusal to purchase the Project on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which the parties hereto acknowledge, the parties hereby agree as follows:
1. **Right of First Refusal.** The Owner hereby grants to Optionee a right of first refusal to purchase all right, title and interest held by the Owner in the Project, in accordance with the terms and conditions set forth below. The Project is legally described in Exhibit A attached hereto. The rights of the Optionee under this Section are hereinafter referred to as the “**Right of First Refusal**”. Owner will not transfer, sell, alienate, assign, give, bequeath, or otherwise dispose of the Project or any portion thereof to any third party without first offering the Project for a period of ninety (90) calendar days to Optionee. It is the intention of the parties that this Right of First Refusal is issued pursuant to Section 42(i)(7) of the Internal Revenue Code of 1986, as amended ("**Code**"). Accordingly the provisions hereof, including the provisions and procedures of Section 2 hereof should be interpreted to satisfy the minimum requirements of such Section 42(i)(7) as interpreted from time to time by the Internal Revenue Service, except for the Purchase Price provided in Section 3 hereof, including, without limitation the right, if any, of Optionee to exercise the right granted hereby without the necessity of the receipt of an offer to purchase the Project from a third party. If it is reasonably determined by counsel for Owner, Investor Limited Partner and Optionee that a third party offer is not necessary under Section 42(i)(7) of the Code, Optionee shall have the right to exercise the Right of First Refusal by written notice as set forth in Section 2.

2. **Exercise of Right of First Refusal.**

(a) In the event that the Owner receives an offer to purchase, transfer, sell, alienate, assign, give, bequeath, or otherwise dispose of the Project or any portion thereof at any time during the period beginning on the date of termination of the Compliance Period, and for three (3) years thereafter, the Owner shall provide Optionee, Administrative General Partner, Managing General Partner, and Investor Limited Partner written notice of its receipt of such an offer (the “**Offer Notice**”). Optionee shall have ninety (90) days from receipt of the Offer Notice to provide written notice to Owner (“**ROFR Notice**”) stating that Optionee wishes to exercise the Right of First Refusal. If Optionee fails to deliver the ROFR Notice within the applicable ninety (90) day period, or if such ROFR Notice is delivered but Optionee does not consummate the purchase of the Project within one hundred eighty (180) calendar days from the date of delivery of the ROFR Notice, this Right of First Refusal shall terminate. Thereafter, the Owner shall be permitted to sell the Project free of the Right of First Refusal. All costs of the exercise of the Right of First Refusal, including without limitation any filing or recording fees and applicable transfer taxes, shall be paid by Optionee.

(b) Notwithstanding anything to the contrary contained in this Section 2, the right of Optionee to exercise the Right of First Refusal and consummate any purchase pursuant thereto is contingent on each of the following being true and correct at the time of delivery of the ROFR Notice and the closing of the purchase thereto: (i) the Optionee is an entity described in Section 42(i)(7) of the Code; and (ii) all amounts then owed to the Investor Limited Partner, or its successor limited partner of the Partnership, under the Partnership Agreement and the Guaranty have been, or concurrently with the exercise of the Right of First Refusal (other than the Tax Credit Shortfall payable at Closing, as defined herein) will be, paid in full.

(c) The closing on the sale of the Project shall take place in Los Angeles, California,
at the time and place set forth in the Election Notice (the “Closing”).

3. **Purchase Price.** The Project’s purchase price under the Right of First Refusal (the “Purchase Price”) shall be the “minimum purchase price” as defined in Section 42(i)(7)(B) of the Code plus (i) the amount of any partner and affiliate entity loans made for the benefit of the Project, (ii) an amount sufficient to distribute to members of the Grantor cash equal to the State, local and Federal taxes projected to be imposed on the members of the Grantor as a result of the sale of the Project pursuant to this Agreement, and (iii) the amount of any unreimbursed deficiency in Code Section 42 low-income housing tax credits recognized by the Investor Limited Partner, or its successor as investor limited partner of the Owner, with respect to the Project as compared to the level agreed to be provided to the Investor Limited Partner by the Owner (the “Tax Credit Shortfall”).

4. **Payment of Purchase Price.** The Purchase Price shall be paid at Closing in one of the following methods:

   (a) The payment of all cash or immediately available good funds at Closing; or

   (b) The assumption of any assumable Project Loans if Optionee has obtained the consent of the Project Lenders to the assumption of such Project Loans, which consent shall be secured at the sole cost and expense of Optionee. Any Purchase Price balance remaining after the assumption of the Loans shall be paid by Optionee in immediately available funds.

5. **Termination Events.** The Right of First Refusal shall terminate, and if exercised, then any obligation of the Owner to close the sale of the Project shall terminate on the occurrence of any one or more of the following events, and if terminated shall not be reinstated unless such reinstatement is agreed to in a writing signed by Optionee and the Investor Limited Partner:

   (a) the transfer of the Project to a lender in total or partial satisfaction of any loan;

   (b) any transfer or attempted transfer of all or any part of the Right of First Refusal, whether by operation of law or otherwise, except as otherwise permitted under Section 7 of this Agreement;

   (c) the Project ceases to be a “qualified low-income housing project” within the meaning of Section 42 of the Code; or

6. **Conveyance and Condition of the Property.** The Owner’s right, title and interest in the Project shall be conveyed by quitclaim deed, subject to such liens, encumbrances and parties in possession as shall exist as of the date of Closing. Optionee shall accept the Project “as is,” without any warranty or representation as to the condition thereof whatsoever, including without limitation, without any warranty as to fitness for a particular purpose, habitability, or otherwise and no indemnity for hazardous waste or other conditions with respect to the Project will be provided. It is a condition to Closing that all amounts due the Owner and its Partners from Optionee or its Affiliates be paid in full. Optionee shall pay all closing costs, including, without limitation, the Owner’s reasonable attorney’s fees related to the conveyance of the Project.
hereunder.

7. **Transfer.** Except for an assignment by Optionee to an entity entitled to exercise the Right of First Refusal pursuant to Section 42(i)(7) of the Code, this Right of First Refusal shall not be transferred or assigned to any Person without the Consent of the Investor Limited Partner. In the case of any such permitted transfer, such transferee shall be disqualified from the exercise of any rights hereunder at all times during which Optionee would have been ineligible to exercise such rights hereunder had it not effected such transfer.

8. **Notice.** All notices, demands or other communications hereunder shall be in writing and deemed to have been given when the same are (i) deposited in the United States mail and sent by certified or registered mail, postage prepaid, (ii) deposited with Federal Express or similar overnight delivery service, (iii) transmitted by telecopier or other facsimile transmission, answerback requested, or (iv) delivered personally, in each case to the parties at the addresses set forth below or at such other addresses as such parties may designate by notice to the Partnership:

   To Optionee:    Housing Authority of the City of Los Angeles
                   2600 Wilshire Blvd., Third Floor
                   Los Angeles CA 90057
                   Attn: President and Chief Executive Officer

   with copy to:   Reno & Cavanaugh, PLLC
                   455 Massachusetts Avenue, Suite 400
                   Washington, DC 20001
                   Attn: Megan Glasheen

   To Partnership:  Jordan Downs Phase S2, LP
                    c/o The Michaels Development Company I, L.P.
                    2 Cooper Street
                    Camden, NJ 08102
                    Attn: John J. O’Donnell

   with copy to:   Levine, Staller, Sklar, Chan & Brown, P.A.
                   3030 Atlantic Avenue
                   Atlantic City, NJ 08401
                   Attn: Arthur M. Brown

   To Administrative General Partner:  Jordan S2-Michaels, LLC
                                        c/o The Michaels Development Company I, L.P.
                                        2 Cooper Street
                                        Camden, NJ 08102
                                        Attn: John J. O’Donnell

   with copy to:   Levine, Staller, Sklar, Chan & Brown, P.A.
                   3030 Atlantic Avenue
                   Atlantic City, NJ 08401
9. **Option to Purchase.** The parties hereto agree that if the Internal Revenue Service hereafter issues public authority to permit the owner of a low-income housing tax credit project to grant an “option to purchase” pursuant to Section 42(i)(7) of the Code as opposed to a “right of first refusal” without adversely affecting the status of such owner as owner of its project for federal income tax purposes, then the parties shall grant Optionee an option to purchase the Project at the Purchase Price.

10. **Definitions.** Capitalized terms not otherwise defined, shall have the meanings given them in the Partnership Agreement or (if not therein defined), in the Code or Treasury Regulations promulgated thereunder, as such may be published and amended from time to time.

11. **Severability of Provisions.** Each provision of this Agreement shall be considered severable, and if for any reason any provision that is not essential to the effectuation of the basic purposes of the Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement that are valid.

12. **Amendments.** This Agreement shall not be amended except by written agreement between Optionee and the Owner with the Consent of the Investor Limited Partner.

13. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State California, without regard to principles of conflicts of law.
14. **Headings.** All headings in this Agreement are for convenience of reference only. Masculine, feminine, or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

15. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all parties shall not have signed the same counterpart.

16. **Rights Subordinate; Priority of Requirements of Section 42 of the Code.** This Agreement and the grants herein are hereby subordinated in all respects to: (i) any and all applicable Regulatory Agreements (including, without limitation, the Rental Assistance Demonstration Use Agreement to be recorded against the Project), (ii) to the terms and conditions of the Project Loans, including any lien of any deed of trust securing any loans made to the Owner, with respect to the Project, and (iii) any other encumbrances to which title to the Project is (a) now subject, or (b) becomes subject to between the date of this Agreement and the date of exercise of such right of first refusal or buyout option. In addition, it is the intention of the parties that nothing in this Agreement be construed to affect the Owner’s status as owner of the Project for federal income tax purposes prior to exercise of the Right of First Refusal granted hereunder. Accordingly, notwithstanding anything to the contrary contained herein, both the grant and the exercise of the Right of First Refusal shall be subject in all respects to all applicable provisions of Section 42 of the Code, including, in particular, Section 42(i)(7) (but with recognition of any partner loans made for the benefit of the Project). In the event of a conflict between the provisions contained in this Agreement and Section 42 of the Code, the provisions of Section 42 shall control except for the determination of the Purchase Price, unless Section 42 is amended in a manner that makes it mutually beneficial to amend the Purchase Price. Each Project Lender and their respective successors and assigns are hereby each made an express third party beneficiary of the foregoing subordination, and this Section 16 shall not be modified without the prior written consent of each Project Lender.

[signature page(s) to follow]
IN WITNESS WHEREOF, the parties have executed this document as of the date first set forth hereinabove.

PARTNERSHIP:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

By: Jordan S2-Michaels, LLC,
a California limited liability company
its administrative general partner

By: _______________________________
Kenneth P. Crawford
Vice President

By: La Cienega LOMOD, Inc.,
a California nonprofit public benefit corporation,
its managing general partner

By: _______________________________
Tina Smith-Booth
President
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of New Jersey )
County of ______________________  )

On _________________________, before me, ______________________, Notary Public, personally appeared ______________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of New Jersey that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature________________________
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  
County of ______________________  )

On ______________________, before me, , Notary Public, personally appeared , who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature____________________
ADMINISTRATIVE GENERAL PARTNER:

JORDAN S2-MICHAELS, LLC,
a California limited partnership

By: _______________________________
    Kenneth P. Crawford
    Vice President
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of New Jersey )
County of ______________________ )

On _________________________, before me, ________________________,

(insert name and title of the officer)

Notary Public, personally appeared ________________________________

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of New Jersey that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature___________________
MANAGING GENERAL PARTNER:

LA CIENEGA LOMOD, INC.
a California nonprofit public benefit corporation,

By: _______________________________
    Tina Smith-Booth
    President
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )
County of ______________________ )

On _________________________, before me, ____________________________, Notary Public, personally appeared ____________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature____________________
OPTIONEE:

HOUSING AUTHORITY OF THE CITY
OF LOS ANGELES, a public body, corporate and politic

By: ______________________________________________________
Douglas Guthrie
President and Chief Executive Officer
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )
County of ______________________ )

On _________________________, before me, ________________________
(insert name and title of the officer)
Notary Public, personally appeared ________________________,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature___________________
INVESTOR LIMITED PARTNER:

BERKADIA JORDAN DOWNS PHASE S2
INVESTOR LP, a Delaware limited partnership

By: Riverside Capital, LLC, aka Berkadia Affordable Tax Credit Solutions, its general partner

By: ________________________________
Drew Ries
Chief Financial Officer &
Chief Operating Officer
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

Commonwealth of Pennsylvania )
County of ______________________ )

On _________________________, before me, ________________________________, Notary Public, personally appeared ________________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the Commonwealth of Pennsylvania that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature__________________
EXHIBIT A

LEGAL DESCRIPTION

The land referred to herein is situated in the State of California, County of Los Angeles, City of Los Angeles and 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
TAB VI-19

Management and Re-occupancy Plan
MANAGEMENT & REOCCUPANCY PLAN
Jordan Downs Phase S2

MICHAELS MANAGEMENT-AFFordable, LLC
(February 2021)
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Attachment A Property Summary
1. MANAGEMENT PLAN

The Property Management and Re-occupancy Plan (this “Plan”) is made as of the 11th day of February, 2021 by and between Jordan Downs Phase S2, LP, a California limited partnership (the “Owner”) and Michaels Management-Affordable, LLC, a New Jersey Corporation (the “Agent”) and is consented to by the Housing Authority of the City of Los Angeles (the “Authority” or “HACLA”). This Plan sets forth an outline of procedures and guidelines to follow in the management of Jordan Downs Phase S2 (the “Property”). It is the intent of this Plan and all parties involved to create a decent, safe and sanitary living environment for the residents of the Property and to operate the Property in accordance with the Applicable Regulatory and Operating Requirements.

The Property is a 81 unit multi-family development, along with other ancillary improvements including a community room located in the Watts section of Los Angeles as outlined in the Description of Site and Property attached as Attachment A to this Plan.

1.1 DEFINITIONS

Authority- means the Housing Authority of the City of Los Angeles

Applicable Regulatory and Operating Requirements- means the applicable regulatory requirements and standards outlined in the RAD Requirements, the PBV Requirements, the Tax Credit Requirements, the Authority’s Section 8 Administrative Plan as it applies to the Property, the law of the State of California, and such other regulatory requirements to which the Property is subject.

Disposition and Development Agreement- means that Disposition and Development Agreement entered into between the Authority and Owner outlining various plans and requirements related to development and operation of the Property.

Former Property - means the 700 unit Jordan Downs public housing community, located between Grape, Alameda, 97th and 103rd streets in the Watts section of Los Angeles.

Ground Lease- means that Ground Lease for the Property between the Authority and the Owner.

HAP Contract – means, collectively, the PBV HAP Contract and the RAD HAP Contract.

Marketing and Tenant Selection Plan- means that plan outlining the methods Agent will employ to market the Property, screen applicants for the Tax Credit-Only Units refer applicants for the PBV Units and RAD Units to the Authority for eligibility review and inclusion on the Site-Specific RAD/PBV Waiting List, and screen those applicants the
Authority has referred from the Site-Specific Waiting List all in accordance with the Applicable Regulatory and Operating Requirements. It is expressly noted that remaining (existing) Jordan Downs residents shall fill replacement units after initial occupancy and prior to being placed on the waiting list.

Operating Budget- means that operating budget for the Property which includes costs for marketing, lease-up, operation, repair, maintenance and improvement of the Property prepared by Agent and approved by both Owner and the Authority.

Partnership Agreement- means that Amended and Restated Agreement of Limited Partnership of Owner.

PBV HAP Contract - means the Housing Assistance Payments Contract between the Authority and the Owner for the PBV Units.

PBV Requirements- means all statutory, regulatory (24 CFR part 983) and programmatic requirements applicable to the PBV Units, including those requirements contained in the HAP Contract for the PBV Units, the Authority’s Section 8 Administrative Plan, and all applicable federal statutory, regulatory and executive order requirements, as those requirements may be amended from time to time.

PBV Units- means those sixty three (63) units that are subject to a HAP Contract and operated in accordance with the PBV Requirements.

Procurement Plan- means that Procurement Plan attached hereto at Attachment E for Jordan Downs Redevelopment, prepared by affiliates of Owner and Agent, and approved by the Authority, which outlines contracting procedures for construction and post-construction activities, including those undertaken by Agent, for the Property, and which is included in an attachment to the Disposition and Development Agreement.

RAD HAP Contract- means the Housing Assistance Payments Contract between the Authority and the Owner for the RAD Units.

RAD Requirements- means all applicable statutes, regulations and guidance and other requirements issued by HUD for the Rental Assistance Demonstration (RAD) program, as they become effective, including but not limited to (1) the Consolidated and Further Continuing Appropriations Act of 2012, all applicable statutes and any regulations issued by HUD for the RAD program, as they become effective and (2) all current requirements in HUD handbooks and guides, notices (including but not limited to, Notice PIH 2012-32, REV-3, as it may be amended from time to time), and Mortgagee letters (if any) for the RAD program, (3) the HAP Contract for the RAD Units and the RAD Use Agreement entered into between the Authority, Owner and HUD, and recorded against the Property, and (4) and all future updates, changes and amendments thereto, as they become effective.
RAD Units- means those seventeen (17) units which are subject to a HAP Contract and operated in accordance with the RAD Requirements.

Relocating Residents- means those residents relocating from the Former Property, which residents will be the initial occupants of the RAD Units and PBV Units.

Relocation Plan- means that Relocation Plan for Jordan Downs prepared by the Authority and dated December 2018, which provides for the relocation of residents from the Former Property and rehousing of residents of the Former Property in the redeveloped Jordan Downs development and which is an attachment to this Plan.

Replacement Units- means those forty nine (49) units at the Property which will be initially occupied by Relocating Residents from the Former Property, and which are comprised of seventeen (17) RAD Units and thirty two (32) PBV Units.

Section 3 Plan- means that plan developed by Owner and approved by the Authority which requires, among other things, that Agent use good faith efforts to set aside thirty percent (30%) of the jobs available at the Property be made available first to Jordan Downs residents, second to Watts residents, third to Youthbuild participants residing in the City of Los Angeles and fourth to City of Los Angeles residents as further outlined in the Authority’s Section 3 Guide and Compliance Plan (Authority Section 3 Requirements). The Section 3 Plan also requires that Agent use good faith efforts to hire Disadvantaged Workers for not less than ten percent (10%) of the jobs available at the Property and three percent (3%) of the service contracts available at the Property be made available to Section 3 Businesses, as such terms are defined in the Authority Section 3 Requirements and which is an attachment to the Disposition and Development Agreement.

Site-Specific RAD/PBV Waiting List- means that waiting list for the RAD Units and PBV Units held by the Authority, which will be utilized following initial lease up. Owner or Agent may refer applicants for inclusion on the waiting list held by the Authority. The Authority will screen applicants and ensure eligibility in accordance with the applicable HAP Contract and will forward applicable information for those applicants who satisfy the Authority’s eligibility screening requirements, to Agent for review of eligibility in accordance with the Applicable Regulatory and Operating Requirements.

Tax Credit Requirements- means those requirements in Section 42 of the Internal Revenue Code of 1986 (Code) and established by the California Tax Credit Allocation Committee (CTAC) with respect to development and operation of units funded pursuant to the Code and allocated by CTAC.

1.2 PARTIES AND THEIR RESPECTIVE ROLES

Jordan Downs S2, LP (Owner) recognizes its overall responsibility for the operation of the Property, ensuring it is maintained in good and safe order, condition and repair, maintaining its
financial viability in accordance with and ensuring it complies with Applicable Regulatory and Operating Requirements, the Ground Lease, the Partnership Agreement and all applicable funding requirements.

Owner has engaged Michaels Management-Affordable, LLC (Agent) through a management agreement (Management Agreement) which delegates day-to-day decisions concerning the marketing and management of the Property to Agent. The responsibilities of the Agent in managing the Property shall include:

a) Personnel – The Agent will hire all personnel necessary to effectively operate the Property in accordance with the Staffing Plan attached hereto at Attachment B.

b) Accounting – In a form acceptable to the Owner, the Agent will maintain books of accounts and records accurately reflecting the operation of the Property, Agent will ensure that all financial records are in accordance with prescribed governmental accounting standards.

c) Marketing – Subject to the approval of the Owner, the Agent shall develop and implement strategies for the marketing of rental units at the Property in accordance with the Marketing and Tenant Selection Plan attached hereto at Attachment C.

d) Leasing – The Agent shall accept applications at an on-site location and select and screen applications in accordance with applicable governmental regulations and the Marketing and Tenant Selection Plan. Agent shall enter into such leases with tenants (the Lease) which have been approved by Owner and the Authority, and which comply with all Applicable Regulatory and Operating Requirements.

e) Rent Collection and Lease Enforcement – Agent shall exercise diligence in collecting rents and other income generated by the Property and will enforce the provisions of all Leases in accordance with all Applicable Regulatory and Operating Requirements as well as all applicable state and local landlord-tenant laws, including providing such opportunities for redress prior to eviction, as outlined in this Plan. Agent shall institute any and all legal actions necessary for the collection of rents and other income and for the removal of tenants or other persons from the Property in accordance with Applicable Regulatory and Operating Requirements and all applicable state and local landlord-tenant laws.

f) Maintenance, Repairs and Utilities – The Agent shall maintain and repair the Property so that it is in good and safe condition and repair.

g) Social Services – The Agent shall provide for resident activities and social services in accordance with the service plan for the Property (Supportive Services Plan) attached hereto at Attachment F.

h) Regulatory Compliance- Agent shall ensure that the Property is operated in accordance with all Applicable Regulatory and Operating Requirements, and to the
extent additional services are required that fall outside those duties and responsibilities as prescribed in the Management Agreement, Agent will so notify Owner and Authority, unless those services are required to perform an emergency.

i) Other Services – The Agent shall perform any other services related to the Property as described in the Management Agreement, this Plan and as required by Applicable Regulatory and Operating Requirements.

j) As required by the Ground Lease, the Authority has the right to inspect, monitor, and audit the operations of the Property with respect to the operation and maintenance of the RAD Units and the PBV Units in its capacity as contract administrator for HUD of any PBV HAP Contract or RAD HAP Contract. Agent shall cooperate fully with respect to such activities by Authority (including, without limitation, providing Authority with such information regarding the operation and maintenance of the RAD Units and the PBV Units as may reasonably be requested by Authority). Any material changes to this Plan shall be approved by Owner, Agent, and the Authority.

2. MANAGEMENT OF THE PROPERTY

2.1 MANAGEMENT PLAN GOALS

a) To provide a desirable, well maintained and affordable place to live in compliance with all applicable federal, state, or local laws prohibiting discrimination in housing on the basis of age, race, religion, sex, color, familial status, handicap/disability, national origin, marital status, ancestry, gender identity or sexual orientation and in compliance with Applicable Regulatory and Operating Requirements.

b) To house eligible residents and maximize occupancy and rent collection.

c) To provide effective and timely services to the residents while responsibly maintaining the Property.

d) To maintain effective working relationships with resident association(s), federal, state and local government entities, lenders and investors.

2.2 MANAGEMENT OPERATIONS

The Agent will continually review the Plan and advise the Owner of changes deemed by the Agent to be necessary or desirable.

a) As provided in the Management Agreement, the Owner delegates authority for management of the Property on a day-to-day basis to the Agent. As provided in the Management Agreement, the Owner, and in limited circumstances the Authority, has the authority to remove the Agent. The Agent will be charged with specific performance of activities in accordance with this Plan and will, by means of the
Operating Budget, financial statements, monthly reports and personal conferences, advise the Owner on the operation of the Property.

b) The Agent has entered into a Management Agreement with the Owner and will be paid a fee for its services as provided therein. The Management Agreement outlines the general responsibilities of the Agent in part as follows:

1) The Agent will prepare the Operating Budget which is subject to review and approval by the Owner, Authority, and applicable lenders, investors, and as required or otherwise requested governmental entities. The Agent will set job standards and wage rates as approved by the Owner, investigate, hire, pay, supervise and discharge all Property personnel necessary to properly operate and maintain the Property.

2) The Agent will staff the Property in accordance with the highest standards achievable and consistent with this Plan and Management Agreement and in compliance with all governing documents, including the Section 3 Plan, such staffing shall be detailed in the Staffing Plan attached to this Plan.

3) The Agent will provide general maintenance of the Property. Maintenance will include, but not be limited to, exterior and interior cleaning, painting, decorating, plumbing, electrical, mechanical, carpeting and other normal maintenance and repair work necessary to maintain the Property in accordance with all Applicable Regulatory and Operating Requirements.

The Agent, subject to the availability of operating funds and approval of the Owner when required, shall maintain the Property in good and safe order, condition and repair, and with reasonable promptness, make all necessary and appropriate repairs.

All maintenance requests from residents and work orders will be recorded and will become part of the resident’s file. Specific timelines and standards for completion of regular maintenance and emergency requests are outlined in Section 2.10 of the Plan.

4) The Agent will collect all rents, legal charges, maintenance charges, and any other amounts due from the residents as well as all amounts due from concessionaires. All funds collected will be deposited into accounts established for the Property.

5) At the direction of the Owner with a copy to the Authority and any other applicable entities, the Agent will provide monthly reports on rental activity which shall include: expense statements, a budget variance summary, expense distribution, check registry, security deposit escrow, security deposit disposition, balance sheet, rent roll, and accounts payables listing.
6) The Agent will, at all times, attempt to keep the Property fully occupied by marketing the Property in accordance with the Tenant Selection Plan, including by referring applicable applicants for the PBV Units and RAD Units to the Authority for its waiting list and verifying eligibility of those referred by the Authority. Agent shall coordinate with the Authority as needed to get prospective residents from the Authority’s waiting list for the PBV Units and the RAD Units.

7) The Agent will maintain a comprehensive set of accounting records satisfactory to the Owner, HUD, the Authority and any other governmental regulatory agency.

8) All monies received by the Agent on behalf of the Owner, with the exception of security deposits, shall be deposited in a lockbox account established for the Property, used in accordance with the Applicable Regulatory and Operating Requirements.

9) The Agent will collect, deposit and disburse security deposits in accordance with HUD regulations, state law and the terms of each resident’s Lease. Security deposits will be deposited separate from all other accounts and funds, with a bank or other financial institution whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Security deposits may be placed in separate accounts in the name of each tenant or, if permitted by state law, in a custodial account. The accounts will be carried in the Agent’s name and designated of record as “Security Deposit Account.” The Agent will comply with all applicable Federal, state or local law regarding security deposits, including payment of interest thereon.

10) Agent will investigate and make a full written report of all incidents involving personal injury or property damage relating to the operation of the Property and will cooperate with the insurance carriers to facilitate any claim handling that may be required.

Expenses charged to the Property and not borne by the Agent from its fee will be consistent with the HAP Contract and all Applicable Regulatory and Operating Requirements and will include, but shall not be limited to, such items listed below:

a) Salaries and related compensation for the Site Manager and other staff members identified in the Staffing Plan attached hereto at Attachment B, provided that such salaries and related compensation shall be consistent with the approved Operating Budget.

b) Cost of on-site office and any apartment or apartments for on-site staff in accordance with the Operating Budget.

c) Other on-site staff, such as maintenance personnel, landscaping, custodial staff, leasing or office staff and social services staff, as outlined in the Staffing Plan.
attached to this Plan, and training directly related to the applicable staff person’s job function at the Property.

d) Costs attributable to other employees of the Agent who perform “front line” functions, to the extent permitted by the above referenced Handbook, outlined in the Staffing Plan, and in accordance with the Operating Budget.

e) Maintenance and repair costs, utilities, taxes, insurance, fringe benefits related to on-site employees and other normal operating expenses in accordance with the Operating Budget.

f) Security personnel and/or contracted services where applicable, as outlined in the Staffing Plan, and in accordance with the Operating Budget.

g) Cost of preparing annual audited financial reports to regulatory agencies and tax information and applicable tax returns for the Owner in accordance with the Operating Budget.

h) Legal and related expenses attributable to lease enforcement and/or evictions in accordance with the Operating Budget.

i) Credit checks, criminal record checks, and all other costs attributable to screening prospective tenants in accordance with the Operating Budget.

j) All costs associated with verifying tenant information in compliance with the Applicable Regulatory and Operating Requirements and in accordance with the Operating Budget.

k) Bank charges associated with maintaining applicable accounts and conducting normal banking activity, in accordance with the Operating Budget.

2.3 REQUIREMENTS OF GOVERNMENTAL ENTITIES

a) The Agent will comply with all budgetary, approval and reporting procedures outlined in the Applicable Regulatory and Operating Requirements and the HAP Contract.

2.4 PERSONNEL AND STAFFING PLAN

a) Staffing for this Property will be done in conformance with the staffing plan attached to this Plan (Staffing Plan), which may be updated as necessary, subject to Owner and Authority approval, and subject to any necessary Operating Budget amendments, as site conditions dictate. The level of staffing will be adjusted to cover the extensive requirements for marketing and managing the Property with its various regulatory and paperwork requirements subject to the aforementioned approvals and amendments.
All on-site personnel shall be drug screened and have a criminal background check. The Agent shall hire, discharge and supervise the work of all employees in accordance with Applicable Regulatory and Operating Requirements.

b) As required by the Ground Lease, the Agent agrees that prior to hiring any management or maintenance employees for the Property, the Agent shall notify the Authority and the Watts/Los Angeles WorkSource Center (WSC) of its need for employees. The Agent shall strongly consider the qualifications of all interested WSC referrals and existing Authority employees as it makes hiring decisions for the management and maintenance of the Property. To that end, the Agent will provide these applicants the first opportunity to interview for all available positions, before undertaking outreach activities or providing notice to the public of such opportunities.

2.5 RESIDENT SELECTION, ADMISSION AND REOCCUPANCY

a) The Owner, Agent, and Authority will comply with the Property’s Tenant Selection Plan included at Attachment C. In the event of any conflict between a provision of this Plan or the Tenant Selection Plan and the requirements of the Applicable Regulatory and Operating Requirements, then the terms of the Applicable Regulatory and Operating Requirements shall in all instances prevail, except as such provision may have been expressly waived in writing by the U.S. Department of Housing and Urban Development (HUD) and/or the Authority, as applicable. It is expressly noted that remaining (existing) Jordan Downs residents shall fill replacement units after initial occupancy and prior to being placed on the waiting list.

2.6 RESIDENT ORIENTATION AND INSPECTIONS.

a) Resident orientation will be conducted by on-site personnel and begin during the application stage and continue through the initial move-in inspection of the dwelling unit. As applicants are accepted for occupancy, an orientation session will be conducted with and documented for each family.

b) The orientation will cover both the resident’s responsibilities and the Agent’s responsibilities relating to the Lease, rules and regulations of the Property, including Lease termination, which shall comply with all Applicable Regulatory and Operating Requirements. Instruction on the operation of the unit will be provided during the joint move-in inspection. The resident will be informed that the purpose of the inspection is to record the condition of the unit prior to occupancy.

c) The Authority will conduct inspections of each PBV Unit and RAD Unit, prior to initial occupancy and at turnover, to ensure that each the unit meets HUD’s Housing Quality Standards (HQS). The Authority will coordinate with Agent regarding the timing of those inspections to make sure the HQS inspections are conducted at least five (5) days prior to the projected move-in date of the new resident. In addition, every two (2) years, the Authority will conduct additional inspection of
approximately twenty percent (20%) of the PBV Units and the RAD Units, in accordance with the HAP Contracts and the Applicable Regulatory and Operating Requirements.

d) Agent’s on-site staff will conduct a joint unit move-in inspection with each resident, and the report documenting such inspection will be signed by Agent and the resident. All copies such reports will be provided to the applicable resident. Any maintenance items identified during the move-in inspection will be documented by on-site staff in work orders and maintenance tickets to be addressed in accordance with Section 2.10 of this Plan.

e) Provided that a resident provides notice to Agent of resident’s intent to move out of a unit, then prior to that resident’s move, Agent’s on-site personnel shall inform resident of the date and time for a joint move-out inspection. A report documenting such inspection will be signed by Agent and, to the extent willing, the resident. All copies of such reports will be provided to the applicable resident. Should the report indicate the unit sustained damage, which is not attributable to normal wear and tear, Agent shall prepare a statement and furnish it to resident, documenting such charges.

2.7 INCOME AND RENT REVIEWS
The residents will be subject to annual and interim certifications by HACLA and annual certifications by the Agent as prescribed by the Applicable Regulatory and Operating Requirements. At each instance, and as provided for by the Applicable Regulatory and Operating Requirements and as governed by the tenant lease, the rent amounts and payment amounts will be reviewed and modified as necessary in accordance with the Applicable Regulatory and Operating Requirements. Appropriate notices for income verifications and any changes in rent will be consistent with the Applicable Regulatory and Operating Requirements and as provided for in the tenant lease.

2.8 RENT COLLECTION POLICIES AND PROCEDURES

a) Rent is due and payable, in advance, on the first (1st) calendar day of the month and is considered delinquent if not received by the fifth (5th) calendar day of the month. Late charges will not be assessed until the sixth (6th) day of the month if rent is not received by that date. Rent payments will be recorded on the date received at the site office presuming that is a business day and not a holiday or weekend. For RAD Units and PBV Units, rent amounts paid will be posted to “RENT” first, with any remaining amounts applied to the oldest balances owed on the resident ledger (i.e., damages, legal, etc.).

b) Rent payments must be made in the form of a money order, check, credit card or other electronic payment methods approved by the Agent and outlined in the Lease.

c) Partial payment of rent will not be accepted.
d) Residents who have not paid their rent by the close of business on the fifth (5th) day of the month will be assessed a late fee on the sixth (6th) day of the month. The amount of the fee will be $20.00 and shall be outlined in resident’s Lease.

e) All residents with rent delinquencies will be notified in writing of the delinquency and the amount of the late fee, to be hand delivered.

f) If a resident fails to make payment after notification of delinquency, a notice of termination will be issued after the sixth (6th) of the month. If rent is not received within fourteen (14) days of the date of the notice of termination, legal action may be commenced in accordance with the requirements contained in the HAP Contracts and the RAD and PBV and Resident Rights Addendum to the Management Agreement, and subject to the Grievance Rights outlined in Section 3.2 of this Plan.

g) As required under the Housing Opportunity through Modernization Act of 2016, the Agent understands that though participation in supportive services is not required as a condition of living in a PBV Unit, all families residing in PBV Units must be eligible to receive the supportive services being offered through the Property, and supportive services must be offered to each family. Accordingly, the Agent shall offer supportive services to each family, which the family is free to decline.

2.9 LEASE AND LEASE ENFORCEMENT

a) The Lease shall comply with Applicable Regulatory and Operating Requirements, and is subject to approval by Owner and the Authority. The initial Lease approved by Owner and Authority, which includes all applicable exhibits and attachments, including those which apply to the Tax Credit Units, the RAD Units and the PBV Units, is attached to this Plan. Any material changes to the Lease shall be approved by Owner and the Authority.

b) The Agent will ensure full compliance with the terms of the Lease for all residents and will lawfully terminate any tenancy when there is sufficient cause for such termination under the terms of the resident’s Lease and in accordance with the Applicable Regulatory and Operating Requirements, and subject to resident Grievance Rights outlined in Section 3.2 of this Plan.

c) The Agent will consult with legal counsel, as necessary, prior to bringing actions for eviction and executing notices to vacate and judicial pleadings incident to such action. Attorneys’ fees and other necessary costs incurred in connection with such actions will be paid out of the Property’s Operating Account.

d) The Agent will provide written notice of Lease termination in accordance with the provisions of the Lease, the RAD, PBV and Resident Rights Addendum, all Applicable Regulatory and Operating Requirements, and other applicable federal, state and local laws.
2.10 MAINTENANCE AND REPAIR

The Agent will maintain the Property in good and safe order, condition and repair in accordance with Applicable Regulatory and Operating Requirements, local codes, and in a condition acceptable to the Owner.

a) The Agent will complete routine and preventive maintenance activities in the most cost effective and efficient manner as possible.

b) The Agent will contract with qualified independent contractors for extraordinary repairs beyond the capability of regular maintenance employees in accordance with the Management Agreement, the Procurement Plan, and the Section 3 Plan.

c) The Agent will investigate all service requests from residents, take appropriate action and maintain records of same. Best efforts will be made to service routine work requests within one (1) business day of receipt of the request, and no more than three (3) business days following receipt of the request, and emergency work requests within 24 hours of receipt of the request.

d) The Agent is authorized to purchase all material, equipment, tools, appliances, supplies and services necessary for proper maintenance and repair in accordance with the Management Agreement, Procurement Plan, and Section 3 Plan. The Agent will credit to the Owner any discounts, commissions or rebates obtained as a result of such purchases.

e) Prior approval of the Owner will be required for any expenditures which exceed $5,000 in any one instance in connection with the maintenance and repairs of the Property, except for recurring expenses within the limits of the approved annual budget or emergency repairs involving manifest danger to persons, the Property or required to avoid suspension of any necessary service to the Property. As it applies, any such purchases or contracts shall be made in accordance with the Procurement Plan and the Section 3 Plan. To the extent necessary to preserve the health and safety of residents, and to limit damage to the Property, emergency repairs will be exempt from the foregoing approval and contracting requirements. Emergency repairs will be reported to the Owner as promptly as possible, but in no event later than twenty-four (24) hours from the point at which Agent was made aware of the need for the repair.

2.11 UTILITIES AND SERVICES

Agent will make site arrangements for water, electricity, trash disposal, exterminating services, cable television and telephone service. Agent will enter into such contracts as may be necessary to secure such utilities and services, acting as Agent for Owner and shall comply with the
procurement and contracting requirements outlined in the Management Agreement, the Procurement Plan, and the Section 3 Plan, to the maximum extent applicable.

2.12 OPERATING ACCOUNT AND RESERVE ACCOUNTS

Agent shall make disbursements from the Property Operating Account in accordance with the Management Agreement. Agent shall make disbursements from the Property reserve accounts as directed by Owner in accordance with the Management Agreement.

2.13 BUDGETS

Agent will prepare and submit to the Owner, the Authority and any other applicable governmental entities a draft operating budget no later than September 30th of each year. When such draft operating budget is approved by Owner, Authority and any other applicable entities, it shall be the approved Operating Budget for the Property. Should governmental entities require different submission dates, Agent will comply with said dates. Should Agent not receive an approved budget by December 31st of any year, the Property will operate under the prior year budget until a new budget is approved.

2.14 RECORDS AND REPORTS

Agent will prepare those records and reports as detailed herein and as outlined in the Management Agreement. Agent shall keep all records as a fiduciary of Owner and preserve the confidentiality of resident’s information in accordance with all Applicable Regulatory and Operating Requirements.

2.15 INSURANCE AND FIDELITY BOND

Agent shall furnish fidelity bonds to Owner which protect Owner from misappropriation of Property funds in accordance with the requirements of the Management Agreement. Agent shall also furnish such insurance in the amount, form and terms outlined in the Management Agreement.

3. RESIDENT AND MANAGEMENT RELATIONS

3.1 THE ROLE OF RESIDENTS IN THE MANAGEMENT OPERATIONS

Resident participation in management operations can be used as an effective tool. Owner and Agent shall encourage resident establishment and participation in a resident organization as outlined in the RAD and PBV and Resident Rights Addendum. In addition, Owner shall cause Agent to provide funding for resident activities in accordance with the RAD.

3.2 GRIEVANCE PROCEDURES
The Agent shall strictly enforce compliance with the Lease and rules and regulations at the Property. In order to ensure that, prior to more formal action, residents have an opportunity to address issues more informally, all residents shall have an opportunity for an informal grievance hearing for certain issues, as outlined in the RAD, PBV and Resident Rights Addendum. Process for registering the grievance and adjudication for same for residents shall be as follows:

a) Grievances and/or complaints shall be presented in writing to the Property site manager who will review the grievance and, if applicable, refer it to the Authority.

b) If a resident has a grievance or complaint which he/she feels, has not been adequately addressed following the informal hearing, the grievance or complaint may be referred, as applicable, to Agent’s Regional Property Manager or the Authority’s designee.

c) Should the issue remain unresolved, the resident may appeal to parties designated by the Owner and the Authority and as outlined in the Lease.

3.3 SOCIAL SERVICES PROGRAM

The Agent will work with the provider of supportive services selected by the Owner and approved by the Authority (the “Supportive Services Provider”) in ensuring that the Supportive Services Plan is implemented and carried out in a manner that provides residents with the kinds of services that are helpful to support and nurture residents’ life skills, education and job readiness. To that end, Agent, through its social services coordinator, will maintain a list of resources that address the varying needs of the resident population. Where feasible, the Agent, through the social services coordinator will enlist the support of residents and community organizations to help serve the needs of the residents.

3.4 HUD SECTION 3

Whenever possible, residents will be considered for temporary and permanent positions in the site management staff in accordance with the Section 3 Plan. In addition, Agent shall comply, to the maximum extent feasible, with the hiring, contracting and training goals and requirements outlined in the Section 3 Plan and the Procurement Plan.

In accordance with Attachment 2, Exhibit 2A of the 2nd Amendment to the Master Development Agreement between the Housing Authority of the City of Los Angeles, Jordan Downs Community Partners LLC, the Michaels Development Company I, L.P., Bridge Housing Corporation and Primestor Jordan Downs, LLC, Michaels Management-Affordable, LLC (MMA) is required to comply with the provisions of Section 3 of the Housing & Urban Development (HUD) Act of 1968, as amended, to ensure that training, employment and other economic opportunities generated by select HUD financial assistance shall, to the greatest extent feasible and consistent with existing Federal, State and local laws and regulations, be directed to the greatest extent possible to low and very low-income persons, particularly those who are recipients of
government assistance for housing, and to business concerns which provide economic opportunities to low and very low-income persons.

It is the intent of MMA to meet or exceed the employment, training and economic goals that are required of Section 3 when feasible, including but not necessarily limited to the following (as applicable):

a) Contracting Goal, Construction-Related. Ten percent (10%) of the total dollar amount of all construction-related contracts shall be extended to Section 3 Business Concerns.

b) Contracting Goal, Non-Construction. Three percent (3%) of the total dollar amount of all non-construction related contracts shall be extended to Section 3 Business Concerns.

c) Training and Employment. Thirty percent (30%) of the aggregate number of new hires generated by the Development shall be extended to Section 3 Residents.

In order to meet the goals outlined in the Section 3 Plan, Agent shall use its reasonable best efforts and resources to:

a) Advertise opportunities in local media and informational notices posted at the Property and at other areas targeted in the Section 3 Plan;

b) Coordinate efforts for recruitment with the Authority, Michaels Development Company I, LP;

c) Develop or collaborate with an existing job training program offering workforce readiness curriculum and providing training accommodations to help reduce workforce barriers;

d) Create and maintain a schedule of qualified Section 3 residents to be contacted for future training and employment opportunities.

Agent shall prepare and submit to the Authority all applicable information required to complete, FORM HUD 60002, Section 3 Summary Report, not later than January 10th of each year for the preceding calendar year.

3.5 REOCCUPANCY

In addition to the provisions otherwise set forth in this Plan, Agent shall work with the relocation consultant selected by and designated as such by the Authority (Relocation Consultant), to assist, coordinate and collaborate with as to the following in accordance with the Relocation Plan:

a) Review and advise as to the schedule of unit demolition and construction of the Property.

b) Review plans for implementation of the Rental Assistance Demonstration program (RAD) as promulgated by the Department of Housing & Urban Development (HUD) as pertaining to the RAD Units, and the PBV Requirements as pertaining to the PBV Units and provide input as appropriate.

c) Assist with the scheduling, coordination and venues of meetings, and participate insofar as circumstances permit, with heads of households so as to determine needs, preferences, reasonable accommodation/modification requests, etc.
d) In accordance with the Relocation Plan (particularly Tables 6 & 7), and any updated information provided by the Relocation Consultant, Owner or the Authority, ascertain available units and identify households best accommodated by the number of bedrooms, floor plans and amenities offered by each unit and provide such recommendations to the Relocation Consultant, the Authority, and the Owner. In this effort, it is understood that over-housed households will be eligible for RAD Unit or PBV Unit, as appropriate, based on the size of the unit that the household qualifies for under the PBV Requirements, not the size of the unit that the household previously occupied. Similarly, households that are or were under-housed at the Former Property will be eligible for a RAD Unit or a PBV Unit based on the size of the unit that the household qualifies for under the PBV Requirements, not the size of the unit the household previously occupied. To the greatest degree possible, both over-housed and under-housed households will be placed in units appropriate to their household size in accordance with the Applicable Regulatory and Operating Requirements. In other words, all reasonable attempts will be made to “right-size” households. If a household cannot be immediately right-sized at the time of their relocation, the Authority may provide the household with the option to be temporarily over-housed in an on-site unit, to the extent permitted by the Applicable Regulatory and Operating Requirements, at no additional cost to the household. If a new unit becomes available in that phase or a future phase, the household will required to move into a right-sized unit.

e) The incomes and other qualifications of Relocating Residents moving into units subject to Tax Credit Requirements will comply with the Tax Credit Requirements.

f) As may be agreed, assist the Relocation Consultant and the Authority with resident communications pertaining to the scheduling of moves, moving contractors, building contractors, utility service connects/disconnects, date/time requirements, deadlines, packing instructions, stipend remittances (as applicable) and other notices. Maintain records of the same insofar as legible copies are provided by the Relocation Consultant.

g) Identify households or residents for which social-service barriers to relocation may present challenges, and/or for which Limited English Proficiency (LEP) may present obstructions, and notify the Relocation Consultant and the Supportive Services Provider of the same. In the cases of LEP, help select and coordinate the services of translators.

h) Assist with the coordination, as necessary, of the translation and publication of required notices and other written materials into the household preferred language. It is expressly understood and agreed that the costs of such translation & publication shall be property expenses.

4. EXHIBITS

The Attachments referred to in this Plan and attached hereto are expressly made a part of this Plan as if fully set forth herein:

- Attachment A – Description of Site and Property
- Attachment B – Staffing Plan
- Attachment C – Tenant Selection Plan
- Attachment D – Section 3 Plan
- Attachment E – Procurement Plan
In witness whereof, the parties hereto have caused their duly authorized representatives to execute this Plan as of February 11, 2021.

**Owner:**

**JORDAN DOWNS PHASE S2, LP,**  
a California limited partnership

By: Jordan S2-Michaels LLC,  
a California limited liability company  
its general partner

By: _______________________________  
Kenneth P. Crawford  
Vice President

**AGENT:**

**MICHAELS MANAGEMENT-AFFORDABLE, LLC,**  
a New Jersey limited liability corporation

By: _______________________________  
Name: Roger Williams  
Title: Senior Vice President
CONSENTED TO BY AUTHORITY:

THE HOUSING AUTHORITY OF
THE CITY OF LOS ANGELES,
a public body corporate and politic

By: ___________________________________
Douglas Guthrie
President and Chief Executive Officer
LEGAL DESCRIPTION:

The land referred to herein is situated in the State of California, County of Los Angeles and 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 filed in Book 1425, Pages 61 to 63 inclusive of Maps, in the office of the County Recorders 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.

Note: The above legal description is tentative and made subject to the recordation of said Tract Map.

APN: 6046-019-926, 6046-021-908 and 6046-021-917
(End of Legal Description)

**Note, APNs refer to existing parcels to be replaced with the APNs of Tract 82633-01 when issued.

BUILDINGS AND APARTMENT TYPES:

Jordan Downs S2 is a 81-unit Affordable Housing Community in Los Angeles, California that serves a family population. Jordan Downs S2 offers 1, 2, 3, and 4-bedroom stacked flat and townhome style units.

OFFICE HOURS:

The office will be open Monday through Friday from the hours of 9:00 a.m. to 12:00 noon and 1:00 p.m. until 5:00 p.m. The office will be closed on weekends and holidays; however, a 24-hour answering service will be maintained seven days a week to handle emergencies which occur after regular hours.
ATTACHMENT B

STAFFING PLAN

STAFFING:

Jordan Downs S2 will employ one (1) full-time Community Manager, one (1) full-time Maintenance Superintendent, and one (1) part-time Assistant Rental Manager.
ATTACHMENT C
TENANT SELECTION PLAN

NOTE: Sent separately
Jordan Downs S2 Tenant Selection Plan

Jordan Downs S2 is a 81-unit Affordable Housing Community in Los Angeles California that serves a family population. Jordan Downs S2 offers 1, 2, 3, and 4-bedroom stacked flat and townhome style units. Income Limits are established by HUD and adjusted annually and are attached to this plan. The household’s annual income (federal exclusions such as foster care/KinGap payments and income of live-in aides not included) may not exceed the applicable income limit for this property or for the household size. Our Partner, the Housing Authority of the City of Los Angeles (HACLA), will qualify applicants for PBV in accordance with their established resident selection guidelines for those programs, Jordan Downs S2 will qualify the voucher holder’s household for the unit.

The following topics are covered in these resident selection guidelines as follows:

| 1. Fair Housing and Equal Opportunity | 16. Applicants with Disabilities |
| 2. Privacy Policy | 17. Rejection of Application of Ineligible or Unqualified Applicants |
| 3. Qualifying for Admission-Eligibility Requirements | 18. Acceptance and Move-In of Eligible and Qualified Applicants |
| 4. Application Intake and Processing | 19. Offering an Apartment |
| 5. Priorities for Accessible or Adaptable Apartments | 20. Prior to Move-In – Tenant Interview |
| 7. Changes to Waiting List(s) | 22. At Move-in |
| 8. Interviews and Verification Process | 23. Failure to Move-In On Time |
| 9. Verification Requirements including EIV | 24. Apartment Inspections |
| 10. Attempted Fraud | 25. Annual Recertifications/Interim Recertifications |
| 11. Determination of Applicant Eligibility | 26. Reasonable Accommodations and Modifications |
| 12. Determination of Applicant Qualification | 27. Apply Screening Criteria Uniformly to All Applicants |
| 13. How Applicant’s History Will Be Checked | 28. The Violence Against Women's Act (VAWA) |
| 14. Obtaining Applicant Releases | 29. Use of EIV During Application Processing |
| 15. Review of Application for Acceptance or Rejection | 30. Grievance Procedure |

1. Fair Housing and Equal Opportunity Requirements Statements of Nondiscrimination

It is the policy of Jordan Downs S2 to comply fully with Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, Executive Order 11063, Section 504 of the Rehabilitation Act of 1973, Fair Housing Amendments Act of 1988, Equal Access to Housing in HUD Programs - Regardless of Sexual Orientation, Marital Status or Gender Identity Final Rule, California Fair Housing Laws, and any legislation protecting the individual rights of residents, applicants, or staff which may subsequently be enacted.

We are pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, disability, familial status, national origin and regardless of sexual orientation or gender identity or marital status of applicants and residents.

Jordan Downs S2 shall not discriminate because of race, color, sex, familial status, religion, disability, or national origin in the leasing, rental, or other disposition of housing regardless of sexual orientation or gender identity or marital status of applicants and residents in any of the following:
a. deny to any household the opportunity to apply for housing, or deny to any eligible applicant the opportunity to lease housing suitable to their needs,

b. provide housing which is different than that provided to others,

c. subject a person to segregation or disparate treatment,

d. restrict a person's access to any benefit enjoyed by others in connection with the housing program,

e. treat a person differently in determining eligibility or other requirements for admission,

f. deny a person access to the same level of services, or

g. deny a person the opportunity to participate in a planning or advisory group which is an integral part of the housing program.

Jordan Downs S2 will seek to identify and eliminate situations or procedures which create a barrier to equal housing opportunity for all. Please see the property’s Limited English Proficiency (LEP) Policy for specific details on language barriers. In accordance with Section 504, Jordan Downs S2 will make reasonable accommodations and physical modifications for individuals with disabilities (applicants or residents). Such accommodations may include changes in the method of administering policies, procedures, services and making physical modifications when necessary and reasonable.

2. PRIVACY POLICY

It is the policy of Jordan Downs S2 to guard the privacy of individuals conferred by the Federal Privacy Act of 1974, the Health Insurance Portability & Accountability Act of 1996 (HIPAA), Enterprise Income Verification (EIV) System and the Violence Against Women and Justice Department Reauthorization Act of 2005 (VAWA) to ensure the protection of such individuals' records maintained by Jordan Downs S2.

Therefore, neither Jordan Downs S2 nor its agents shall disclose any personal information contained in its records to any person or agency other than HACLA and/or HUD or its contractors unless the individual about whom information is requested shall give written consent to such disclosure or information is being subpoenaed by a court of law.

This Privacy Policy in no way limits Jordan Downs S2’s ability to collect such information as it may need to determine eligibility, compute rent, or determine an applicant's suitability for tenancy. Consistent with the intent of Section 504 of the Rehabilitation Act of 1973, any information obtained on disability will be treated in a confidential manner.

3. QUALIFYING FOR ADMISSION – ELIGIBILITY REQUIREMENTS

Based on Federal Regulations, Jordan Downs S2 may not admit ineligible applicants. In the selection of applicants for admission, Eligibility Criteria has been established in accordance with HUD, Low- Income Housing Tax Credit (LIHTC), and subject to California HCD guidelines. All information reported by the household is subject to verification. Existing Jordan Downs public housing residents in good standing who possess Right to Return Certificates will not be subject to any rescreening. All other applicants will be screened carefully and the following eligibility standards will be applied:

In order to be ELIGIBLE, a household must meet these tests:

a. As this property was financed using both HUD and Low Income Housing Tax Credits, the annual income for an applicant’s household must not exceed the lower of either the HUD published income limits or the income limits established with Section 42 of the Internal Revenue Codes;

b. Applicants whose household, in its entirety, consists of full-time students of whom do not meet one of the exemptions listed below will not be considered eligible for housing. For the purpose of Section 42 of the Internal Revenue Code, a full-time student is one who attends, or plans to attend during the next twelve (12) months, an educational organization which normally maintains a regular facility and curriculum for a minimum of five (5) months per calendar year and is considered a full time student by the institution. Exemptions include:

1. Any one of the students filing a joint federal income tax return. A copy of the joint federal income tax return must be included in the applicant’s file;
2. A household consisting of a single parent (with custody) and a school age child or children, both of whom are not dependents of a third party;

3. A household receiving assistance under Title IV of the Social Security Act;

4. A household receiving Aid to Families with Dependent Children; or

5. A member of the household enrolled in and receiving assistance under the Job Training Partnership Act or similar governmental job training program.

c. All applicants must disclose valid social security numbers (SSNs) with verification for all non-exempt household members to receive assistance. Assistance will not be provided until all household members have disclosed valid SSNs with verification unless the SSN is not required. This includes live-in aides, adult and foster children.

d. For eligibility purposes, applicants do not need to provide verification of a SSNs for household members to be placed on the waiting list; however, applicants must provide adequate documentation to verify each SSNs for all non-exempt household members before they can be housed.

e. The applicant who has not disclosed and provided verification of SSNs for all household members must disclose and provide verification of SSNs for all household members to the owner within 90 days from the date they are first offered an available unit.

f. If management determines that the applicant is otherwise eligible to participate in the RAD, PBV, or LIHTC programs, the applicant may retain its place on the waiting list for the 90 day period from the date they are first offered and available unit for but cannot become a tenant until it can provide the documentation referred to above.

g. After 90 days, if the applicant has been unable to supply the required SSN and verification documentation, the applicant should be determined ineligible and removed from the waiting list; the application will be rejected for failure to provide SSNs for all nonexempt household members.

h. Once an application is denied, a new application must be submitted and added to the waiting list based on the date and time it is received.

Exemptions

Documentation of SSNs is not required for:

1). Applicants age 62 and older as of January 31, 2010, whose initial determination of eligibility was begun prior to January 31, 2010; or

2). Applicants who do not contend eligible immigration status or a child under the age of 6 years added to the applicant household within the 6-month period prior to the household’s date of admission.

The household will have a maximum of 90-days after the date of admission to provide the SSN for members under the age of six-years old added to the household and adequate documentation that the SSN is valid. An additional 90 days may be granted under certain circumstances. If the household does not provide the SSN and adequate documentation to verify the SSN within the prescribed timeframe, HUD requires that the owner/agent terminate tenancy.

Adding a New Household Member:

a. Age Six or Older or Under the Age of Six with an Assigned SSN.

When adding a new household member who is age six or older, or is under the age of six and has a SSN, the tenant must disclose and provide verification of the SSN of the individual to be added to the household. This SSN must be provided to the owner at:
The time of the request, or

At the time the recertification that includes the new household member is processed.

b. Under the Age of Six without an Assigned SSN.

1) The tenant must disclose and provide verification of the new household member’s SSN within 90 calendar days of the child being added to the household.

2) The owner must grant an extension of one additional 90-day period, if the owner, in its discretion, determines that the tenant’s failure to comply is due to circumstances that could not have been foreseen and were outside the control of the tenant (e.g., delay in processing by SSA, natural disaster, fire, death in family, etc.)

3) During the period that the owner is awaiting disclosure and verification of the SSN, the child is included as part of the household and shall be entitled to all of the benefits of being a household member, including the dependent deduction.

4) A PIC ID will be assigned to the child until the time the SSN is provided. At the time of the disclosure of the SSN, an interim recertification must be processed changing the child’s PIC ID to the child’s verified SSN.

i. All adults, age 18 and older, in each applicant household must sign all consent forms required including but not limited to the HUD 9887, HUD 9887A, any other owner consent forms and verifications prior to receiving assistance and annually thereafter;

j. The unit for which the household is applying must be the household’s only residence;

k. An applicant must agree to pay the rent required by the program under which the applicant will receive assistance;

I. Citizenship, Naturalization, and/or Eligible Immigration status:

By law, only U.S. citizens and eligible noncitizens may benefit from federal rental assistance. Compliance with these rules ensures that only eligible households receive subsidy. Mixed Family Households (with both legally and non-legally present persons in the United States) will pay more than 30% of their adjusted monthly income towards rent. These requirements apply to households making application, households on the wait list, and residents. Applicants must prove U.S. Citizenship, naturalization or legal non-citizen status for each household member claiming such status in accordance with HUD.

Households that have no members with citizenship, naturalization or legal non-citizen status do not qualify for assistance. Assistance is available to households which include at least one member with citizenship, naturalization or legal non-citizen status that has been verified through the DHS (Department of Homeland Security) through the Systematic Alien Verification for Entitlements (SAVE) Program. The Owner/agents will not delay the family’s assistance if the family submitted its immigration documentation in a timely manner but the DHS verification or appeals process has not been completed and, if assistance, is denied then the applicant may appeal the determination.

Noncitizens under the age of 62 claiming eligible status must provide:

1. a signed declaration of eligible immigration status;
2. a signed consent form; and
3. one of the DHS-approved documents.

Non-citizens age 62 and older must sign a declaration of eligible immigration status and provide a proof of age document.
Noncitizens not claiming eligible immigration status may elect to sign a statement that they acknowledge their ineligibility for assistance.

Once the determination of non-citizen status of a household assisted prior to completion of the verification or appeal process, the management will do as follows:

1. Provide assistance for each household member with eligible noncitizen status verified by SAVE; or
2. Terminate assistance of any household member whose immigration status of any noncitizen family verified by SAVE to be ineligible; then
3. Offer prorated assistance to the mixed household.

NOTE: Noncitizen students and their noncitizen spouse and children may not receive assistance. Noncitizen students are not eligible for continuation of assistance, prorated assistance, or temporary deferral of termination of assistance.

A noncitizen student is defined as an individual who is as follows:

1. A resident of another country to which the individual intends to return;
2. A bona fide student pursuing a course of study in the United States; and
3. A person admitted to the United States solely for the purpose of pursuing a course of study as indicated on an F-1 or M-1 student visa.

However, spouses and children who are citizens may receive assistance. For example, a family that includes a noncitizen student married to a U.S. citizen is a mixed family. Mixed Family Households (with both legally and non-legally present persons in the United States will pay more than 30% of their adjusted monthly income).

Student Eligibility: The most restrictive rules will apply.

LIHTC- Applicants whose household, in its entirety, consists of full-time students of whom do not meet one of the exemptions listed below will not be considered eligible for housing. For the purpose of Section 42 of the Internal Revenue Code, a full-time student is one who attends, or plans to attend during the next twelve (12) months, an educational organization which normally maintains a regular facility and curriculum for a minimum of five (5) months per calendar year and is considered a full time student by the institution. Exemptions include:

1. Any one of the students filing a joint federal income tax return. A copy of the joint federal income tax return must be included in the applicant’s file;
2. A household consisting of a single parent (with custody) and a school age a child or children, both of whom are not dependents of a third party;
3. A household receiving assistance under Title IV of the Social Security Act;
4. A household receiving Aid to Families with Dependent Children; or
5. A member of the household enrolled in and receiving assistance under the Job Training Partnership Act or similar governmental job training program.

Section 8/RAD- Student eligibility is determined at move-in/initial certification and at each annual certification. Student eligibility may also be reviewed at interim certification if student status has changed since the last certification.

A student who is otherwise eligible and meets screening requirements is eligible for assistance if the student meets the criteria indicated below. Section 8 assistance shall be provided to any individual who is enrolled as either a part-time or full-time student at an institution of higher education for the purpose of obtaining a degree, certificate, or other program leading to a recognized educational credential; when the student is:
1. Is living with his or her parents who are receiving Section 8 assistance

2. Is individually eligible to receive Section 8 assistance and has parents who are income eligible to receive Section 8 assistance.

3. Is a veteran of the United States military;

4. Is married;

5. Has a dependent other than a spouse (e.g. dependent child);

6. Is at least 24 years of age;

7. Is a person with disabilities, as such term is defined in section 3(b)(3)(E) of the 1937 Act and was receiving assistance under section 8 of the 1937 Act as of November 30, 2005;

8. Is classified as Vulnerable Youth; A student meets HUD’s definition of a vulnerable youth when:
   A. The individual is an orphan, in foster care, or a ward of the court or was an orphan, in foster care, or a ward of the court at any time when the individual was 13 years of age or older;
   B. The individual is, or was immediately prior to attaining the age of majority, an emancipated minor or in legal guardianship as determined by a court of competent jurisdiction in the individual’s State of legal residence;
   C. The individual has been verified during the school year in which the application is submitted as either an unaccompanied youth who is a homeless child or youth (as such terms are defined in section 725 of the McKinney-Vento Homeless Assistance Act) (42 U.S.C. 11431 et seq.), or as unaccompanied, at risk of homelessness, and self-supporting, by
      (i). A local educational agency homeless liaison, designated pursuant to the McKinney-Vento Homeless Assistance Act;
      (ii). The director of a program funded under the Runaway and Homeless Youth Act or a designee of the director;
      (iii). The director of a program funded under subtitle B of title IV of the McKinney-Vento Homeless Assistance Act (relating to emergency shelter grants) or a designee of the director;
      (iv). A financial aid administrator; or

9. The individual is a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances

If a student does not meet the eligibility criteria above, but can prove independence from parents under HUD rules, then the student would meet HUD’s student eligibility criteria.

Please see management staff if you need additional information about proving independence from parents.

If an ineligible student applies for or is a member of an existing household receiving Section 8 assistance, the assistance for the household will not be prorated but will be terminated.

Any financial assistance a student receives from the following sources: (1) under the Higher Education Act of 1965, (2) from private sources, or (3) from an institution of higher education that is in excess of amounts received for tuition and other fees is included in annual income, except:

1. If the student is over the age of 23 with dependent children or

2. If the student is living with his or her parents who are receiving section 8 assistance

Financial assistance that is provided by persons not living in the unit is not part of annual income if the student meets the Department of Education’s definition of “vulnerable youth.”
Prohibition of Assistance to Noncitizen Students

Noncitizen students and their noncitizen families may not receive assistance. Noncitizen students are not eligible for continuation of assistance or temporary deferral of termination of assistance. A noncitizen student is defined as an individual who is as follows:

1. A resident of another country to which the individual intends to return;
2. A bona fide student pursuing a course of study in the United States; and
3. A person admitted to the United States solely for the purpose of pursuing a course of study as indicated on an F-1 or M-1 student visa.

This prohibition applies to the noncitizen student’s noncitizen spouse and noncitizen children. However, spouses and children who are U.S. citizens may receive assistance. For example, a family that includes a noncitizen student married to a U.S. citizen is a mixed family.

m. Occupancy Standards: The household size must be appropriate for the available apartments.

Applicants must meet the established occupancy standards. As a general policy there should be a minimum of one person per bedroom and no more than two persons per bedroom. Management shall take into consideration mitigating circumstances in cases where applicants or residents have a verifiable need for a larger unit.

Children who are away at school who have established residency at another address or location as evidenced by a lease agreement are not counted in occupancy.

Any household placed in a unit size different than that defined in these occupancy standards shall agree to transfer to an appropriate size unit when one becomes available at their own expense (in accordance with the Transfer Policy Paragraph 21).

Dwelling units will be assigned in accordance with the following standards:

<table>
<thead>
<tr>
<th>Size of Family</th>
<th>Number of Bedrooms to be subsidized (Family Unit Size)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2</td>
<td>1</td>
</tr>
<tr>
<td>3-4</td>
<td>2</td>
</tr>
<tr>
<td>5-6</td>
<td>3</td>
</tr>
<tr>
<td>7-8</td>
<td>4</td>
</tr>
</tbody>
</table>

n. Criminal History:

It is the policy of Jordan Downs S2 to screen applicants, residents and household members for criminal past health, history, and to reject applicants, or terminate the leases of residents, if it is determined that current or criminal activity of an applicant, resident or household member may indicate a present threat the safety, or right to peaceful enjoyment by other residents, property management staff or persons residing in the immediate vicinity of the facility. Neither HACLA nor the Owner may screen any returning Jordan Downs household or family in good standing with a Declaration of Right to Retain Tenancy. Households displaced by the Jordan Downs Redevelopment, whether pursuant to the RAD Program or otherwise, have the right to return to the redeveloped site.

The Controlled Substances Act (CSA), Title II of the Comprehensive Drug Abuse Prevention and Control Act of 1970, as enacted and effective October 27, 1970, classifies marijuana as a Schedule I
drug, placing it into a category reserved for those substances which have “a high potential for abuse” and for which there is “no currently accepted medical use...”

In spite of ongoing efforts to reclassify or otherwise decriminalize marijuana use, it remains illegal in the Schedule I classification under federal law. Notwithstanding, California voters passed via a November 1996 ballot initiative the Compassionate Use Act (Proposition 215) allowing "seriously ill residents of the state, who have the oral or written approval or recommendation of a physician, to use marijuana for medical purposes without fear of criminal liability under...the [California] Health and Safety Code." The Medical Marijuana Program (MMP) was established under the California Department of Public Health to provide a system of registered identification cards for qualified patients to "possess, grow, transport and/or use Medical Marijuana...". Interstate Realty Management Co. (MMA), obeys and abides by federal law, to this end, the use of so-called “medical marijuana”, as well as the illegal use of all other controlled substances is not permitted at Jordan Downs S2. MMA reserves the right to notice, serve and evict, if necessary, any household determined in violation of the drug use (as well as any other material) provisions of the lease agreement and occupancy rules.

Jordan Downs S2 may deny admission to applicants or terminate the lease of any resident or household member who is or has been engaged in criminal activity that could reasonably indicate a present threat to the health, safety or welfare of others. All applicants, not holding a Right to Return Certificate from HACLA intended for relocation to Jordan Downs Phase S2, will be screened using Jordan Downs S2 Criminal History Policy:

<table>
<thead>
<tr>
<th>Grounds and Terms of Terminations and Denials</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Criminal, Drug, Alcohol Grounds</strong></td>
</tr>
<tr>
<td><strong>Prior drug related</strong> eviction from federally assisted housing (Drug related now includes illegal use or possession.)</td>
</tr>
<tr>
<td>Illegal use of a Drug (personal use)</td>
</tr>
<tr>
<td>Methamphetamine production/manufacture (Any conviction anywhere)</td>
</tr>
<tr>
<td><strong>Prior Violent Criminal Activity</strong></td>
</tr>
<tr>
<td>Registered sex offender (in any state)</td>
</tr>
<tr>
<td>Alcohol abuse</td>
</tr>
<tr>
<td><strong>Other Grounds</strong></td>
</tr>
<tr>
<td>Damages to Assisted Unit</td>
</tr>
<tr>
<td>Income consent forms, Citizenship, Social Sec. Info</td>
</tr>
<tr>
<td>Abusive or violent behavior or threat of (toward any staff)</td>
</tr>
<tr>
<td>Fraud</td>
</tr>
<tr>
<td>Termination from S8 for cause (skips, tenant HQS violation, other program violations)</td>
</tr>
</tbody>
</table>
Eviction from Assisted Housing

<table>
<thead>
<tr>
<th></th>
<th>3 years (from public housing authority programs only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owes money to any public housing authority (includes live-in aide)</td>
<td><strong>2nd time = permanent ban</strong></td>
</tr>
<tr>
<td>Refusal to sign Crim. Hist. Request or be fingerprinted</td>
<td><strong>Always</strong> (includes live-in aide)</td>
</tr>
<tr>
<td>Refuses assistance with conditions or any adult in family does not sign conditions.</td>
<td><strong>Always</strong> (Only family members, not live-in aide)</td>
</tr>
</tbody>
</table>

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### Exceptions and Reasonable Accommodations

#### Mitigating Circumstances & Reasonable Accommodations

HACLA may make reasonable accommodations to its terminations and denial policy (in accordance with 24 CFR Part 8)

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**o. Jordan Downs S2 is a smoke free property. See page 24 for the property policy.**

**NOTE:** The tenant is expected to pay a security deposit from his/her own resources, and/or other public or private sources at the time of the initial lease execution. The amount of the security deposit to be will be the greater of the tenant portion of monthly rent due under the applicable program or $50 and will also be subject to any applicable state and local laws governing the security deposit. The security deposit is refundable.

**NOTE:** Being eligible, however, is not an entitlement to housing. In addition, every applicant must meet the Tenant Selection Plan. The Tenant Selection Plan is used to demonstrate the applicant's suitability as a resident using verified information on past behavior, to document the applicant's ability, either alone or with assistance, and to comply with essential lease provisions and any other rules and regulations governing residency.

**4. APPLICATION INTAKE AND PROCESSING**

**Right to Return Certificates:** 49 units have been reserved for existing Jordan Downs public housing residents in good standing who possess Right to Return Certificates. These households will fill available units, unit size is determined by eligibility at move-in. Such returning residents will not be subject to any rescreening.

It is Jordan Downs S2’s policy to accept and process new applications in accordance with HACLA’s Section 8 Administrative Plan, all applicable HUD regulations as well as Section 42 of the IRS Code.

All written communications with applicants will be by First Class Mail. Failure to respond to the application notices may result in withdrawal of an application from further processing. Management may make exceptions to the procedures described herein to take into account circumstances beyond the applicant's control (for example, medical emergencies or extreme weather conditions or reasonable accommodation for a disability).

Every application must be completed and signed by the head of the household, co-head, spouse, and every adult household member 18 years and older. All members of the household must be listed on the application.

Assistance from the management might take the form of answering questions about the application, helping applicants who might have literacy, vision, or language challenges, and, in general, make it possible for interested parties to apply for assisted housing. Applicants with disabilities may be provided an alternative method of having their application processed as a result of their disability.

An application must be completed by every applicant who wishes to be considered for an apartment. If an apartment is not immediately available, a pre-application (brief form of application), which provides the
minimum information needed to determine if the applicant is eligible be put on the waiting list, will be used. If the pre-application is used to place an applicant on the waiting list, then a full application must be completed at the time a unit is available. Applicants on the waiting list are not guaranteed an apartment. All applicants must complete a full application then the application must be processed according to the tenant selection plan which will determine the applicant’s eligibility.

5. PRIORITIES FOR ACCESSIBLE OR ADAPTABLE APARTMENTS

When applicable, all apartments accessible to, or adaptable for, persons with mobility, visual, or hearing impairments, households containing at least one person with such impairment will have first priority (as applicable for a particular apartment feature). NOTE: Current residents requiring accessible/adaptive apartments shall be given priority over applicants requiring the same type apartment. Where persons without disabilities are moved into physically accessible apartments, they shall do so only after agreeing to move to an apartment with no such design features at their expense should an applicant or current resident require an accessible apartment of the type currently occupied by the persons without disabilities.

6. WAITING LIST SELECTION PRIORITIES

A waiting list is necessary to provide a fair and equitable means of tracking applicants who have applied for an apartment. It helps assure that each applicant is offered an apartment in the proper order, thus preventing claims of discrimination or favoritism, and allows for the most efficient turnover of vacant apartments. If an applicant qualifies for a preference or priority then it is possible to move up the waiting list based on the circumstances. The waiting list will be managed in accordance with HACLA’s Section 8 Administrative Plan.

The need for an accessible unit or accessible features is a priority.

NOTE: Current residents who meet the qualifications listed in the Transfer Policy (paragraph 21) shall be given priority over applicants. It is likely that there will be more applicants for housing than can be assisted. In order to select those households most in need of housing, the following categories will be the basis of selecting residents from among all applicants:

Households with one or more, members with a disability, when accessible units or features are designated for the disability.

7. CHANGES TO WAITING LIST(S)

It is the policy of HACLA to administer its waiting list as required by its Section 8 Administrative Plan, HUD handbooks and regulations.

a. Opening and Closing Waiting Lists

In order to maintain a balanced application pool, HACLA may, in accordance with the procedures set forth in the HACLA Section 8 Administrative Plan, restrict application taking, suspend application taking, and close waiting lists in whole or in part as allowed by HUD regulations and HACLA’s Section 8 Administrative Plan. Jordan Downs S2’s waiting list will be updated by removing the names of those who are no longer interested in or no longer qualify for housing.

If Jordan Downs S2 has sufficient applications, HACLA may, subject to HUD regulations and its Section 8 Administrative Plan, elect to close the waiting list if the waiting list contains more applicants than can be housed in a one-year period. When the waiting list is closed, an announcement of the closure will be posted in Jordan Downs S2’s rental office. During the period when the waiting list is closed, Jordan Downs S2 will not maintain a list of individuals who wish to be notified when the waiting list reopens.
When the waiting list is to be opened due to a lack of applications, an announcement will be made in compliance with HACLA’s Section 8 Administrative Plan.

b. Change in Priority While on the Waiting List

Occasionally households on the waiting list who did not qualify for a priority when they applied will experience a change in circumstances that qualifies them for a priority. In such cases, it will be the household’s duty to contact HACLA so that their change in status may be verified to reflect the priority. Such changes will be processed in accordance with HACLA’s Section 8 Administrative Plan.

c. Removal of Applications from the waiting list

Any removals of an applicant/co-applicant’s name from the waiting list will be processed in accordance with HACLA’s Section 8 Administrative Plan.

8. INTERVIEWS AND VERIFICATION PROCESS

As applicants approach the top of the waiting list, they will be contacted to schedule an application interview. The interview shall be conducted in accordance with HACLA’s Section 8 Administrative Plan.

No decisions to accept or reject applications shall be made until all information presented by the applicant on the application has been verified.

9. VERIFICATION REQUIREMENTS

Jordan Downs S2 shall obtain verifications in compliance with requirements set forth in HACLA’s Section 8 Administrative Plan and this Tenant Selection Plan. No decision to accept or reject an application shall be made until verifications triggered by the application form have been collected and any necessary follow-up interviews have been performed.

a. Types of Verification Required

All information relative to the following items must be verified as described in these procedures:

1) Eligibility for Admission, such as
   i. income, assets, and asset income
   ii. household composition
   iii. Social Security Numbers (SSNs)
   iv. citizenship, naturalization and/or eligible non-citizen status
   v. student status – full or part-time

2) Allowances, such as
   i. age, disability, or disability of household members
   ii. full time student status
   iii. child care costs
   iv. disability expenses
   v. medical costs (for elderly/disabled households only)

3) Priorities or preferences, such as
   i. Income less than 30% of median income limits
   ii. mobility accessible apartments

4) Compliance with Tenant Selection Plan such as
   i. positive prior landlord reference, rent paying, caring for a home
   ii. history of criminal activity including sex offender registry of any household member

5) Credit checks will be processed through approved credit bureaus.
   i. Applicants are to have a consistent record of timely rent payments during the immediate three years prior to the evaluation.
   ii. Applicants who have had 2 or more evictions for non-payment of rent in the immediate three years prior to the evaluation will be denied admission.
iii. Not have a consumer debt balance (excludes medical bills and student loans) such that the minimum monthly payments exceed 60% of the gross income of the household.

iv. Lack of credit does not necessarily mean bad credit

Exceptions may include:
1. medical collections
2. proof of satisfactory dispute of credit rating
3. applicant shows period of credit problems which have been corrected
4. applicant has proof of repayment of debt (Proof must be a statement of satisfaction from creditor, court, or other legal proof)

6. Reasonable accommodations/modifications based on disability

All the above information must be documented and appropriate verification forms or letters placed in the applicant file.

b. Period for Verification

Only verified information that is less than 120 days old may be used for certification or recertification. Verified information not subject to change (such as a person's date of birth) need not be re-verified.

c. Forms of Verification - documentation required, as part of the verification process, may include:

1. checklists completed as part of the interview process (signed by the applicant)
2. verification forms completed and signed by third parties
3. reports of interviews
4. documentation, ie, award letters, pay stubs, bank statements, IRS 1040, etc
5. notes of telephone conversations with reliable sources
6. facsimile, email and internet
7. copies of local government condemnation or displacement notices
8. IRS tax returns
9. EIV Existing Tenant Search – to determine is applicant is currently receiving HUD assistance and EIV Bad Debt Search to determine past balances.

At a minimum, such reports will indicate the date and time of the conversation, source of the information, name and job title of the individual contacted, and a written summary of the information received.

Management will be the final judge of the credibility of any verification submitted by an applicant. If the documentation is considered to be doubtful, it will be reviewed by Management, who will make a ruling about its acceptability. Management will continue to pursue credible documentation until it is obtained or the applicant’s application is rejected for failing to produce it.

d. Sources of Information - Sources of information to be checked may include, but are not limited to:

1. the applicant by means of interviews
2. present and former housing providers
3. present and former employers
4. credit checks and management record services
5. social workers, parole officers, court records, drug treatment centers, physician, clergy
6. The Department of Health and Human Services (HHS)
7. Database of Wage, New Hires, and Unemployment Compensation
8. The Social Security Administration (SSA)
9. Medicare/Medicaid
10. “institutes of higher learning” for student status
11. law enforcement – federal, state, or local
12. Dru Sjodin National Sex Offender Public Website
13. SAVE System for noncitizen status
14. Enterprise Income Verification (EIV) Existing Tenant Search and Bad Debt Search
e. Owner/Agents must verify all income, expenses, assets, family characteristics, and circumstances that affect family eligibility, order of applicant selection, or level of assistance. Four methods of verification are acceptable to HUD. Verifications shall be attempted in the following order:

Methods of verification acceptable to HUD listed in the order of priority:
1. Up-front Income Verification (UIV)
   a. Using HUD’s EIV system for tenants (not available for applicants) (Mandatory)
   b. UIV using non-EIV system (Optional)
2. Third-party verification from source (written);
3. Third-party verification from source (oral); or
4. Family certification.

NOTE: If third party verification is not available, then the file will be documented to show that the management attempted to obtain third-party written documentation before relying on some less acceptable form of information.

10. ATTEMPTED FRAUD

Any information provided by the applicant that verification proves to be untrue may be used to disqualify the applicant for admission on the basis of attempted fraud. HUD regulations consider false information discovered during the application process on any of the following to be grounds for rejecting an application:

a. Income, assets, household composition
b. Social Security Numbers (SSNs)
c. Preferences and/or priorities
d. Allowances
e. Previous residence history
f. Criminal history
g. Citizenship, naturalization, and/or eligible non-citizen status
h. Student status, full or part time

If the applicant or any member of the applicant household fails to fully and accurately disclose rental history, the application may be denied based on the applicant's “misrepresentation” of information.

Unintentional errors that do not cause preferential treatment will not be used as a basis to reject the application.

11. DETERMINATION OF APPLICANT ELIGIBILITY

Information needed to determine applicant eligibility shall be obtained, verified, then the determination of applicant eligibility will be performed, in accordance with HUD and property eligibility regulations. HACLA shall be responsible for determining an applicant’s initial eligibility and qualification for preferences in accordance with the policies set forth in HACLA’s Section 8 Administrative Plan. If the family satisfies HACLA’s eligibility screening requirements, the applicant will be referred to the Owner who may then conduct further screening in accordance with this Tenant Selection Plan and all applicable HUD and LIHTC requirements. The Owner will then make a final determination as to whether the family is suitable for occupancy.

12. DETERMINATION OF APPLICANT QUALIFICATION

The Applicant Screening Policy:

All applications will be screened according to the criteria set forth in this Tenant Selection Plan. These guidelines, relate to the individual behavior of each applicant household.

a. Past performance in meeting financial obligations, especially rent.
b. A record of disturbance of neighbors, destruction of property, or housekeeping habits at prior residences which may adversely affect the health, safety, or welfare of other residents or cause damage to the apartment or community.

c. Involvement in criminal activity on the part of any applicant household member which would adversely affect the health, safety, or welfare of other residents.

d. A record of eviction from housing or termination from residential programs.

e. An applicant's ability and willingness to comply with the terms of the Jordan Downs S2's Lease and community's policies.

f. An applicant's misrepresentation of any information related to eligibility, allowances, household composition, or rent.

13. HOW APPLICANT'S HISTORY WILL BE CHECKED

Listed below are the methods by which every applicant's performance, relative to each of the following criteria, will be verified:

a. Past performance meeting financial obligations, especially rent:
   
   1. Credit check with Credit Bureau.
   2. Where possible, contacting the current landlord and at least one prior landlord.

NOTE: Applications from households which owe any outstanding balance to any other landlord or rental housing provider will be immediately rejected.

b. Disturbance of neighbors, destruction of property, living or housekeeping habits that would pose a threat to other residents:

   1. Management will check for these potential problems with the current management and at least one former manager.
   2. If the applicant is not currently living under a lease with a management, the housing provider will be asked to verify the applicant's ability to comply with Jordan Downs S2 lease terms as it relates to these guidelines.

   NOTE: An applicant's behavior toward management will be considered in relation to future behavior toward neighbors. Physical or verbal abuse or threats by an applicant toward management will be noted in the file and the application will be rejected.

c. Involvement in criminal activity on the part of any applicant household member which would adversely affect the health, safety, or welfare of other residents.

d. Criminal history checks of convictions and outstanding warrants with local, state or Federal authorities including sex offender registry by state. If the criminal background investigation results indicate that the applicant does not meet the criminal screening criteria, management will reject the applicant in accordance with HUD guidance and management’s standards for applicant rejection. Before rejecting the household, management will compare the information provided by the applicant with the criminal history report. If the information conflicts, management will: 1) Notify the household of the proposed action based on the information; 2) Provide the content of the criminal record and information about how to obtain a copy of the information; 3) Provide the applicant with an opportunity to dispute the accuracy and relevance of the information obtained from any law enforcement agency; 4) Allow the household the opportunity to remove the household member. In this situation, applicants will have ten (10) business days to resolve the discrepancy. If the applicant fails to contact management or indicates that he/she cannot provide documentation to refute the criminal discovery, management will reject the application and remove the household from the waiting list.

e. A record of eviction from housing or termination from residential programs will be considered:
1. Manager will check HACLA and Michaels Management-Affordable, LLC (MMA) records, management records, and other records to determine whether the applicants have been evicted from HACLA or MMA properties or any assisted housing in the past.

2. Records of evictions from residential programs will be checked with service agencies and with any housing providers referred by the applicant.

3. Circumstances of any past eviction or termination in determining its relevance to Jordan Downs S2 tenancy.

f. Ability and willingness to comply with the terms of the lease & occupancy rules. An applicant household must be able to document that they have complied with lease terms and community policies (house rules), in current and former residences.

g. An applicant's misrepresentation of any information related to eligibility, award of priority for admission, allowances, household composition, or rent.

1. The EIV Existing Tenant Search to determine if the applicant or any applicant household members are currently being assisted at another Multifamily Housing or Public and Indian Housing (PIH) location.

If, during the course of processing an application, it becomes evident that an applicant has falsified or otherwise misrepresented any facts about their current situation, criminal history, or behavior in a manner that would affect eligibility, preferences, priorities, application selection criteria qualification, allowances, or rent, the application shall be rejected.

14. OBTAINING APPLICANT and TENANT RELEASES

All members of an applicant or tenant family who are at least 18 years of age and each family head, spouse or co-head, regardless of age, must sign and date the HUD-required consent forms (form HUD-9887, Notice and Consent for the Release of Information to HUD and to a PHA and form HUD-9887-A, Applicant’s/Tenant’s Consent to the Release of Information Verification by Owners of Information Supplied by Individuals Who Apply for Housing Assistance) at the initial certification and each recertification. All adults regardless whether they report income must sign and date these forms.

A current form HUD-9887:

a. Must be on file before owner/agents access the EIV employment and income information for a tenant.

b. Does not have to be on file to use the EIV Verification Reports. This includes the Existing Tenant Search for applicants.

If the applicant or tenant, or any adult member of the applicant's or tenant’s family, does not sign and submit the consent form as required in 24 CFR 5.230, the following statements apply:

1. The owner must deny assistance and admission to the applicant; or

2. The owner must terminate assistance to the family not the individual.

15. REVIEW OF APPLICATIONS FOR ACCEPTANCE OR REJECTION

a. If the applicant requests an appeal interview to determine whether mitigating circumstances or reasonable accommodations due to their disability would make it possible to accept their application, management will do so according to HUD regulations and Section 504 of the Rehabilitation Act of 1973.

b. A person with a disability or disabilities has the right to request reasonable accommodations to participate in the informal hearing process.
c. If an applicant is clearly eligible and passes the screening guidelines, admission shall be authorized. Likewise, if the applicant is ineligible, rejection of the application shall be authorized.

d. Management will follow the grievance process set forth in the applicable program regulations and HACLA’s Section 8 Administrative Plan which is the applicant’s right to respond to the owner in writing or request a meeting within 30 calendar days to dispute the rejection.

16. **APPLICANTS WITH DISABILITIES**

Management will consider the appeal of an application rejection; if the applicant has a disability and the reasons for the rejection could be overcome by management’s reasonable accommodation of the applicant’s disability. For reasonable accommodations to apply there are several requirements. First, the applicant must make the request and have a verifiable disability [mental or physical impairment that substantially limits one or more major life activities] unless the disability is readily apparent. To not reject the application, the disability must have a direct nexus to the reason the application would be rejected. The applicant must request the reasonable accommodation and, if required, provide verification of the disability and the need for the accommodation. Finally, for the accommodation to be reasonable it cannot result in an undue financial and administrative burden to Jordan Downs S2 nor a fundamental alteration to the program.

In some situations, even with reasonable accommodations, applicants with disabilities cannot meet essential program requirements. In these situations, the applicant is not eligible and the application will be rejected. Examples of such situations are where the behavior or performance in past housing caused a direct threat to the health or safety of persons or property; past history or other information that shows the applicant’s inability to comply with the terms of Jordan Downs S2’s lease; or an objective determination that the applicant would require services from management that represent an alteration in the fundamental nature of Jordan Downs S2’s program.

17. **REJECTION OF APPLICATION OF INELIGIBLE OR UNQUALIFIED APPLICANTS**

Jordan Downs S2 complies with application rejection requirements set forth in this Tenant Selection Plan, HACLA’s Section 8 Administrative Plan, HUD requirements, and LIHTC requirements. Applications will be rejected if it is determined that the applicant or any member of the household falls within the following categories, including but not limited to:

a. **Misrepresentation:** Willful or serious misrepresentation in the application procedure for the apartment or certification process for any government assisted dwelling unit.

   **NOTE:** Incomplete applications will be rejected.

b. **Records of Disturbance of Neighbors, Destruction of Property or Other Disruptive or Dangerous Behavior:** Includes behavior or conduct which adversely affects the safety or welfare of other persons by physical violence, gross negligence or irresponsibility, which damages the equipment or premises in which the household resides; or which is disturbing or dangerous to neighbors or disrupts sound family and community life.

c. **Violent Behavior:** Includes evidence of acts of violence or of any other conduct, which would constitute a danger or disruption to the peaceful occupancy of neighbors.

d. **Non-compliance with Rental Agreement:** Includes evidence of any failure to comply with the terms of rental agreements at prior residences, such as failure to recertify as required, providing shelter to unauthorized persons, keeping pets, or other acts in violation of rules and regulations.

e. **Owing Prior Landlords:** Applicants who owe a balance to present or prior landlords will not be considered for admission until the account is paid in full and reasonable assurance is obtained that the contributing causes for nonpayment of rent or damages have changed sufficiently to enable the household to pay rent and other charges when due.

f. **Owing Utility Providers:** Applicants who owe a balance to the local utility provider for present or prior residences will not be considered for admission until the account is paid in full and reasonable assurance is obtained that the contributing causes for failure to pay the utility bill have changed sufficiently to enable the household to pay and maintain utilities in the name of the head of household.
g. **Unsanitary or Hazardous Care of Unit:** Includes generally creating any health or safety hazard through acts of neglect, including but not limited to: causing or permitting any damage to or misuse of premises and equipment, if the household is responsible for such hazard, damage or misuse; causing or permitting infestation, foul odors or other problems injurious to other persons' health, welfare or enjoyment of the premises; depositing garbage improperly; failing to use in a reasonable and proper manner all utilities, facilities, services, appliances and equipment within the dwelling unit or failing to maintain them in a clean condition; or any other conduct or neglect which could result in health or safety problems or in damage to the premises.

h. **Credit History:** Have a consistent record of timely rent payments during the immediate three years prior to the evaluation. Applicants who have had 2 or more evictions for non-payment of rent in the immediate three years prior to the evaluation will be denied admission. Not have a consumer debt balance (excludes medical bills and student loans) such that the minimum monthly payments exceed 60% of the gross income of the household. A consistent, severe or recent history of deficiencies in overall credit or rent payment which indicate the household will be unable or would otherwise fail to pay when due rent for the apartment and other expenses relating to occupancy of the apartment.

i. **Failure** to provide SSN documentation for all family/household members that are not exempt.

j. **Student status** does not meet the HUD/IRS Student eligibility requirements.

k. **Criminal Activity:** Management has established a policy to reject all applications where the applicant or any household member has engaged in certain criminal activity as outlined in section 3 n.

   It is the policy of Jordan Downs S2 to screen applicants prior to Move-In, residents and household members for criminal history upon report of such activity, and to reject applications or terminate the leases of residents, if it is determined that current or past criminal activity of an applicant, resident or household member may indicate a present threat to the health, safety, or right to peaceful enjoyment by other residents, property management staff or persons residing in the immediate vicinity of the facility.

   Management will work with law enforcement to follow-up on any criminal reports received for all criminal activity that threatens the health, safety, or right to peaceful enjoyment of the premises by other residents (including property management staff); or any criminal activity that threatens the health, safety, or right to peaceful enjoyment of their residences by persons residing in the immediate vicinity of the premises. If the criminal police reports indicate criminal activity, which allows for the termination of tenancy, then eviction proceedings will be started.

18. **OFFERING AN APARTMENT**

   When an apartment becomes available for occupancy, it will be offered to the applicant at the top of the waiting list for that apartment type. If the applicant family fails to respond or appear for an appointment, the HACLA notifies the family that it is being withdrawn from the waiting list and offers the family an opportunity for an informal review. If there is no request for an informal review within the time frame described in the notice, the application is withdrawn.

   In that event, the first applicant will be sent a letter requesting confirmation of its interest in remaining on the waiting list. If the applicant replies affirmatively, its application will retain its position on the waiting list. If the reply is negative, the application will be removed from the waiting list.

   If an applicant rejects the offer of an apartment twice, the applicant will be removed from the waiting list.

19. **PRIOR TO MOVE-IN / TENANT INTERVIEW**

   The Manager must meet with all residents of the apartment. Management will explain the HUD/IRS regulations regarding the following:
a. security deposits– applicant must pay before moving in and refunds upon move-out
b. use of the HUD EIV System for all recertifications after move-in and upon move-out to report debt owed or evictions
c. annual recertifications
d. interim recertifications
e. unit inspections
f. community policies (house rules)
g. transfer policy
h. Section 8 & IRS Section 42 student eligibility
i. charges for facilities and services
j. VAWA – Violence Against Women Act
k. reporting required when the household composition changes, or there is a change in employment status or income increases of $200 or more per month
l. apartment must be the family’s only residence; therefore; residents are not allowed an unexplained and/or extended absence from the premises for sixty (60) continuous days or for longer than 180 continuous days for medical reason
m. all adult members of the household, 18 years and older will sign the lease, community policies (house rules), and related documents
n. applicant and management will inspect the apartment and sign the Move-In Inspection form
o. applicant will pay the rent for the first month, as set forth in the Lease
p. applicant will be given a copy of the Lease, the Move-In Inspection form, Community Policies, and the receipt for the Security Deposit and first month’s rent
q. if applicable, applicant must have receipt of proof that the utilities have been transferred into their name
r. All household members will be screened, at minimum, during the annual recertification process using “The Dru Sjodin National Sex Offender Public Website”

20. TRANSFER POLICY

Residents who wish to transfer to another unit must complete a Unit Transfer Request. This request must be completed and signed by the head of household, co-head, and spouse who wish to transfer. Security Deposits will be transferred when a household transfers from one apartment to another.

Transfers will be reviewed and may be granted, based on, but not limited to the following:

a. Household size;
b. Changes in family composition;
c. Medical reason or a need for an accessible unit because of a Reasonable Accommodation due to the disability of a household member;
d. If the household member needing the accessible features moves out of the accessible apartment, then the remaining household members will be required to move to a non accessible unit; or
e. If no household member needs the accessible features of their current apartment and the accessible apartment is needed by a household with person(s) with disabilities.

Transfers will not be made due to household size or a change in household composition if all of the apartments are the same size or if the household still meets the property occupancy policy.

Residents, who either request a transfer or are required to transfer for any of the above reasons, will be placed on a transfer waiting list based on the apartment size requested.

Residents, with disabilities, currently residing in a non-accessible apartment, and need accessible features will be given first priority for an apartment with accessible features over other residents and applicants.

Residents, without disabilities, currently residing in an accessible apartment will be given a 30 day notice to transfer to a non-accessible apartment as agreed to when an applicant and/or resident household needs an apartment with accessible features.
Residents may be required to transfer in any situation which may arise that is due to reasons beyond anyone’s control, including, but not limited to, natural disasters or extensive repairs to be completed in, or around, the unit which cannot be completed while the unit in question is occupied.

NOTE: Current residents that have been required to transfer due to reasons beyond anyone’s control, (noted in previous paragraph) will be given priority over applicants.

NOTE: Current residents, who may qualify for rental assistance, or who meet the qualifications listed in the above Transfer Policy for transfer to a different unit shall be given priority over applicants.

NOTE: Depending upon the circumstances of the transfer, a resident may be obligated to pay all costs associated with the move. However, if a resident is transferred as a reasonable accommodation to a household member’s disability, then the owner must pay the costs of moving the resident’s belongings, unless doing so would be an undue financial and administrative burden.

NOTE: Transfers will not take place if the resident is not in compliance with their Lease, this includes but is not limited to the lease violations for “decent, safe and sanitary care of apartment that have not been “cured”, unpaid rent, late fees, damage charges and any other outstanding lease violations. The transfer request will remain on the transfer waiting list until resident is in compliance with their lease and transfer takes place or resident moves out.

**VAWA Emergency Transfers.**

In accordance with HUD policies, MMA allows survivors of domestic violence, sexual assault, dating violence, and stalking to transfer to another available dwelling unit. The ability to request a transfer is available regardless of sex, gender identity, or sexual orientation. The ability of this site to honor such request for household members currently receiving assistance, however, may depend upon a preliminary determination that the household member is or has been a victim of domestic violence, dating violence, sexual assault, or stalking, and on whether this site has another dwelling unit that is available and is safe to offer the tenant for temporary or more permanent occupancy. This plan identifies household members who are eligible for an emergency transfer, the documentation needed to request an emergency transfer, confidentiality protections, how an emergency transfer may occur, and guidance to tenants on safety and security. This plan is based on a model emergency transfer plan published by the U.S. Department of Housing and Urban Development (HUD), the Federal agency that oversees that this site is in compliance with VAWA.

**Eligibility for Emergency Transfers – VAWA Related Transfers**

A tenant who is a victim of domestic violence, dating violence, sexual assault, or stalking, as provided in HUD’s regulations at 24 CFR part 5, subpart L is eligible for an emergency transfer, if: the tenant reasonably believes that there is a threat of imminent harm from further violence if the tenant remains within the same unit. If the tenant is a victim of sexual assault, the tenant may also be eligible to transfer if the sexual assault occurred on the premises within the 90-calendar-day period preceding a request for an emergency transfer.

A tenant requesting an emergency transfer must expressly request the transfer in accordance with the procedures described in this plan.

Tenants who are not in good standing may still request an emergency transfer if they meet the eligibility requirements in this section.

**Emergency Transfer Request Documentation – VAWA Related Transfers**

1. To request an emergency transfer, the tenant shall notify the management office and submit a written request for a transfer to the Rental Office using form [HUD-5383](#).
2. MMA will provide reasonable accommodations to this policy for individuals with disabilities. The tenant’s written request for an emergency transfer should include either: A statement expressing that the tenant reasonably believes that there is a threat of imminent harm from further violence if the tenant were to remain in the same dwelling unit assisted under this site’s program; OR
3. A statement that the tenant was a sexual assault victim and that the sexual assault occurred on the premises during the 90-calendar-day period preceding the tenant’s request for an emergency transfer.
21. AT MOVE-IN

Keys to the apartment will be issued to the household. After move-in, periodic inspections will be completed as well as annual and interim certifications will be completed.

22. FAILURE TO MOVE-IN ON TIME

If a household fails to move in on the agreed date, the application will be declined and the apartment will be offered to the next household on the waiting list unless there are extenuating circumstances.

23. APARTMENT INSPECTIONS

All apartments must undergo a move-in and move-out inspection by the on-site management team. These inspections include not only interior but also exterior inspections. There will be an annual inspection. From time to time, HUD and/or the Contract Administrator will conduct an inspection.

24. ANNUAL RECERTIFICATIONS/INTERIM RECERTIFICATIONS

HUD/IRS SECTION 42 regulations require an annual recertification of income and expenses for rent determination. Only HUD requires interim recertification depending upon certain resident changes such as adding another person to your household, change in income, increase or decrease. This policy will be discussed during the tenant interview prior to move-in, which shall be conducted in accordance with the requirements of Paragraph 19 – “Prior to Move-In / Tenant Interview.”

25. REASONABLE ACCOMMODATION AND MODIFICATIONS

It is our policy, pursuant to Section 504 of the Rehabilitation Act (if applicable) and the Federal Fair Housing Act, to provide reasonable accommodations and modifications upon request to all applicants, residents, and employees with disabilities. Jordan Downs S2 will seek to identify and eliminate situations or procedures which create a barrier to equal housing opportunity for all. In accordance with Section 504, Jordan Downs S2 will make reasonable accommodations for individuals with disabilities (applicants or residents). Such accommodations may include changes in the method of administering policies, procedures, or services.

When an otherwise qualified applicant requests a reasonable accommodation or modification, management is not required to:

- a. make structural alterations that require the removal or altering of a load-bearing structure,
- b. provide support services that are not already part of its housing programs,
- c. take any action that would result in a fundamental alteration in the nature of the program or service, or
- d. take any action that would result in an undue financial and administrative burden on the Jordan Downs S2, including structural impracticality as defined in the Uniform Federal Accessibility Standards (UFAS).

26. APPLY SCREENING CRITERIA UNIFORMLY TO ALL APPLICANTS

Screening is used to help ensure that households admitted to a property will abide by the terms of the lease, pay rent on time, take care of the unit and common property, and allow all other residents to peacefully enjoy their homes. Anyone who wishes to live on the property must be screened prior to moving in. This includes, but is not limited to, live-in aides, security/police officers or additional household members wishing to move-in after the initial move-in.
Should an application be approved and move-in has occurred, any addition to the household must be approved by Management. The same screening completed to approve the original application will be used for future household members.

27. **THE VIOLENCE AGAINST WOMEN REAUTHORIZATION ACT OF 2013**

The “Violence Against Women Act” (VAWA) and the Justice Department Reauthorization Act of 2013 protects qualified applicants including their household members who are victims of domestic violence including dating violence, sexual assault, and stalking, from having their application rejected based on acts of such violence against them.

An application cannot be rejected if the applicant or a member of the household is a victim of domestic violence, dating violence, sexual assault or stalking, and if the applicant otherwise qualifies for admission. (NOTE: Application rejection will be issued but the applicant has the right to appeal then files will be documented as to why application was accepted.)

If your application is rejected, as a victim of domestic violence, you have the right to an appeal based on the domestic violence. Certification of domestic violence will be required of victim status which includes the names of the abuser. You may request a HUD certification form from management or the victim service providers, medical professionals, or attorneys who have counseled you as a victim can provide third-party verification, signed under penalty of perjury, of your status as a domestic violence victim.

VAWA also, protects residents including any household members who are victims of domestic violence including dating violence, sexual assault or stalking, from being evicted or terminated from housing assistance based on acts of such violence against them.

The tenant “victim” cannot be evicted because of incident(s) of actual or threatened domestic violence, dating violence, sexual assault or stalking which otherwise would be considered as serious or repeated violations of the lease or other “good cause”. (NOTE: These incidents are still lease violations and will be documented as such.) If you receive a lease violation and/or an eviction notice, as a victim of domestic violence, you have the right to an appeal the lease violation and/or eviction notice based on the domestic violence. Certification of domestic violence will be required of victim status which includes the names of the abuser. You may request a HUD certification form from management or the victim service providers, medical professionals, or attorneys who have counseled you as a victim can provide third-party verification of your status as a domestic violence victim.

The VAWA Emergency Plan is posted in the Rental Office.

28. **USE OF EIV EXISTING TENANT SEARCH AND DEBT OWED**

The Existing Tenant Search report identifies applicants applying for assisted housing that may be receiving rental assistance at the time of application processing at another location.

The Existing Tenant Search will be used during the processing of an applicant for admission to determine if the applicant or any applicant household members are currently being assisted at another Multifamily Housing or Public and Indian Housing (PIH) location.

If the applicant or a member of the applicant’s household is identified as residing at another property receiving HUD assistance, they will be given the opportunity to explain any circumstances relative to Their receiving assistance at the other property.

Before the applicant(s) can move-in, management will use the EIV Coordination of Section 8 from Property to Property form to follow up with the respective PHA or O/A to confirm the applicant’s move-out status before admission. Use of the EIV Existing Tenant Search report and the EIV Coordination of Section 8 form gives management the ability to coordinate move-out and move-in dates with the PHA or O/A of the other property, thus helping to reduce “double subsidy”.
The EIV Existing Tenant Search report and the EIV Coordination of Section 8 from Property to Property along with any documentation obtained as a result of contacts with the applicant and the PHA and/or O/A at the other property will be printed and kept with the application.

An EIV Income Report will be pulled on all new move-ins within ninety (90) days after move-in information has been transmitted to PIC to confirm and validate the income reported by the now resident household.

Any discrepancies found in the reported income of the resident household will be resolved within 30 days of the EIV Income Report date. A copy of this Income Report will be kept with the applicable move-in income verifications.

Due to the prohibition of use of EIV for LIHTC properties, Jordan Downs will maintain two files: one for RAD/HUD auditing and one for CTCAC auditing.

29. **GRIEVANCE PROCEDURE – WHEN REJECTING AN APPLICATION, MANAGEMENT WILL COMPLY WITH CHAPTERS 14 AND 17 OF HACLA’s SECTION 8 ADMINISTRATIVE PLAN AND ALL APPLICABLE HUD REQUIREMENTS.**

This property does not discriminate on the basis of disability status in the admission or access to, or treatment or employment in, its federally assisted programs and activities. The person named below has been designated to coordinate compliance with the nondiscrimination requirements against persons with disabilities.

Aaron Richards  
504 Coordinator  
Michaels Management-Affordable, LLC  
3 East Stowe Road  
Marlton, NJ 08053  
856-596-0500  
FAX 856-596-2636  
TDD-711

PENALTIES FOR MISUSING THIS CONSENT: Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony for knowingly and willingly making false or fraudulent statements to any department of the United States Government. HUD and any owner (or any employee of HUD or the owner) may be subject to penalties for unauthorized disclosures or improper uses of information collected based on the consent form. Use of the information collected based on this verification form is restricted to the purposes cited above. Any person who knowingly or willingly requests, obtains, or discloses any information under false pretenses concerning an applicant or participant may be subject to a misdemeanor and fined not more than $5,000. Any applicant or participant affected by negligent disclosure of information may bring civil action for damages and seek other relief, as may be appropriate, against the officer or employee of HUD or the owner responsible for the unauthorized disclosure or improper use. Penalty provisions for misusing the social security number are contained in the Social Security Act at 42 USC 208 a(6)(7) and (8). Violations of these provisions are cited as violations of 42 USC 408 a(6)(7) and (8).
California Smoke-Free Lease Addendum – Jordan Downs S2

Tenant and all members of Tenant's family or household are parties to a written lease with Landlord (the Lease). This Addendum states the following additional terms, conditions and rules which are hereby incorporated into the Lease. A breach of this Lease Addendum shall give each party all the rights contained herein, as well as the rights in the Lease.

1. Purpose of No-Smoking Policy. The parties desire to mitigate (i) the irritation and known health effects of secondhand smoke; (ii) the increased maintenance, cleaning, and redecorating costs from smoking; (iii) the increased risk of fire from smoking; and (iv) the higher costs of fire insurance for a non-smoke-free building;

2. Definition of Smoking. The term "smoking" means inhaling, exhaling, breathing, or carrying any lighted cigar, cigarette, or other tobacco product or similar lighted product in any manner or in any form.

3. Smoke-Free Apartment Community. Tenant agrees and acknowledges that the premises to be occupied by Tenant and members of Tenant's household have been designated as a smoke-free living environment. Tenant and members of Tenant's household shall not smoke anywhere in the unit rented by Tenant, or the building where the Tenant's dwelling is located or in any of the common areas or adjoining grounds of such building or other parts of the rental community, nor shall Tenant permit any guests or visitors under the control of Tenant to do so.

4. Tenant to Promote No-Smoking Policy and to Alert Landlord of Violations. Tenant shall inform Tenant's guests of the no-smoking policy. Further, Tenant shall promptly give Landlord a written statement of any incident where tobacco smoke is migrating into the Tenant's unit from sources outside of the Tenant's apartment unit.

5. Landlord to Promote No-Smoking Policy. Landlord shall post no-smoking signs at entrances and exits, common areas, hallways, and in conspicuous places adjoining the grounds of the apartment community.

6. Landlord Not a Guarantor of Smoke-Free Environment. Tenant acknowledges that Landlord's adoption of a smoke-free living environment, and the efforts to designate the apartment community as smoke-free, do not make the Landlord or any of its managing agents the guarantor of Tenant's health or of the smoke-free condition of the Tenant's unit and the common areas. However,
Landlord shall take reasonable steps to enforce the smoke-free terms of its leases and to make the apartment community smoke-free. Landlord is not required to take steps in response to smoking unless Landlord has actual knowledge of said smoking or has been given written notice of said smoking.

7. Other Tenants are Third-Party Beneficiaries of Tenant's Agreement. Tenant agrees that the other Tenants at the apartment community are the third-party beneficiaries of IR-COSF Tenant's smoke-free addendum agreements with Landlord. (In layman's terms, this means that Tenant's commitments in this Addendum are made to the other Tenants as well as to Landlord.) A Tenant may sue another Tenant for an injunction to prohibit smoking or for damages, but does not have the right to evict another Tenant. Any suit between Tenants herein shall not create a presumption that the Landlord breached this Addendum.

8. Effect of Breach and Right to Terminate Lease. A breach of this Lease Addendum shall give each party all the rights contained herein, as well as the rights in the Lease. A material breach of this Addendum shall be a material breach of the lease and grounds for immediate termination of the Lease by the Landlord.

9. Disclaimer by Landlord. Tenant acknowledges that Landlord's adoption of a smoke free living environment, and the efforts to designate the apartment community as smoke-free, does not in any way change the standard of care that the Landlord or managing agent would have to a Tenant household to render buildings and premises designated as smoke-free any safer, more habitable, or improved in terms of air quality standards than any other rental premises. Landlord specifically disclaims any implied or express warranties that the building, common areas, or Tenant's premises will have any higher or improved air quality standards than any other rental property. Landlord cannot and does not warranty or promise that the rental premises or common areas will be free from secondhand smoke. Tenant acknowledges that Landlord's ability to police, monitor, or enforce the agreements of this Addendum is dependent in significant part on voluntary compliance by Tenant and Tenant's guests. Tenants with respiratory ailments, allergies, or any other physical or mental condition relating to smoke are put on notice that Landlord does not assume any higher duty of care to enforce this Addendum than any other landlord obligation under the Lease.

10. Effect on Current Tenants. Tenant acknowledges that current tenants residing in the apartment community under a prior lease will not be immediately subject to the No Smoking Policy. As current tenants move out, or enter into new leases, the smoke-free policy will become effective for their unit or new lease.

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ATTACHMENT D

SECTION 3 PLAN (PERMANENT HIRES)
POST-CONSTRUCTION LOCAL HIRING AND SECTION 3 CONTRACTING PLAN
ECONOMIC OPPORTUNITY PLAN
JORDAN DOWNS PHASE S2

Definitions:

Post-construction Section 3 Plan - means that plan developed by Tenant and approved by the Landlord (or “Authority”) which requires, among other things, that Tenant or Tenant’s Agent use best efforts to set aside thirty percent (30%) of the jobs available at the Property be made available first to Jordan Downs residents, second to Watts residents, third to Youthbuild participants residing in the City of Los Angeles and fourth to Section 3 income qualified City of Los Angeles residents. The Section 3 Plan also requires that Agent use best efforts to hire Disadvantaged Workers for not less than ten percent (10%) of the jobs available at the Property. Additionally, to satisfy the Section 3 Business contracting goals, three percent (3%) of the service contracts and ten percent (10%) of the construction contracts available at the Project will be made available to Section 3 Businesses, as such terms are defined in the Authority Section 3 Requirements and which is an attachment to the Disposition and Development Agreement.

PLAN:

Whenever possible, residents will be considered for temporary and permanent positions in the site management and maintenance staff in accordance with the Post-Construction Section 3 Plan. In addition, Agent shall comply, to the maximum extent feasible, with the hiring, contracting and training goals and requirements outlined in the Section 3 Plan and the Procurement Plan.

In accordance with Attachment 2, Exhibit 2A of the 2nd Amendment to the Master Development Agreement between the Housing Authority of the City of Los Angeles, Jordan Downs Community Partners LLC, the Michaels Development Company I, L.P., Bridge Housing Corporation and Primestor Jordan Downs, LLC, Tenant’s Agent is required to comply with the provisions of Section 3 of the Housing & Urban Development (HUD) Act of 1968, as amended, to ensure that training, employment and other economic opportunities generated by select HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to the greatest extent possible to low and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low and very low-income persons.

It is the intent of Agent to meet or exceed the employment, training and economic goals that are required of Section 3 when feasible, including but not necessarily limited to the following (as applicable):

a) Contracting Goal, Construction-Related. Ten percent (10%) of the total dollar amount of all construction-related contracts shall be extended to Section 3 Business Concerns.

b) Contracting Goal, Non-Construction. Three percent (3%) of the total dollar amount of all non-construction related contracts shall be extended to Section 3 Business Concerns.

c) Training and Employment. Thirty percent (30%) of the aggregate number of new hires generated by the Development shall be extended to Section 3 Residents.

Approved: 02.16.21
Section 3 Hiring

The Agent will make reasonable efforts to hire Section 3 eligibility residents for available positions at the project. Priority shall be given to Jordan Downs Residents first, using the resources and referrals from Watts/Los Angeles WorkSource Center (WSC). The Tenant shall strongly consider the qualifications of all interested WSC referrals and existing Landlord employees as it makes hiring decisions for the management and maintenance of the Project. To that end, Tenant shall cause the Management Agent give these applicants the first opportunity to interview for all available positions, before undertaking outreach activities or providing notice to the public for such opportunities.

Section 3 Contracting

To the greatest extent feasible, the Agent will award 10% of the property’s annual service, maintenance and repair contracts and 3% of other professional services contracts to Section 3 Businesses. The Agent’s good faith efforts to contract with Section 3 Businesses, will include, but not be limited to the use of Section 3 Business Registries, outreach to local businesses, and organizations and associations representing Section 3 Businesses.

REPORTING:

Ongoing Reporting: Section 3 Business subcontracting and Section 3 new hire activities will be reported to HACLA within seven (7) business days of Section 3 hiring or Section 3 business contract execution.

Annual Section 3 Reports: the Agent shall submit annual reports to HACLA’s Section 3 Compliance Administrator detailing the contract awards and total number of all new hires including, Section 3 Resident hires in the following categories: (i) Jordan Downs Residents, (ii) Watts Residents, (iii) HUD YouthBuild Participants, (iv) City of Los Angeles Residents who meet the Section 3 eligibility requirements and (v) all other non-Section 3 new hires.

The Agent shall make available to HACLA’s Section 3 Compliance Administrator documents, records and information requested that are relevant to contracts, recruitment, monitoring and compliance with this Section 3 Plan to demonstrate good faith efforts.

Reports shall be submitted using HACLA reporting forms no later than January 10th of each year.

Non Compliance:
Within thirty (30) business days of receipt of complete and accurate Post-Construction Section 3 Reports, the Section 3 Compliance Administrator shall notify the Agent of any perceived or actual deficiencies that could lead to a declaration of default to afford a reasonable opportunity to cure. In the event the Agent fails to cure following a reasonable opportunity to cure, which in no event shall exceed thirty (30) business days, the Authority will pursue remedies available to it pursuant to this Agreement or other agreements between the Authority and the Agent; provided, however, that the Agent shall be afforded first the opportunity to appeal a declaration of default to the Chief Executive Officer of the Authority.
ATTACHMENT E

PROCUREMENT PLAN
ATTACHMENT 1

EXHIBIT 1A. Master Developer Procurement Policy and Procedures

PROCUREMENT PLAN FOR JORDAN DOWNS REDEVELOPMENT

Project: Jordan Downs, Los Angeles, CA

Master Developer: Jordan Downs Community Partners LLC

Owner: To-be formed for each phase of the Project, with an affiliate of one or both Guarantors as general partner(s) or member(s)

Guarantors: The Michaels Development Company I, L.P.

BRIDGE Housing Corporation

Housing Authority: Housing Authority of the City of Los Angeles

GENERAL PROVISIONS

General

The Master Developer is a private entity developing the Project for private ownership in phases by Owners, and in general is not bound by procurement laws applicable to public agencies or publicly-owned projects. Nonetheless, the Master Developer is cognizant of the public and community interest in the Project and wishes to provide for a procurement system of quality and integrity; provide for the fair and equitable treatment of all persons or firms involved in purchasing by the Master Developer; ensure that supplies and services (including construction) are procured efficiently, effectively, and are the most advantageous to the Master Developer and Project, taking into consideration price, quality and other factors; utilize small and disadvantaged businesses and local residents in the Project so as to strengthen the social and economic fabric of the surrounding community; promote to the maximum extent practical open and free competition in contracting; and assure that Master Developer’s purchasing actions are in full compliance with applicable Federal standards, HUD regulations, and State and local laws.

To the extent that any purchasing actions are performed by Owners and not Master Developer, Master Developer will nonetheless ensure compliance with this Procurement Plan in such Owner purchasing actions.

Definition

The term “procurement,” as used in this Plan, includes the procuring, purchasing, leasing, or renting of: (1) goods, supplies, equipment, and materials, (2) construction services; (3) architectural and engineering services, (4) maintenance; (5) social services and (6) other services.

ETHICS IN CONTRACTING

General

The Master Developer hereby establishes this code of conduct regarding procurement issues and actions. This code of conduct is consistent with applicable Federal, State, or local law.
Conflicts of Interest

No employee, officer, Board member, or agent of the Master Developer shall participate directly or indirectly in the selection, award, or administration of any contract if a conflict of interest, either real or apparent, would be involved. Such a conflict would arise when one of the persons listed below has a financial or any other type of interest in a firm competing for the award:

A. An employee, officer, Board member, or agent involved in making the award;

B. His/her relative (including father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepsdaughter, stepbrother, stepsister, half brother, or half sister);

C. His/her partner; or

D. An organization which employs or is negotiating to employ, or has an arrangement concerning prospective employment of any of the above.

Gratuities, Kickbacks, and Use of Confidential Information

No officer, employee, Board member, or agent shall ask for or accept gratuities, favors, or items of value from any contractor, potential contractor, or party to any subcontract involved in the Project, except a gift or unsolicited item in which the financial interest is not substantial, and shall not knowingly use confidential information for actual or anticipated personal gain. Any gift, meal or entertainment with a cost of less than $50 is presumed to have an insubstantial financial interest.

PURCHASING METHODS

With respect to each procurement activity, one of the following purchasing methods will be employed by the Master Developer as deemed appropriate by the Master Developer:

Petty Cash Purchases

Purchases under $1,000 may be handled through the use of a petty cash account. Petty Cash Accounts may be established in an amount sufficient to cover small purchases made during a reasonable period, e.g., one month. For all Petty Cash Accounts, the Master Developer shall ensure that security is maintained and only authorized individuals have access to the account. These accounts should be reconciled and replenished periodically.

Small Purchase Procedures
For any amounts above the Petty Cash ceiling, but not exceeding $100,000, the Master Developer may use small purchase procedures. Under small purchase procedures, the Master Developer shall obtain a reasonable number of quotes (preferably three); however, for purchases of less than $5,000, also known as Micro Purchases, only one quote is required provided the quote is considered reasonable. To the greatest extent feasible, and to promote competition, small purchases should be distributed among qualified sources. Quotes may be obtained orally (either in person or by phone), by fax, in writing, or through e-procurement. An award shall be made to the qualified vendor whose offer or bid is the most advantageous to the Master Developer, considering price, quality and other factors. If an award is to be made for reasons other than lowest price, documentation shall be provided in the contract file. The Master Developer shall not break down requirements aggregating more than the small purchase threshold (or the Micro Purchase threshold) into several purchases that are less than the applicable threshold merely to: (1) permit use of the small purchase procedures or (2) avoid any requirements that applies to purchases that exceed the Micro Purchase threshold.

**Sealed Bids**

Sealed bidding may be used for all contracts that exceed the small purchase threshold and that are not competitive proposals or non-competitive proposals, as these terms are defined in this document. Under sealed bids, the Master Developer publicly solicits bids and awards a firm fixed-price or time and materials with a not to exceed contract (lump sum or unit price) to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bid (IFB), is the lowest in price.

A. **Conditions for Using Sealed Bids.** The Master Developer may use the sealed bid method if the following conditions are present: a complete, adequate, and realistic statement of work, final plans and specifications, or accurate purchase description is available; two or more responsible bidders are willing and able to compete effectively for the work; the contract can be awarded based on a firm fixed or time and materials with a not to exceed price; and the selection of the successful bidder can be made principally on the lowest price.

B. **Solicitation and Receipt of Bids.** An IFB is issued which includes the specifications and all contractual terms and conditions applicable to the procurement, and a statement that an award will be made to the lowest responsible and responsive bidder whose bid meets the requirements of the solicitation. The IFB must state the time and place for both receiving the bids and the public bid opening. All bids received will be date and time-stamped and stored unopened in a secure place until the bid opening. A bidder may withdraw the bid at any time prior to the bid opening.

C. **Bid Opening and Award.** All bids received shall be recorded on an abstract (tabulation) of bids, and then made available for inspection by bidders and/or by governmental agencies, lenders, investors, or other properly interested parties. If equal low bids are received from responsible bidders, selection shall be made by drawing lots or other similar random method. The method for doing this shall be stated in the IFB. If only one responsive bid is received from a responsible bidder, award shall not be made unless the price can be determined to be reasonable, based on a cost or price analysis.
D. **Mistakes in Bids.** Correction or withdrawal of bids may be permitted, where appropriate, before bid opening by written or telegraphic notice received in the office designated in the IFB prior to the time set for bid opening. After bid opening, corrections in bids may be permitted only if the bidder can show by clear and convincing evidence that a mistake of a nonjudgmental character was made, the nature of the mistake, and the bid price actually intended. A low bidder alleging a nonjudgmental mistake may be permitted to withdraw its bid if the mistake is clearly evident on the face of the bid document but the intended bid is unclear or the bidder submits convincing evidence that a mistake was made. All decisions to allow correction or withdrawal of a bid shall be supported by a written determination signed by the Master Developer’s contracting officer. After bid opening, changes in bid prices or other provisions of bids prejudicial to the interest of the Master Developer or fair competition shall not be permitted.

**Competitive Proposals**

Unlike sealed bidding, the competitive proposal method permits: consideration of technical factors other than price; discussion with offerors concerning offers submitted; negotiation of contract price or estimated cost and other contract terms and conditions; revision of proposals before the final contractor selection; and the withdrawal of an offer at any time up until the point of award. An award is normally made on the basis of the proposal that represents the best overall value to the Master Developer, considering price and other factors, e.g., technical expertise, past experience, quality and capacity of proposed bidder, schedule to execute scope of work, etc., and not solely the lowest price.

A. **Conditions for Use.** Where conditions are not appropriate for the use of sealed bidding or where other factors exist that make the use of sealed bidding less advantageous to the Master Developer, competitive proposals may be used. Such other factors include a determination by the Master Developer that it is in the Master Developer’s best interests to engage a Contractor prior to finishing a complete, adequate, and realistic statement of work, final plans and specifications, or accurate purchase description so to use the Contractor’s knowledge and experience to develop the statement of work, plans and specifications or purchase description or to value engineer the products or services, in accordance with best practices in the private sector for similar projects. Competitive proposals are the preferred method for procuring professional services that will exceed the small purchase threshold.

B. **Form of Solicitation.** Competitive proposals shall be solicited through the issuance of an RFP or RFQ (where price is not an element of the selection). A mechanism for fairly and thoroughly evaluating the technical and price proposals shall be established before the solicitation is issued. Proposals shall be handled so as to prevent disclosure of the number of offerors, identity of the offerors, and the contents of their proposals until after award. The Master Developer may assign price a specific weight in the evaluation criteria or the Master Developer may consider price in conjunction with technical and other factors.

C. **Evaluation.** The proposals shall be evaluated by an employee or employees of the Master Developer who have the appropriate skills and experience to evaluate the proposal. Such employees shall be required to disclose any potential conflicts of interest. An Evaluation Report, summarizing the results of the evaluation, shall be prepared prior to award of a contract. One employee shall be deemed to be the contracting officer and shall have primary contact with each offeror.
D. **Negotiations.** Negotiations shall be conducted with all offerors who submit a proposal determined to have a reasonable chance of being selected for award, unless it is determined that negotiations are not needed with any of the offerors. This determination is based on the technical, price and other factors used to evaluate the proposals. These offerors shall be treated fairly and equally with respect to any opportunity for negotiation and revision of their proposals. No offeror shall be given any information about any other offeror’s proposal, and no offeror shall be assisted in bringing its proposal up to the level of any other proposal. A common deadline shall be established for receipt of proposal revisions based on negotiations. Negotiations are exchanges (in either competitive or sole source environment) between the Master Developer and offerors that are undertaken with the intent of allowing the offeror to revise its proposal. These negotiations may include bargaining. Bargaining includes persuasion, alteration of assumptions and positions, give-and-take, and may apply to price, schedule, technical requirements, type of contract or other terms of a proposed contract. The primary object of the negotiations is to maximize the Master Developer’s ability to obtain best value. The contracting officer shall indicate to, or discuss with, each offeror still being considered for award, significant weaknesses, deficiencies, and other aspects of its proposal (such as cost, price, technical approach, past performance, and terms and conditions) that could, in the opinion of the contracting officer, be altered or explained to enhance materially the proposer’s potential for award. The scope and extent of discussions are a matter of the contracting officer’s judgment. The contracting officer may inform an offeror that its price is considered by the Master Developer to be too high, or too low, and reveal the results of the analysis supporting that conclusion. It is also permissible to indicate to all offerors the cost or price that the price analysis, market research, and other reviews have identified as reasonable. “Auctioning” (revealing one offeror’s price in an attempt to get another offeror to lower their price) is prohibited.

E. **Award.** After evaluation of the revised proposals, if any, the contract shall be awarded to the responsible firm whose technical approach to the project, qualifications, price and/or any other factors considered, are most advantageous to the Master Developer provided that the price is within the maximum total project budgeted amount established for the specific property or activity.

**Noncompetitive Proposals**

A. **Conditions for Use.** Procurement by noncompetitive proposals (sole-source) may be used when the award of a contract is not feasible using small purchase procedures, sealed bids or competitive proposals, and if one of the following factors applies:

1. The item or service is available only from a single source, based on a good faith review of available sources;

2. An emergency exists that seriously threatens the public health, welfare, or safety, or endangers property, or would otherwise cause serious injury to the Master Developer or the Project, as may arise by reason of a flood, earthquake, epidemic, riot, equipment failure, or similar event. In such cases, there must be an immediate and serious need for supplies, services or construction such that the need cannot be met through any of the other procurement methods, and the emergency procurement shall be limited to those supplies, services or construction necessary simply to meet the emergency;

3. A public exigency circumstance; or

4. After solicitation of a number of sources, competition is determined inadequate by the Master Developer.
B. **Justification.** Each procurement based on noncompetitive proposals shall be supported by a written justification by the responsible contracting officer for the selection of this method.

**SOLICITATION AND ADVERTISING**

**Method of Solicitation**

A. **Petty Cash and Micro Purchases.** The Master Developer may contact only one source if the price is considered reasonable.

B. **Small Purchases.** Quotes may be solicited orally, through fax, or by any other reasonable method.

C. **Sealed Bidding and Competitive Proposals.** Solicitation must be done either publicly or by contacting at least three potential bidders/offerors. If the public solicitation method is used, the Master Developer must use one or more of the following solicitation methods, provided that the method employed provides for meaningful competition.

   1. Advertising in newspapers or other print mediums of local or general circulations.
   2. Advertising in various trade journals or publications (for construction).
   3. E-Procurement. The Master Developer may conduct its public procurements through the Internet using e-procurement systems. However, all e-procurements must otherwise be in compliance with Federal, State and local requirements.

**Time Frame**

For purchases of more than $100,000 in which public solicitation is used, the public notice should run at least once for a reasonable amount of time.

**Form**

Notices/advertisements should state, at a minimum, the place, date, and time that the bids or proposals are due, the solicitation number or other identifying name for the solicitation, a contact who can provide a copy of, and information about, the solicitation, and a brief description of the needed items(s) and/or service(s).

**Time Period for Submission of Bids and Proposals**

A minimum of 15 days shall generally be provided for preparation and submission of bids or proposals. However, the Master Developer may allow for a shorter period under extraordinary circumstances.

**Cancellation of Solicitations**

A. An IFB, RFP, RFQ or other solicitation may be cancelled before bids/offers are due if:

   1. The supplies, services or construction is no longer required;
   2. The funds are no longer available;
   3. Proposed amendments to the solicitation are of such magnitude that a new solicitation would be best; or
   4. Other similar reasons.
B. A solicitation may be cancelled and all bids or proposals that have already been received may be rejected if:

1. The supplies or services (including construction) are no longer required;
2. Ambiguous or otherwise inadequate specifications were part of the solicitation;
3. All factors of significance to the Master Developer were not considered;
4. Prices exceed available funds and it would not be appropriate to adjust quantities or services to come within available funds;
5. There is reason to believe that bids or proposals may not have been independently determined in open competition, may have been collusive, or may have been submitted in bad faith; or
6. For good cause of a similar nature when it is in the best interest of the Master Developer.

C. The reasons for cancellation shall be documented in the procurement file and the reasons for cancellation and/or rejection shall be provided upon request.

D. A notice of cancellation shall be sent to all bidders/offerors solicited and, if appropriate, shall explain that they will be given an opportunity to compete on any resolicitation or future procurement of similar items.

F. If problems are found with the specifications, the Master Developer should cancel the solicitation, revise the specifications and resolicit.

**BONDING REQUIREMENTS**

The standards under this section apply to construction contracts that exceed $100,000. There are no bonding requirements for small purchases or for other competitive proposals. The Master Developer may require bonds in these latter circumstances when deemed appropriate; however, non-construction contracts should generally not require bid bonds. For construction contracts exceeding $100,000, the successful bidder shall furnish an assurance of completion which would typically be in the form of a performance and payment bond in a penal sum of 100% of the contract price, obtained from a guarantee or surety company acceptable to the U. S. Government and authorized to do business in the State where the work is to be performed.

**MDA AND LEGAL REQUIREMENTS**

**Local Hiring and HUD Section 3 Requirements.** The Master Developer shall structure any solicitation or procurement decision and any resulting contract with the intent of fulfilling Local Hire and HUD Section 3 Requirements contained in the Master Development Agreement with the Housing Authority.

**Davis-Bacon and Prevailing Wage Requirements.** The Master Developer shall structure any solicitation or procurement decision and any resulting contract to require contractors to comply with all applicable labor standards, including but not limited to the Davis-Bacon Act (40 U.S.C. § 276a et seq.), State prevailing wage laws, and City of Los Angeles “living wage” laws, as applicable. Pursuant to 24 C.F.R. § 965.101, if State prevailing wage rates (including basic hourly rate and fringe benefits) determined under State law to be prevailing with respect to an employee in any trade exceed the applicable wage rate as determined by the Secretary of Labor pursuant to the Davis-Bacon Act, such State prevailing wage rate shall preempt the Davis-Bacon wage rates and shall apply to the work to be performed pursuant to this Agreement. Master Developer and its contractors shall be responsible for determining the applicability of prevailing wages.
The Master Developer shall, to the “greatest extent feasible,” award at least ten (10) percent of the total dollar amount of building trades work in all construction contracts and three (3) percent of the total dollar amount of all non-construction contracts to Section 3 Businesses to satisfy HUD’s Section 3 numerical goals for contracting as set forth in 24 CFR Part 135.30. Furthermore, the Master Developer shall include the Section 3 Clause set forth in 24 CFR Part 135.38 and attached hereto as Exhibit 2 in all subcontracts and ensure compliance by its contractors, subcontractors and all parties under its authority doing work related to the Redevelopment.

**CONTRACTOR QUALIFICATIONS AND DUTIES**

**Contractor Responsibility**

The Master Developer shall not award any contract until the prospective contractor, i.e., low responsive bidder or successful offeror, has been determined to be responsible. A responsible bidder/offeror must:

A. Have adequate financial resources to perform the contract, or the ability to obtain them;

B. Be able to comply with the required or proposed delivery or performance schedule, taking into consideration all the bidder’s/offeror’s existing commercial and governmental business commitments;

C. Have a satisfactory performance record;

D. Have a satisfactory record of integrity and business ethics;

E. Have the necessary organization, experience, accounting and operational controls, and technical skills, or the ability to obtain them;

F. Have the necessary production, construction, and technical equipment and facilities, or the ability to obtain them; and

G. Have any required business and professional licensing, including a City of Los Angeles business license if required; and

H. Be otherwise qualified and eligible to receive an award under applicable laws and regulations.

**Suspension and Debarment**

Contracts shall not be awarded to debarred, suspended, or ineligible contractors. Contractors may be suspended, debarred, or determined to be ineligible by HUD in accordance with HUD regulations (24 CFR Part 24) or by other Federal agencies, e.g., Dept of Labor for violation of labor regulations. Master Developer will confirm, prior to award of a contract, that the proposed Additional Team Member has not been debarred, or otherwise declared ineligible for award, by an applicable regulatory agency. The following non-exclusive sources shall be reviewed when required:

(a.) U.S. General Services Administration’s “List of Parties Excluded From Federal Procurement and Non-procurement Programs”

(b.) U.S. Department of Housing and Urban Development’s “Limited Denial of Participation” List

(c.) Office of State Purchasing (OSP) Quasi Agencies Notification List
Excluded Contractors. Master Developer will not contract with any sole proprietor or any bidding entity if any individual partner, incorporator, director, manager, officer, organizer, or member, who has at least 10% ownership in the bidding entity, under the following circumstances:

1. A conviction of or plea of guilty or no contest to the following state crimes or equivalent federal crimes shall permanently bar any person or the bidding entity from bidding on the Project:
   
   (a.) Public bribery
   
   (b.) Corrupt Influencing
   
   (c.) Extortion
   
   (d.) Money laundering

2. A conviction of or plea of guilty or no contest to the following state crimes or equivalent federal crimes shall bar any person or the bidding entity from bidding on the Project for a period of five years from the date of conviction or from the date of the entrance of the plea of guilty or no contest:

   (a.) Theft
   
   (b.) Identity theft
   
   (c.) Theft of a business record
   
   (d.) False accounting
   
   (e.) Issuing worthless checks
   
   (f.) Bank fraud
   
   (g.) Forgery
   
   (h.) Contractors; misapplication of payments
   
   (i.) Malfeasance in office

Master Developer is not required to perform criminal background checks on contractors, vendors, or subcontractors. Each bidder shall be required to attest that it/he/she has not, nor has any individual partner, incorporator, director, manager, officer, organizer, or member, who has at least 10% ownership in the bidding entity been convicted of, or has not entered a plea of guilty or nolo contender to any of the crimes or equivalent crimes listed in the preceding paragraph. It shall be the responsibility of any person, company, or entity making an allegation of false attestation to present prima facie proof to Master Developer supporting their claim.

CONTRACT PRICING ARRANGEMENTS

Contract Types

Any type of contract that is appropriate to the procurement and that will promote the best interests of the Master Developer may be used. All solicitations and contracts shall include the clauses and provisions necessary to define the rights and responsibilities of both the contractor and the Master Developer.
For all contracts based on cost-reimbursement plus an amount or percentage for profit, the contract must include a ceiling price that the contractor exceeds at its own risk, or other appropriate mechanism to contain costs.

**CONTRACT CLAUSES**

All contracts should identify the contract pricing arrangement as well as other pertinent terms and conditions, as determined by the Master Developer. All contracts entered into shall contain all standard provisions required by HUD and Housing Authority and shall conform to the requirements of this Plan.

**SPECIFICATIONS**

**General**

All specifications shall be drafted so as to promote overall economy for the purpose intended and to encourage competition in satisfying the Master Developer’s needs. Specifications shall be reviewed prior to issuing any solicitation to ensure that they are not unduly restrictive or represent unnecessary or duplicative items. Function or performance specifications are preferred. Consideration shall be given to consolidating or breaking out procurements to obtain a more economical purchase.

**Limitation**

The following types of specifications shall be avoided:

A. geographic restrictions not mandated or encouraged by applicable Federal law (except for A/E and general contractor contracts, which may include geographic location as a selection factor if adequate competition is available);

Nothing in this procurement policy shall preempt any State licensing laws. Specifications shall be reviewed to ensure that organizational conflicts of interest do not occur.

**ASSISTANCE TO SMALL AND DISADVANTAGED BUSINESSES**

**Required Efforts**

Consistent with Presidential Executive Orders 13170, and Section 3 of the HUD Act of 1968, all feasible efforts shall be made to ensure that small and disadvantaged businesses, and other individuals or firms located in or owned in substantial part by persons residing in the area of the Project are used when possible. Such efforts shall include, but shall not be limited to:

A. Including such firms, when qualified, on solicitation mailing lists;

B. Encouraging their participation through direct solicitation of bids or proposals whenever they are potential sources;

C. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by such firms;

D. Establishing delivery schedules, where the requirement permits, which encourage participation by such firms;

E. Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce;
F. Including in contracts, to the greatest extent feasible, a clause requiring contractors, to provide opportunities for training and employment for lower income residents of the Project area and to award subcontracts for work in connection with the Project to business concerns which provide opportunities to low-income residents, as described in 24 CFR Part 135 (so-called Section 3 businesses);

G. Granting preferences in contract award to Section 3 businesses; and

H. Requiring prime contractors, when subcontracting is anticipated, to take the positive steps listed above.

Definitions

1. A small business is defined as a business that is: independently owned; not dominant in its field of operation; and not an affiliate or subsidiary of a business dominant in its field of operation. The size standards in 13 CFR Part 121 should be used to determine business size.

2. A disadvantaged business is a business entity ≥51% owned or controlled by “socially and economically disadvantaged” persons.
   a. “Socially disadvantaged” = those who have been subject to racial or ethnic prejudice or cultural bias within American society because of their identification as members of certain groups. Persons of color are presumed to qualify; others can demonstrate by preponderance of evidence.
   b. “Economically disadvantaged” = impaired ability to compete due to lack of access to capital and credit opportunities (all applicants must demonstrate)

3. A minority-owned business is defined as a business which is at least 51% owned by one or more minority group members; or, in the case of a publicly-owned business, one in which at least 51% of its voting stock is owned by one or more minority group members, and whose management and daily business operations are controlled by one or more such individuals. Minority group members include, but are not limited to Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, Asian Indian Americans, and Hasidic Jewish Americans.

4. Women’s business enterprise is defined as a business that is at least 51% owned by a woman or women who are U.S. citizens and who control and operate the business.

5. A “Section 3 business concern” is as defined under 24 CFR Part 135.

6. A labor surplus area business is defined as a business which, together with its immediate subcontractors, will incur more than 50% of the cost of performing the contract in an area of concentrated unemployment or underemployment, as defined by the DOL in 20 CFR Part 654, Subpart A, and in the list of labor surplus areas published by the Employment and Training Administration.
ATTACHMENT F

SUPPORTIVE SERVICES PLAN
MEMORANDUM OF UNDERSTANDING

SECTION I – BACKGROUND AND INTENT

This Memorandum of Understanding (MOU) is entered into between Michaels Community Services Corporation dba Better Tomorrows ("BT") a Social Service provider with offices located at 2 Cooper St., 15th floor P O Box 90708, Camden, New Jersey and Jordan Downs Phase S2, LP ("Client") with offices located at 2 Cooper St., PO Box 90708, Camden, NJ 08101 to provide access to supportive services (as defined in Section II) to the targeted population residing at the Jordan Downs Phase S2 project to be located at 2045 East 101st Street, Los Angeles, CA 90002.

WHEREAS, this sole purpose of this MOU is to encourage complete cooperation between the Client and BT and to further detail the separate and distinct roles and responsibilities of each party; and

WHEREAS, Client will make available 81 units of affordable low-income housing to families who are also able to live independently with supportive services, but do not require any type of supervised living setting; and

WHEREAS, BT agrees to provide supportive services to the Client's residents and has trained and experienced staff, who will work with the targeted populations.

NOW, THEREFORE, the following represents the understanding of both parties regarding their respective roles and responsibilities to this MOU.

SECTION II – DESCRIPTION OF (BT) SERVICES TO CLIENT

1. Scope of Services: In accordance with the Social Services Plan (Attachment A), a single BT employed Social Service Coordinator or a 3rd party contracted by BT ("Social Service Lead") will be responsible for coordinating the delivery of social services for the Client's residents. The Social Service Coordinator or Social Service Lead shall work or provide services for a minimum of 12 hours per week. This value is based upon the property containing 175 bedrooms and the ratio of FTE hours needed based on TCAC and CDLAC requirements. Upon BT contract engagement, it will provide the services to residents of the community free of charge. The social services plan will include the following:

   A. The Social Service Coordinator or Social Service Lead shall find partnerships and work with residents to provide resources to facilitate self-sufficiency, with resident education, community strengthening, cultural programs and skill building services. These resources would include GED preparation classes, job readiness coordination, healthy family classes, and financial literacy classes further detailed in the Social Services Plan attached hereto;

   B. Providing community and social service linkages to residents
C. Assist the Michaels Management team’s efforts to screen each potential tenant and their ability to live independently.
D. Perform the following program support services functions:

1. Provide case referral services, which may include:
   a. Mental health and physical counseling and services
   b. Rehabilitation, vocational and employment assistance
   c. General health and dental services
   d. Income support and benefits
   e. Substance abuse (alcohol, drugs) treatment

2. Conduct an initial needs assessment and develop an individual self-sufficiency plan for each person with special needs, including a periodic evaluation and update of the service plan as resident needs change.

3. Refer residents, upon need or request, to treatment services or other appropriate social services.

4. Provide crisis intervention as needed and when requested by the Michaels Management team or provide consultation when there are disputes or differences between residents and property management.

5. Assist the Michaels Management team to resolve household disputes and resident conflicts.

6. Assist residents in understanding their rights and responsibilities under a tenant lease arrangement. This includes the explanation of the evictions and appeal process.

7. Consistent with individuals’ rights and principles, as well as, the principles of Supportive Housing, it is understood that referrals and other services will be made available to all residents. BT will take no action in making referrals or providing services without the agreement of the individual except when it appears, in their judgment, it is necessary to do so to protect the individual or others from serious harm.

Other Expected support services that are likely to be required through BT or their partners:

- Social service coordination/Case management of program services designed to assist residents to maintain their housing opportunity
- Linkages to mainstream resources including entitlement programs
- Linkages to healthcare, treatment programs and substance abuse counseling
- Clinical counseling and health care advocacy
- Mental health counseling
- Meals on Wheels
- Nutritional/dietary counseling
- Housekeeping Assistance
- Additional support services to be arranged as needed, including but not limited to assistance with activities of daily living, meals preparation, housekeeping, and employment counseling.

E. Provide the following administrative services:

1. Maintain program service records for a minimum period of five (5) years or the length of time required by Federal, State, and funding regulations, whichever is greater.
2. Cooperate with Client in monitoring and/or conducting audits or other reporting requirements with respect to project funders.

SECTION III. – DESCRIPTION OF THE ROLES AND RESPONSIBILITIES OF THE CLIENT

The Client, through its owners, will be responsible for the asset management and overseeing the ongoing duties of repair, maintenance, management, and operation of the Client’s project.

The Client will directly:

A. Ensure that all regulatory and funding requirements are met.
B. Prepare all budgets and cost estimates related to Jordan Downs Phase S2 housing development.
C. Arrange for all required liability and property insurance for the housing development;
D. Pay all taxes associated with the housing development.
E. Oversee the contract and duties of the management company.

SECTION V – General Terms

1) **This Agreement** is dependent upon project completion. It is understood by both (BT) and the Client that any marketing and services provided are in conjunction with the full funding, development and completion of the housing development. If, for any reason, the project is not completed, aside from reimbursing BT for all realized preliminary contract expenses, neither party will be responsible for meeting the obligations of this Agreement.

2) **TERMS** – This Agreement is effective as of the last date recorded on the signature page of this Agreement between the parties and will automatically be renewed each January 1st on an annual basis, with the same terms and conditions unless amended by the parties or terminated under the termination section as outlined below, BT is committed to providing the services to residents for 15 years or longer as is mutually agreeable.

3) **Fees / Costs** – The contract cost and any budgeted social service supplies will be the only direct expense. Any services provided by BT or Social Service Lead to the residents are
to be provided at no resident cost. At each annual renewal, the contract cost will increase by 2.5% to offset annual expense increases.

4) **Termination** – Either party may terminate this Agreement by giving the other party three (3) months prior written notice. It will be the responsibility of the Client to find a new service provider, with the understanding that this Agreement will not terminate between either party until such time as a replacement provider is found and established under contract. Any party wishing to terminate this Agreement for cause must provide a written intent to terminate notice to the party in breach or default. The notice will provide thirty (30) days for the party in breach or default to respond with an acceptable plan to cure. With the exemption of a financial default for lack of payment which must be cured within thirty (30) days, all other contractual breaches or defaults must be cured within ninety (90) days of receipt of an intent to terminate notice.

5) **Confidentiality** – The Client and BT agree that by virtue of entering into this Agreement they will have access to certain confidential information regarding the other party’s operations related to this project. The Client agrees that it and their agent will not at any time, disclose confidential information and/or material without the consent of that party unless such disclosure is authorized by this Agreement or required by law. Unauthorized disclosure of confidential information shall be considered a breach of this Agreement. Where appropriate, resident release forms will be secured before confidential client information is exchanged. Confidential client information will be handled with the utmost discretion and judgment.

6) **Amendments**: This Agreement may be amended only in writing and authorized by the designated representatives of the parties.

**Jordan Downs Phase S2, LP**

Signed: 
Milton R Pratt
Vice President, Jordan S2-Michaels, LLC, general partner

Date: 5/5/20

**Michaels Community Service Corporation dba Better Tomorrows**

Signed: 
Howard Tucker
President and CEO

Date: 4/24/2020
Community Room space for use by service provider Better Tomorrows
Better Tomorrows
Proposed Jordan Downs (Phase S2)
Social Services Coordination
(Attachment A)

Better Tomorrows (“BT”) is pleased to present this summary of proposed services. Upon project completion, BT is ready and will partner with Jordan Downs Phase 2, LP to implement the following services at the Jordan Downs (Phase S2) development. Our efforts at Jordan Downs will be focused on service navigation and helping relocating households from the existing Jordan Downs community to stabilize and thrive. In addition, for all families in the development, we will coordinate, manage, or directly implement programs and services to improve the resident’s lives. BT’s Core Programs provide a focus on proven methods that measure our impact towards our mission to mobilize resources to magnify opportunities for individual, community, and generational transformation.

BT has a proven track record providing services to properties operated by Michaels across the country inclusive of California. BT is excited to expand this partnership to include the Jordan Downs affordable housing community.

The services proposed below may be implemented by an on-site Social Service Coordinator or by a 3rd party contracted by BT (“Social Service Lead”). The Social Service Lead shall find partnerships and work with residents to provide resources to facilitate self-sufficiency, as well as adult education, community strengthening, resident education, cultural programs and activities for residents. At the Jordan Downs community, our services will focus on service navigation connecting families and individuals to resources in their community to help create and sustain housing and financial stability. BT will tailor its approach at Jordan Downs S2 based on the needs of the residents in the community. Pursuant to this Memorandum of Understanding, all programs will be provided at no cost to residents. BT’s work is intended to empower our residents for a happy and healthy quality of life.
Social services to be provided:

- **Resident Education**
  - Give out new resident welcome packet from Property Management to all new residents
    - Packets will include information about:
      - Renter responsibilities
        - Pay rent on time
        - How to contact maintenance
        - Being responsible for guests
        - Noise control
        - Housekeeping - how to maintain a clean home
          - Oven
          - Bathroom
          - Floors
          - Refrigerator
          - Pest prevention/control
          - Trash removal
          - Maintaining the exterior of your home (where to put trash)
  - Better Tomorrows/Social Service resources
    - Provide resident with information about referral services in the community
    - Assist residents with gaining access to services through referral and advocacy
    - Assist with developing resident organization and provide Technical support

- **Emergency numbers and other helpful phone numbers and resources**

- **Food banks or other supplemental food distribution programs**
  - Partner with local food banks for monthly food bank distribution, monthly Senior food boxes
  - Partner with local grocery stores and local partners for perishable distribution as often as possible (ideally weekly)

- **Neighborhood Watch** Support/develop crime watch or other appropriate crime prevention programs
  - Possibly include:
    - Working with the resident association to create a crime watch program
    - Bring in police officers and other public officials working with crime prevention and safety
    - Working with local police department to implement Multi-Family Crime Free Housing Program
  - Once established, hold a monthly meeting with Crime Watch/Neighborhood Watch group members
• **Michaels Scholarship Assistance**  
  o Assist residents with annual Michaels educational scholarship applications

• **Community Strengthening Events**  
  o Required Events (all activities need to be education-focused):  
    ▪ National Night Out  
    ▪ Holiday Events (limit of 4)  
    ▪ Cultural Events (Black history month, MLK day, Cinco de Mayo, etc.)  
    ▪ Provide support to the Resident Association  
    ▪ Engage resident volunteers

• **NAHMA Poster Contest (Family and Senior)**  
  o Work with residents annually to submit to the contest

**Additional Enrichment Services Proposed with Community partners or referrals**

**I. Adult educational, health & wellness, or skill building classes**

• **GED Preparation**  
  o Hold GED preparation classes or work with residents one-on-one to coordinate referrals to area programs  
  o Use computer program in lab if available or curriculum guide  
    ▪ Focus on the following topics:  
      • Social Studies  
      • Science  
      • Language Arts, Reading  
      • Math  
      • Language Arts, Writing  
      • Essay Writing

• **Job Readiness**  
  o Hold an annual job fair (either an annual job fair or an annual health fair)  
  o Hold a quarterly introductory class to introduce residents/community members to the job readiness program  
    ▪ Topics to include:  
      • Job searches  
      • Interview skills and mock interviews  
      • Resume writing  
      • Dressing for success  
      • Typing program (if computer lab is available)  
      • Microsoft Office training (if computer lab is available)  
      • Workforce development training program options (referrals or engaging a partner to come on-site)  
  o Work with residents individually on an on-going basis
• Job search bulletin board with available jobs and other resources for employment

• **Healthy Family Class (Family- for parents)**
  • Hold health/ wellness sessions including at least 3 health-related educational seminars and health screenings
    ▪ Educational seminar topics can include:
      • Nutrition, healthy meals
      • Parenting (choose among some of the following topics: communicating with children, keeping children away from gangs, proper discipline, parenting for new babies, being a role model, how to select good childcare, additional topics of your choice)
      • Exercise, physical activity- how to have an active home
      • Substance abuse prevention
      • Cleaning supplies to use
      • Adolescent hygiene
      • Teen pregnancy prevention
      • Safe sex/HIV prevention
      • Smoking cessation
      • Safe driving practices (seat belts, car seats)
      • Grand-Parenting
      • Additional Topics
    ▪ Health screenings can include screenings for:
      • General health
      • Diabetes
      • Vision
      • Blood pressure
      • Dental
      • Podiatry
      • Additional screenings
  • Hold an annual health fair- engage local providers to come on-site and offer screenings/provide information

• **Financial Literacy**
  • Hold biannual seminars, engaging local banks and small business resources to lead the seminars whenever possible:
  • Modules from the Money Smart Curriculum for adults
  •  [https://www.fdic.gov/consumers/consumer/moneysmart/adult.html](https://www.fdic.gov/consumers/consumer/moneysmart/adult.html)
    ▪ *Bank on It*- An introduction to bank services
    ▪ *Borrowing Basics*- An introduction to credit
    ▪ *Keep It Safe*- Your rights as a consumer
    ▪ *Check it Out*- How to choose and keep a checking account
    ▪ *Money Matters*- How to keep track of your money
    ▪ *Pay Yourself First*- Why you should save, save, save
Financial Recovery- How to recover financially and rebuild your credit after a financial setback
To Your Credit- How your credit history will affect your credit future
Charge It Right- How to make a credit card work for you
Loan To Own- Know what you're borrowing before you buy
Your Own Home- What home ownership is all
Credit score repair
Budgeting
Homeownership
Local banks, banking resources
Entitlement program overview (Medicare, Medicaid, social security, etc.)
Additional topics with BT Manager's approval

Additional Support Provided through Referrals

Case Management Minimum Referral/Service Requirements (could be done by social service coordinator/ social service lead, through a partner coming on-site, or through a referral to an external program):
1. Entitlement programs
2. Adult Literacy
3. ESL
4. Transportation
5. Scholarship program assistance
6. Parenting Class
7. GED Preparation
8. Housekeeping assistance
## Family Site Calendar (Detail is provided above):  

<table>
<thead>
<tr>
<th>Better Tomorrows Core Programs</th>
<th>On-going, Sporadic</th>
<th>Monthly</th>
<th>Quarterly</th>
<th>Annually</th>
</tr>
</thead>
</table>
| **Educational Success**       | -New resident orientation  
  -Housekeeping | -Food bank distribution | -Resident Education Seminar  
  -GED Program | -Money Smart program  
  -Job Fair |
| **Economic Stability**        |                   |         | -Financial Stability seminars (Money Smart counts as one quarterly session)  
  -Job Readiness program introduction |         |
| **Health and Wellness**       |                   | -Healthy Family Workshop |         | -Health Fair |
| **Community Strengthening**   | -Neighborhood Watch  
  -Cultural Events | -Neighborhood Watch Meetings | -Limit of Quarterly Holiday Events | -National Night Out  
  -NAHMA Poster Contest |
Coordination Contract Costs:
$56,000

Better Tomorrow Social Services Coordinator/ Social Service Lead cost is all-inclusive including:
- On Site Coordinator Salaries(s), & Benefits & Taxes (as applicable)
- 3rd Party Contracts
- Administration Fee
- Programming Expenses
- Insurance, Misc. Fees, and Administrative Costs

Please note that the Contract Cost will increase 2.5% per year
TAB VII.
DECLARATION OF RESTRICTIVE COVENANTS
FOR THE
DEVELOPMENT AND OPERATION OF AFFORDABLE HOUSING

This Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing (the “Declaration”) dated February 19, 2021, for reference purposes only, by Housing Authority of the City of Los Angeles, its successors, assigns and transferees (the “Owner”), is hereby given to and on behalf of the California Department of Housing and Community Development, an agency of the State of California (the “Department”).

RECITALS

This Declaration affects that certain real property commonly known as 101 and Grape, located in the City of Los Angeles, County of Los Angeles, State of California, as more particularly described in the Legal Description attached hereto as Exhibit “A” and incorporated herein by this reference (the “Property”) and is entered into based on the following facts and understandings:

1. Owner and the Department entered into an agreement 19-IIG-14392 dated February 02, 2021 (the “Standard Agreement”), under the Infill Infrastructure Grant Program of 2019 (the “Program”). The Program was forth in Health and Safety Code sections 53559, 53559.1, and 53599.2 (added by Stats. 2019, ch. 159, § 20). The primary objective of the Program is to promote infill housing development.
2. Pursuant to the terms of the Standard Agreement, the Department agreed to provide Owner with a grant under the Program (the “Grant”) in an amount not to exceed $2,600,000.00. The Standard Agreement requires Owner to use the Grant to complete certain infrastructure improvements to the Property and to develop a residential development containing affordable housing units (the “Affordable Housing Development”) on the Property, all as specified in the Standard Agreement.

3. The Owner and the Department also entered into a Disbursement Agreement dated [INSERT DATE OF EXECUTION], 20[20/21], [or “of even date hereof’] governing the disbursement of funds from the Program Grant (the “Disbursement Agreement”).

4. To ensure the construction and continued operation of the Affordable Housing Development and as consideration for the Program Grant, Owner agreed to enter into this Declaration, to restrict the development, use and occupancy of the Affordable Housing Development.

5. The term “Owner” as used in this Declaration shall include all successors, assigns and transferees of any or all of the Owner’s interest in the Affordable Housing Development and the Property.

NOW, THEREFORE, Owner, in consideration of the Department’s Grant to Owner and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Owner hereby covenants, agrees and declares that the Property shall be owned, held, used, maintained, and transferred pursuant to the following restrictive covenants (the “Covenants”) and that such Covenants shall be binding upon all of Owner’s successors, assigns and transferees to the Property, and all leases, tenants, contractors, agents, and all persons claiming an interest in the Property, or claiming an interest by and through any of the foregoing.

COVENANTS

1. Construction, Operation and Maintenance of the Affordable Housing Development. Owner, for itself and for any successors-in-interest to and transferees or assigns of the Property, hereby declares and covenants that the Property is restricted to the development and use of the Affordable Housing Development and uses ancillary to such housing and other uses as may be reasonably approved by the Department in its sole discretion. The Affordable Housing Development shall be comprised of, at the minimum, the number and size of units, have such occupancy and affordability restrictions and such other characteristics as are described in Exhibit B, “Affordable Housing Development,” attached hereto and incorporated herein by this reference.
2. **Repair and Maintenance of the Property and other Building or Improvements of the Affordable Housing Development.** Owner agrees:

   a. To keep the Property in a decent, safe, sanitary, rentable, tenantable condition and repair, and permit no waste thereof;

   b. Not to commit or suffer to be done or exist on or about the Property any condition causing the Property to become less valuable;

   c. Not to construct any buildings or improvements on the Property, other than the buildings and improvements contemplated as part of the Affordable Housing Development or add to, remove, demolish or structurally alter any buildings and improvements now or hereinafter located on the Property;

   d. To repair, restore or rebuild promptly any buildings or improvements on the Property that may become damaged or be destroyed while subject to this Covenant;

   e. To comply with all applicable laws, ordinances and governmental regulations affecting the Property or requiring any alteration or improvement thereof, and not to suffer or permit any violations of any such law, ordinance or governmental regulation, nor of any covenant, condition or restriction affecting the Property;

   f. Not to initiate or acquiesce in any change in any zoning or other land use or legal classification which affects any of the Property without the Department’s prior written consent; and

   g. Not to alter the use of all or any part of the Property without prior written consent of the Department.

3. **Restrictions on Sale, Encumbrance, and Other Acts.**

   a. Except with the Department’s prior written approval, Owner shall not make any sale, encumbrance, hypothecation, assignment, refinancing, pledge, conveyance, or transfer in any other form of the Property or the Affordable Housing Development or of any of its interest in either of them.

   b. The Department may grant its approval for a sale, transfer or conveyance of the Property or the Affordable Housing Development subject to such terms and conditions as may be necessary to preserve or establish the fiscal integrity of the Property or the
Affordable Housing Development or to ensure compliance with the Program Requirements.

4. Charges; Liens. Owner shall pay all taxes, assessments and other charges, fines and impositions attributable to the Property or to the Affordable Housing Development, if any, by Owner making payment, when due, directly to the payee thereof. Owner shall promptly furnish to Department all notices of amounts due under this paragraph, and in the event Owner shall make payment directly, Owner shall promptly furnish to Department receipts evidencing such payments. Owner shall pay when due all encumbrances, charges, and liens, on the Property or to the Affordable Housing Development, any portion thereof and payments on notes or other obligations secured by an interest in the Property or Affordable Housing Development, any portion thereof, with interest in accordance with the terms thereof. Owner shall have the right to contest in good faith any claim or lien, or payment due thereunder, provided that Owner does so diligently and without prejudice to Department.

5. Hazard and Liability Insurance and Condemnation.

a. The Owner shall at all times keep the Property and the Affordable Housing Development insured against loss by fire and such other hazards, casualties, liabilities and contingencies, and in such amounts and for such periods as required by the Department. All insurance policies and renewals thereof shall be issued by a carrier and in form acceptable to the Department.

b. In the event of any fire or other casualty to the Property or Affordable Housing Development or eminent domain proceedings resulting in condemnation of the Property or Affordable Housing Development or any part thereof, Owner shall have the right to rebuild the Property or the Affordable Housing Development, and to use all available insurance or condemnation proceeds therefore, provided that, as determined by the Department in its sole discretion, (a) such proceeds are sufficient to rebuild the Property or Affordable Housing Development in a manner that ensures continued operation of the Affordable Housing Development and as consideration for the Program Grant, (b) the Department shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (c) no material breach or default then exists under the Grant. If the casualty or condemnation affects only part of the Property or Affordable Housing Development and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and/or partial repayment of the Grant.
6. **Covenants Run with the Land.** The Property is held and hereafter shall be held, conveyed, hypothecated, encumbered, leased, rented, used and occupied subject to these covenants, conditions, restrictions and limitations. All of the herein-stated covenants, conditions, restrictions and limitations are intended to constitute both equitable servitudes and covenants running with the land. Owner expressly acknowledges and agrees that the Covenants are reasonable restraints on Owner’s right to own, use, maintain, and transfer the Property and any estate or interest therein and are not and shall not be construed to be an unreasonable restraint on alienation. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof, shall be held conclusively to have been executed, delivered and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument.

7. **Binding Effect.** Any purchaser of the Property or of any portion of or interest in the Property, by the acceptance of a deed therefore, whether from Owner or from any subsequent owner of the Property, or by the signing of a contract or agreement to purchase the Property, shall by the acceptance of such deed or by the signing of such contract or agreement be deemed to have consented to and accepted the Covenants set forth in this Declaration.

8. **Term of Declaration.** The Covenants in this Declaration shall be binding, effective and enforceable commencing upon the execution of this Declaration and shall continue in full force and effect for a period of not less than fifty-five (55) years for Rental Affordable Housing Developments [or “thirty (30) years” for Home Ownership Housing Developments] after a certificate of occupancy or its equivalent has been issued for the Affordable Housing Development by the local jurisdiction or, if no such certificate is issued, from the date of initial occupancy of the Affordable Housing Development.

9. **Building Permits.** Owner agrees not to apply for or accept any permits for the construction of improvements on the Property inconsistent with the Affordable Housing Development as described in Exhibit B hereto.

[ALTERNATIVE PARAGRAPH TO BE USED if Owner is a locality with permit authority. DELETE PARAGRAPH #9 AS APPROPRIATE.]

9. **No Approval of Building Permits.** Owner agrees not to approve or issue any permits for the construction of improvements on the Property inconsistent with the Affordable Housing Development as described in Exhibit B hereto.

10. **Default.** The following shall constitute a default of this Declaration and shall entitle the Department to all of the remedies contained herein.
a. Any default under the Standard Agreement or the Disbursement Agreement shall also be a default under this Declaration.

b. Owner’s failure to repay all disbursed Grant funds upon demand by the Department where construction of the Affordable Housing Development has not received building permits and begun within five (5) years from the date of the Program Grant award to include any granted extension of the deadline date.

c. Failure to complete the Affordable Housing Development, as evidenced by a certificate of occupancy, within the period of time set forth in the Standard Agreement, but not more than eight (8) years from the date of the award of the Program Grant or any extension granted by the Department.

11. Remedies. The Department and its successors and assigns may use any or all of the following provisions in the event of a default or breach of this Declaration. The failure by the Department to exercise any specific right or remedy shall not preclude the Department from exercising any other right or remedy, or from maintaining any action to which it may otherwise be entitled at law or in equity:

a. Specific Performance. The development, use and maintenance of the Property as an Affordable Housing Development in accordance with Exhibit B attached to this Declaration is of a special and unique kind and character, so that a breach of any material provision of this Declaration by Owner, its successors, assigns or transferees, would not have an adequate remedy at law. Therefore, the Department’s rights in the affordable housing provisions may be enforced by an action for specific performance and such other equitable relief as is provided by the laws of the State of California.

b. Performance Lien. Owner acknowledges that Department requires security to ensure the faithful performance of the Covenants in this Declaration. In order to provide such security, Owner hereby consents to the imposition of, and there is hereby imposed, a lien (“Lien”) on the Property as security for the doing and performance of the Covenants and other obligations set forth in this Covenant. Upon recordation of this Declaration in the office of the Recorder of the County of Los Angeles, State of California, the Lien shall have the priority of a judgment lien. The Lien may be foreclosed, at the discretion of the Department, by a judicial foreclosure or private foreclosure in the same manner that a mortgage of real property with power of sale given to the mortgagee may be foreclosed. For purposes of foreclosure of the Lien, the Department shall be deemed to be a mortgagee holding a mortgage with a power of sale. The Lien may be released by the Department, in its sole discretion, at any time by recording a separate instrument stating that the Lien is to be
released. Notwithstanding, the Lien shall automatically terminate at the end of the duration of this Declaration, or upon the Declaration’s termination by the Department, or as otherwise ordered by a Court of law having jurisdiction over the Property. *(to be revised upon discussion with HCD currently in progress)*

c. **Injunctive Relief.** In pursuing specific performance of the Covenants, the Department shall be entitled to petition the court for injunctive relief to preserve the Department’s interests in the Property and its rights under this Declaration. Such injunctive relief may include, but is not limited to, an order of the court restraining any development of the Property inconsistent with the Covenants made herein.

d. **Appointment of Receiver.** In conjunction with any other remedy provided herein or by law, the Department may apply to any court of competent jurisdiction for the appointment of a receiver to take over and operate the Property or the Rental Housing Development in accordance with the terms of this Declaration and the Standard Agreement.

e. **Legal Actions.** In addition to any other rights and remedies, any party may institute a legal action to require the cure of any breach or default of the Covenants contained in this Declaration and to recover damages for any breach or default, or to obtain any other remedy consistent with the purpose of this Declaration. Damages may include, but are not limited to, reimbursement of the Department’s Grant to Owner with interest at the highest rate permissible under applicable law. In any action seeking enforcement or interpretation of any of the terms or provisions of this Declaration, the prevailing party shall be awarded, in addition to damages, injunctive relief, or other relief, its reasonable costs and attorneys’ fees.

12. **Department Review and Inspection.**

a. At any time during the term of this Declaration, the Department or its designee may enter and inspect the Property and inspect all accounting records pertaining to the construction of the infill infrastructure projects funded by the Grant, and the development or operation of the Affordable Housing Development. Upon request by the Department, the Owner shall notify occupants of upcoming inspections of their units in accordance with state law.

b. At the Department's request, the Owner shall provide, at Owner’s expense, a special audit of the infill infrastructure projects funded by the Grant and the Affordable Housing Development certified by an independent certified public accountant. The Department may
also perform or cause to be performed audits of any and all phases of the Owner's activities related to the Grant.

c. The Department may request any other information that it deems necessary to monitor compliance with the Covenants and other requirements set forth in this Declaration and the Standard Agreement. The Owner shall provide such information within 14 days from the Department's written request for such information.

d. The Owner agrees to regular monitoring of the housing development by the Department or such designee the Department may name at any time during the term of the Standard Agreement and/or Covenant, to verify compliance with the requirements of the Program. The Owner, or designee, shall submit annual reports as required by the Department on forms approved or provided by the Department, detailing components of the on-going operations of the housing development, as noted in this subsection. The components of annual operations for which reporting is required, which the Department retains the right to inspect, or cause to be inspected, include, and are not limited to:

(1) The Affordable Housing Development, including interior of units, common areas, and exterior of the development;
(2) Tenant files, demonstrating compliance with Program affordability standards;
(3) Financial records, including the right to request a certified financial audit of the revenue, expenses, and operations of the housing development; and
(4) Insurance records to ensure continuous insurance coverage in accordance with Department and Program requirements.

13. Owner Representations. Owner represents and warrants to the Department that: (1) Owner has sufficient interest in the Property to own, develop, construct and operate the Affordable Housing Development in accordance with this Declaration, (2) to Owner's actual knowledge and belief, there are no agreements, contracts, covenants, conditions or exclusions to which Owner (or its predecessor in interest) is a party which would, if enforced, prohibit or restrict the use of the Property in accordance with the terms of this Declaration, (3) Owner has the full right and authority to enter into this Declaration, (4) this Declaration constitutes a valid and legally binding obligation on Owner, enforceable in accordance with its terms, and (5) Owner is duly organized and authorized to do business in the State of California.
14. **Governing Law.** This Declaration shall be interpreted and be governed by the laws of the State of California.

15. **Severability.** Every provision of this Declaration is intended to be severable. If any provision of this Declaration is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired.

IN WITNESS WHEREOF, the Owner has caused this Declaration to be signed by its duly authorized representative, as of the day and year first written above.

OWNER:
HOUSING AUTHORITY OF THE CITY OF LOS ANGELES,
a public body, corporate and politic,

By: ____________________________
Name: Douglas Guthrie
Its: President and Chief Executive Officer

All signatures must be acknowledged.
ADD NOTARY ACKNOWLEDGEMENT
EXHIBIT “A”

LEGAL DESCRIPTION OF THE PROPERTY

The land referred to herein is situated in the State of California, County of Los Angeles, City of Los Angeles and 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
### I. Description of Units

<table>
<thead>
<tr>
<th># of Bedrooms</th>
<th># of Units</th>
<th>IIG Restricted</th>
<th>Income Limit (% of AMI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>2</td>
<td>30% AMI</td>
</tr>
<tr>
<td>1</td>
<td>3</td>
<td>3</td>
<td>40% AMI</td>
</tr>
<tr>
<td>1</td>
<td>13</td>
<td>13</td>
<td>50% AMI</td>
</tr>
<tr>
<td>2</td>
<td>9</td>
<td>9</td>
<td>30% AMI</td>
</tr>
<tr>
<td>2</td>
<td>3</td>
<td>3</td>
<td>40% AMI</td>
</tr>
<tr>
<td>2</td>
<td>20</td>
<td>20</td>
<td>50% AMI</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>3</td>
<td>30% AMI</td>
</tr>
<tr>
<td>3</td>
<td>7</td>
<td>7</td>
<td>40% AMI</td>
</tr>
<tr>
<td>3</td>
<td>19</td>
<td>19</td>
<td>50% AMI</td>
</tr>
<tr>
<td>4</td>
<td>1</td>
<td>1</td>
<td>40% AMI</td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>0</td>
<td>Manager</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>81</strong></td>
<td><strong>80</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Net Density (see Guidelines Sec. 302(o)) 55.0**
II. **Other Housing Development Requirements**

A. The required average net density is 55 units per acre.

B. The proposed or planned amenities shall be completed by the date the Affordable Housing Development is completed.

<table>
<thead>
<tr>
<th>Amenity Type</th>
<th>Distance (within fractional miles)</th>
<th>Number of Amenities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Park</td>
<td>¼ of a mile</td>
<td>1</td>
</tr>
<tr>
<td>Employment Center</td>
<td>½ of a mile</td>
<td>1</td>
</tr>
<tr>
<td>Retail Center</td>
<td>½ of a mile</td>
<td>2</td>
</tr>
<tr>
<td>Public School or Community College</td>
<td>¼ of a mile</td>
<td>4</td>
</tr>
<tr>
<td>Social Service Facility</td>
<td>On site</td>
<td>1</td>
</tr>
<tr>
<td>Senior Center or Senior Service Facility</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

C. The proposed or planned transit stations or major transit stops shall be completed by the date the Affordable Housing Development is completed.

<table>
<thead>
<tr>
<th>Transit Type</th>
<th>Distance (within fractional miles)</th>
<th>Number of Transit Stations or Stops</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Station</td>
<td>½ Mile</td>
<td>1</td>
</tr>
<tr>
<td>Major Transit Stop</td>
<td>½ mile</td>
<td>4</td>
</tr>
</tbody>
</table>