RESOLUTION AUTHORIZING THE ISSUANCE AND DELIVERY OF MULTIPLE SERIES OF MULTIFAMILY HOUSING REVENUE NOTES BY THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES AS A CONDUIT ISSUER OF A TAX EXEMPT NOTE(S) IN AN AMOUNT NOT TO EXCEED $31,843,632 AND A TAXABLE NOTE IN AN AMOUNT NOT TO EXCEED $7,500,000 TO PROVIDE FINANCING FOR THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF ROSE HILL COURTS PHASE I, AND APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS

Douglas Guthrie
President & Chief Executive Officer

Geoffrey Moen
Director of Development

Purpose: Adopting the resolution (Attachment 1) will authorize the President and CEO or other Designated Officers, to take all actions necessary to effectuate the issuance by the Housing Authority of the City of Los Angeles (“HACLA”) of tax-exempt multifamily conduit revenue notes (the “Tax-exempt Notes”) in the aggregate principal amount not to exceed $31,843,632 and a taxable multifamily conduit revenue note (the “Taxable Note”) in the principal amount not to exceed $7,500,000 (together, the Tax-Exempt Notes and the Taxable Note constitute the “Notes”) for Rose Hill Courts Phase I (the “Project”). The California Debt Limit Allocation Committee (“CDLAC”), in its approval of the tax-exempt bond allocation, designated June 21, 2021 as the debt issuance deadline for the Note (Attachment 2).

Issuance of the Tax-Exempt Notes makes low interest rate financing available to fund the development of the Project. For the Project, HACLA will serve in the capacity of a conduit issuer of private activity bonds or notes; thus, HACLA will not be the obligor of the debt. The obligors of the debt will be the owners and/or operators of the Project (the “Borrower”, as further defined in “Issues” below).

Regarding: On January 23, 2020, the Board of Commissioners (“BOC”), by Resolution No. 9568, authorized HACLA’s President and CEO to execute a Disposition and Development Agreement (“DDA”) with the Borrower for the redevelopment of Rose Hill Courts Phase I, a multi-family rental housing project.

On June 25, 2020, the BOC, by Resolution No. 9612, authorized the President and CEO to declare HACLA’s official intent (the “Inducement”) to issue one or more
series of conduit revenue bonds in an aggregate principal amount not to exceed $55 million to finance and refinance all or a portion of the cost of the construction, and equipping of Rose Hill Courts Phase I.

On July 30, 2020, the BOC, by Resolution No. 9619 approved its TEFRA proceedings and the subsequent issuance of private activity bonds or notes to finance the acquisition and construction of the Project. The Mayor of the City of Los Angeles approved HACLA’s TEFRA proceedings, on August 31, 2020.

**Issues:**
Rose Hill Courts I Housing Partners, L.P., a California limited partnership, will be the Borrower of the Note proceeds and loans pursuant to the Borrower Loan Agreement (Attachment 4), the Funding Loan Agreement (Attachment 5), the Regulatory Agreement and Declaration of Restrictive Covenants (Attachment 6) and related financing documents.

At financial closing, the limited partnership will be structured with Rose Hill Courts I Development Co., LLC, a California limited liability company, as administrative general partner (the “AGP”), LOMOD RHC I LLC, a California limited liability company, as managing general partner (“MGP”), and Raymond James California Housing Opportunity Fund X, LLC, a Florida limited liability company (the “ILP”). The execution of multiple legal documents including the Agreement of Limited Partnership will occur simultaneously with the financial closing. The partnership interests are divided 0.005% to the AGP, 0.005% to the MGP, and 99.99% to the ILP.

The Project’s unit mix will consist of 51 one-bedroom units, 26 two-bedroom units, 8 three-bedroom units and 4 four-bedroom units. The Project includes the construction of 143 bedrooms in total. On average, each one-bedroom unit provides 623 square-feet of living space, two-bedroom units 910 square-feet, three-bedroom units 1,158 square-feet, and four-bedroom units 1,475 square-feet. The Project includes 11 Rental Assistance Demonstration (“RAD”) units and 77 non-RAD Section 8 Project Based Voucher (“PBV”) units to create 88 on-site replacement units. The balance of replacement units will be constructed in Phase II.

The Project has an estimated total development cost of $64.2 million and construction is expected to take twenty-one months to complete. Construction funding sources include (i) a HACLA Gap Loan of approximately $8.35 million; (ii) a HACLA Acquisition Loan of approximately $7.1 million; (iii) a non-interest bearing IIG Loan Note of approximately $3.52 million; (iv) an MGP Capital Contribution of $2.0 million; (v) tax-exempt construction loans not to exceed $31,843,632; (vi) a taxable construction loan estimated at $7,500,000; (vii) $17,692,129 of low income housing tax credit (“LIHTC”) equity, and additional funding sources.
To issue tax-exempt debt on behalf of the Project, and to obtain a reservation of LIHTCs, HACLA was required to first obtain approval from two California agencies: the California Debt Limit Allocation Committee (“CDLAC”) and the California Tax Credit Allocation Committee (“CTCAC”). On December 21, 2020, the Project was awarded the $31,843,632 bond allocation (Attachment 2) and, on December 9, 2020, received a reservation of LIHTC in the amount of $15.29 million (Attachment 3). When awarding a bond allocation to an applicant, CDLAC instructs the applicant that the private activity bonds must be issued within 180 or 194 days of allocation. For the Project, the bond issuance deadline is June 21, 2021.

HACLA intends to issue (i) Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Tax-Exempt Series 2021A (the “Series 2021A Funding Loan Note”); (ii) Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Taxable Series 2021B (the “Series 2021B Funding Loan Note”); and (iii) Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Tax-Exempt Series 2021C (the “Series 2021C Funding Loan Note”). (The nomenclature for each “Series” of Notes may take a different form.) The Series 2021A Funding Loan Note and the Series 2021C Funding Loan Note, when combined, shall not exceed the principal amount of $31,843,632. The Series 2021B Funding Loan Note shall not exceed the principal amount of $7,500,000. MUFG Union Bank, N.A., is the Funding Lender that will provide the three Funding Loans. The Notes will be issued at par value. At conversion to permanent financing, the Series 2021A Funding Loan Note and the Series 2021B Funding Loan Note will be paid off, primarily with equity contributions to be contributed by the ILP. The Series 2021C Funding Loan Note remains and will amortize over 35-years at an interest rate estimated at 4.42%. Repayment of the Series 2021A Funding Loan Notes, the Series 2021B Funding Loan Note and the Series 2021C Funding Loan Note is estimated to require debt service payment of approximately $48.5 million. Finance charges and debt issuance costs payable from proceeds of the tax-exempt Notes is limited to not more than 2% of the principal amount of the tax-exempt Notes. The development finance team for Rose Hill Courts Phase I includes:

Borrower: Rose Hill Courts I Housing Partners, L.P.
Developer: Related/Rose Hill Courts I Development Co., LLC
Lender: MUFG Union Bank, N.A.
Tax Credit Investor: Raymond James California Housing Opportunity Fund X, LLC
Vision Plan:  **PLACE Strategy #1:** Stabilize the physical and financial viability of the conventional public housing portfolio.

Bond issuance in support of the Project is a key financial component leading to the acquisition, construction and equipping of 89 housing units, 88 units of which will be deeply affordable. This Project will further HACLA’s goals of improving its affordable housing stock as well as improved ADA-compliant, modern, sustainably designed, and amenity rich units. HACLA’s conduit bond issuance authority is instrumental to providing low cost funding for the Project.

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

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

**Funding:** The Chief Administrative Officer confirms the following:

The budget impact of the conduit debt issuance is positive. HACLA expects to collect bond issuance fees of approximately $124,000 at bond closing (May 2021), and additional conduit bond fees of approximately $292,000 for the period between 2022 and 2036.

**Environmental Review:** Not Applicable

**Section 3:** Not Applicable

**Attachments:**
1. Resolution
2. CDLAC Resolution 20-194 (December 21, 2020)
3. CTCAC Reservation Letter CA-20-670 (December 9, 2020)
4. Construction and Permanent Loan Agreement
5. Funding Loan Agreement
6. Regulatory Agreement and Declaration of Restrictive Covenants
RESOLUTION NO. ________

RESOLUTION AUTHORIZING THE ISSUANCE AND DELIVERY OF MULTIPLE SERIES OF MULTIFAMILY HOUSING REVENUE NOTES BY THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES AS A CONDUIT ISSUER OF A TAX EXEMPT NOTE(S) IN AN AMOUNT NOT TO EXCEED $31,843,632 AND A TAXABLE NOTE IN AN AMOUNT NOT TO EXCEED $7,500,000 TO PROVIDE FINANCING FOR THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF ROSE HILL COURTS PHASE I, AND APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS

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

WHEREAS, HACLA now desires to issue its revenue notes in accordance with the Act, to provide financing for the acquisition, construction and equipping of Rose Hill Courts Phase I, a multifamily rental housing project described in paragraph M below (the “Project”);

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

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

WHEREAS, HACLA proposes to issue, in accordance with the Act, its Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Tax-Exempt Series 2021A (the “Series 2021A Funding Loan Note”) with a principal amount not to exceed $31,843,632 when combined with the principal amount of the Series 2021C Funding Loan Note (hereinafter defined);

WHEREAS, HACLA proposes to issue, in accordance with the Act, its Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Taxable Series 2021B (the “Taxable Note”) with a principal amount not to exceed $7,500,000;

WHEREAS, HACLA, as the conduit issuer of the Notes (“Issuer”) and the governmental lender, proposes to use the proceeds of the Notes to fund a loan to Rose Hill Courts I Housing Partners, L.P. (the “Borrower”) to finance a portion of the acquisition, construction and equipping of the Project and, if applicable, to pay certain costs of issuance in connection with the issuance of the Notes;

WHEREAS, MUFG Union Bank, N.A., a national banking association (the “Funding Lender”), has expressed its intention to purchase the Notes authorized hereby or to cause such Notes to be purchased by its affiliate, in whole;
WHEREAS, this Board of Commissioners (the “Board of Commissioners”) finds that the public interest and necessity require that HACLA at this time make arrangements for the issuance and delivery of the Notes;

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

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

WHEREAS, pursuant to Section 147(f) of the Code, HACLA caused a notice to appear on June 30, 2020 on HACLA’s website (www.hacla.org/News-Notifications) that a public hearing would be held on July 9, 2020 regarding the issuance of the Tax-Exempt Funding Loan Notes;

WHEREAS, HACLA held a public hearing on July 9, 2020 (the “TEFRA Hearing”), at which time an opportunity was provided to present arguments both for and against the issuance of the Tax-Exempt Funding Loan Notes;

WHEREAS, HACLA, as Issuer of the Tax-Exempt Funding Loan Notes, by this resolution approves issuance of the Tax-Exempt Funding Loan Notes for purposes of Section 147(f) of the Code;

WHEREAS, HACLA has forwarded the minutes of the TEFRA Hearing to the Mayor of the City of Los Angeles as the elected representative of the governmental unit having jurisdiction over the area in which the Project is located, requesting his approval of the issuance of the Tax-Exempt Funding Loan Notes for purposes of Section 147(f) of the Code, which approval was granted August 31, 2020;

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

WHEREAS, such Financing Information has been disclosed in connection with the Board of Commissioners meeting in which this Resolution is approved;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing Authority of the City of Los Angeles, as follows:

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

B. Pursuant to the Act and the Funding Loan Agreement (as hereinafter defined) revenue notes of HACLA, as conduit issuer, to be designated as: “Housing Authority of the City of Los Angeles
Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Tax-Exempt Series 2021A” in a principal amount not, in combination with the Series 2021C Funding Loan Note, to exceed $31,843,632; “Housing Authority of the City of Los Angeles Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Taxable Series 2021B” in a principal amount not to exceed $7,500,000; and “Housing Authority of the City of Los Angeles Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Tax-Exempt Series 2021C” in a principal amount not, in combination with the Series 2021A Funding Loan Note, to exceed $31,843,632 are hereby authorized to be issued. The principal amounts of the Notes to be issued shall be determined by a Designated Officer (as defined below) in accordance with this Resolution.

C. The proposed form of a Funding Loan Agreement (the “Funding Loan Agreement”), among HACLA, the Funding Lender and U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”), in substantially the form attached hereto, is hereby approved along with any additions or supplements which may, in the determination of a Designated Officer, be necessary to document the issuance of the Notes authorized hereunder. The President and Chief Executive Officer and the Chief Administrative Officer of HACLA and each other officer also listed in paragraph N below (each hereinafter referred to as a “Designated Officer”) and each of their respective designees are hereby authorized and directed, for and in the name and on behalf of HACLA, to execute and deliver the Funding Loan Agreement, with such additions, changes or corrections as the Designated Officer executing the same may approve upon consultation with in-house counsel to HACLA and Bond Counsel to HACLA and approval by in-house counsel to HACLA, provided that such additions or changes shall not authorize an aggregate principal amount of the Tax-Exempt Funding Loan Notes in excess of $31,843,632 and the Taxable Note in excess of $7,500,000, such approval by counsel to HACLA to be conclusively evidenced by the execution and delivery of the Funding Loan Agreement with such additions, changes or corrections.

D. The proposed form of Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program) (the “Loan Agreement”), by and among HACLA, the Funding Lender and the Borrower, in substantially the form attached hereto, is hereby approved. Any Designated Officer, or their designee, is hereby authorized and directed, for and in the name and on behalf of HACLA, to execute the Loan Agreement, with such additions, changes or corrections as the Designated Officer, or their designee, executing the same may approve upon consultation with in-house counsel to HACLA and Bond Counsel and approval by in-house counsel to HACLA, such approval to be conclusively evidenced by the execution of said Loan Agreement with such additions, changes or corrections.

E. The proposed forms of the Tax-Exempt Funding Loan Notes and Taxable Note, each as set forth in the Funding Loan Agreement, are hereby approved, and the President and Chief Executive Officer or Chief Administrative Officer of HACLA, or any other Designated Officer, are hereby authorized and directed to execute, by manual signature of such officers, and the Fiscal Agent or an authenticating agent, is hereby authorized and directed to authenticate, by manual signatures of one or more authorized officers of the Fiscal Agent or an authenticating agent, the Notes in substantially such forms and the Fiscal Agent is hereby authorized and directed to issue and deliver the Notes to the Funding Lender in accordance with the Funding Loan Agreement. The date, maturity dates, interest rate or rates (which may be either fixed or variable), interest payment dates, denomination, form of registration privileges, manner of execution, place of payment, terms of redemption, use of proceeds, series designation and other terms of the Series 2021A Funding Loan Note, the Taxable Note and Series 2021C Funding Loan Note the shall
be as provided in the Funding Loan Agreement as finally executed; provided, however, that:
(a) the principal amount of the Series 2021A Funding Loan Note shall not, in combination with the
Series 2021C Funding Loan Note, exceed $31,843,632, the interest rate on the Series 2021A
Funding Loan Note shall not exceed 12% per annum, and the final maturity of the Series 2021A
Funding Loan Note shall be no later than forty years after the date of Tax-Exempt Funding Loan
Notes issuance; (b) the principal amount of the Taxable Note shall not exceed $7,500,000, the
interest rate on the Taxable Note shall not exceed 12% per annum, and the final maturity of the
Taxable Note shall be no later than forty years after the date of Taxable Note issuance; and (c) the
principal amount of the Series 2021C Funding Loan Note shall not, in combination with the Series
2021A Funding Loan Note, exceed $31,843,632, the interest rate on the Series 2021C Funding
Loan Note shall not exceed 12% per annum, and the final maturity of the Series 2021C Funding
Loan Note shall be no later than forty years after the date of Tax-Exempt Funding Loan Notes
issuance. The initial purchase price of the Notes shall each be 100% of the principal amount
thereof to be paid as advances are made with respect to the Funding Loan Funding Lender. The
Notes may each, if so provided in the Funding Loan Agreement, be issued as “draw-down” notes
to be funded over time as provided in the Funding Loan Agreement. Such Notes may be delivered
in temporary form pursuant to the Funding Loan Agreement if, in the judgment of in-house
counsel to HACLA, delivery in such form is necessary or appropriate until the Notes in definitive
forms can be prepared.

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

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

H. Any document authorized herein may be executed in multiple counterparts and any document
authorized herein, except the Notes and the Regulatory Agreement, may be signed using
electronic means.
I. Pursuant to Section 147(f) of the Code, HACLA hereby approves the issuance of the Tax-Exempt Funding Loan Notes to finance the Project. It is intended that this Resolution constitute approval of the Tax-Exempt Funding Loan Notes by the applicable representative of the Issuer of the Tax-Exempt Funding Loan Notes.

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

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

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

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

<table>
<thead>
<tr>
<th>Project Name</th>
<th># of Units</th>
<th>Address</th>
<th>Borrower</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rose Hill Courts Phase I Apartments</td>
<td>89 (including 1 manager unit)</td>
<td>4466 Florizel Street, Los Angeles, CA 90032</td>
<td>Rose Hill Courts I Housing Partners, L.P.</td>
</tr>
</tbody>
</table>

N. The “Designated Officers” of HACLA referred to herein are as follows:

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

APPROVED AS TO FORM:

JAMES JOHNSON

By: ______________________________
   General Counsel

DATE: __________________________

ADOPTED: _______________________

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

By: ______________________________
   Cielo Castro, Acting Chairperson
Attachment 2

CDLAC RESOLUTION 20-194
(DECEMBER 21, 2020)
December 21, 2020

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

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

Dear Ms. Garza:

Enclosed is a copy of Resolution No. 20-194, adopted by the California Debt Limit Allocation Committee (the "Committee") on December 21, 2020, transferring $31,843,632 of the 2020 State Ceiling on Qualified Private Activity Bonds to the Housing Authority of the City of Los Angeles (the "Applicant") for the Rose Hill Courts Phase I Project on a carryforward basis.

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

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

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

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

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

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

Sincerely,

[Signature]

Judith Blackwell
Executive Director

Enclosures

cc: John Castanon, Housing Authority of the City of Los Angeles
    J. Toger Swanson, Esq., Kutak Rock LLP
    Rosemary Olson, Rose Hill Courts I Housing Partners, LP
THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

RESOLUTION NO. 20-194

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

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

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

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

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

WHEREAS, the Committee has determined that it is appropriate to authorize the Applicant to make an election
to carryforward Allocation to calendar year 2021 with respect to the Project described in the Application.

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

Section 1. There is hereby transferred to the Applicant authorization to use $31,843,632
of the 2020 State Ceiling on Qualified Private Activity Bonds. Such Allocation may be used only by the Applicant and only for the
issuance of Bonds for the Project, as specifically described in Exhibit A. All of the terms and conditions of Exhibit A are
incorporated herein as though set forth in full (this resolution, together with Exhibit A are hereafter referred to collectively as this
"Resolution").

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

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

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

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

Section 7. The Allocation transferred herein to the Applicant shall automatically revert to this Committee unless the Applicant has issued Bonds for the Project by the close of business on June 21, 2020. Upon the discretion of the Executive Director, the expiration may be extended pursuant to the provisions in Chapter 1, Article 8 of the Committee's Regulations.

Section 8. Prior to being submitted to the IRS, draft Carryforward Elections must be emailed to CDLAC at cdlac@treasurer.ca.gov no later than February 1, 2021 for CDLAC approval of election amounts.

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

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

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

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

Section 13. In consideration of the Allocation transferred to the Applicant and the Project Sponsor, the Applicant and the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Further, the Applicant and the Project Sponsor expressly agree that the terms and conditions of this Resolution may be enforced by the Committee through an action for specific performance or any other available remedy, provided however, that the Committee agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of Bondholders. In addition, the Applicant and the Project Sponsor shall ensure that the Bond documents, as appropriate, expressly provide that the Committee is a third party beneficiary of the terms and conditions set forth in this Resolution.
Section 14. The Certification of Compliance II or equivalent form is to be submitted by the Project Sponsor to the Applicant by the Applicant's specified deadline, but no later than March 1st annually until the project's Certificate of Completion has been submitted to the Applicant. Following the submission of the Certificate of Completion or equivalent form to the Applicant, the Certification of Compliance II is to be submitted March 1st every three years thereafter. In addition, an Annual Applicant Public Benefits and On-going Compliance Self-Certification (Self Certification) form must be submitted by the Applicant online every year until the Certificate of Completion has been submitted to the Applicant. After the completion of the project has been reported, the Self Certification will be required to be submitted March 1st every three years thereafter pursuant to Section 5144 of the CDLAC Regulations. Verification to CDLAC of income and rental information is not required in advance of the submission of the Certificate of Completion. A copy of the Certification of Compliance II and the Certificate of Completion forms may be found at this website location: http://www.treasurer.ca.gov/cdlac. Failure to submit compliance may result in disqualification from future program participation.

Section 15. This Resolution shall take effect immediately upon its adoption.

* * *

CERTIFICATION

I, Judith Blackwell, Executive Director of the California Debt Limit Allocation Committee, hereby certify that the above is a full, true, and correct copy of the Resolution adopted at a meeting of the Committee held in the Jesse Unruh Building, 915 Capitol Mall, Room 587, Sacramento, California 95814, on December 21, 2020 at 11:03 a.m. with the following votes recorded:

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

NOES: None
ABSTENTIONS: None
ABSENCES: None

Judith Blackwell, Executive Director

Date: December 21, 2020
RESOLUTION NO. 20-194  
(QUALIFIED RESIDENTIAL RENTAL PROJECT)  
EXHIBIT A

1. Applicant: Housing Authority of the City of Los Angeles

2. Application No.: 20-670

3. Project Sponsor: Rose Hill Courts I Housing Partners, L.P. (Related/Rose Hill Courts I Development Co., LLC; LOMOD RHC, LLC)

4. Project Management Co.: Related Management Company

5. Project Name: Rose Hill Courts Phase I

6. Type of Project: New Construction/Family

7. Location: Los Angeles, CA

8. Private Placement Purchaser:  
   Cash Flow Bond:  
   MUFG Union Bank, N.A.  
   Not Applicable

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

Applicable

9. Public Sale: Not Applicable
   Credit Enhancement Provider: Not Applicable

10. Total Number of Units: 88 plus 1 unrestricted manager unit(s)

11. Total Number of Restricted Rental Units: 52

12. The term of the income and rental restrictions for the Project will be at least 55 years from the date 50% occupancy is achieved or when the project is otherwise placed in service.

13. The Regulatory Agreement shall not terminate prior to the end of the CDLAC Resolution affordability term in the event of foreclosure, exercise of power of sale, and/or transfer of title by deed in lieu of foreclosure in connection with a deed of trust directly or indirectly securing the repayment of Cash Flow Permanent Bonds.

14. The Project will utilize Gross Rents as defined in Section 5170 of the Committee’s Regulations.
   Applicable

15. Income and Rental Restrictions:
   a. Federally Bond-Restricted Set-aside Units:
      At least 40% of the total units will be restricted at 60% of the Area Median Income.

   b. Other Restricted Units
      For the entire term of the income and rental restrictions, the Project will have:
      At least 43 Qualified Residential units rented or held vacant for persons or families whose income is at or below 50% of the Area Median Income.
      At least 9 Qualified Residential units rented or held vacant for persons or families whose income is at or below 60% of the Area Median Income.
16. 10% of the units will be restricted to households with incomes no greater than 50% of the Area Median Income in accordance with Section 5191 of the Committee's Regulations. These units will be distributed as follows:

   Applicable
   Studios: 0
   One-bedroom: 5
   Two-bedroom: 2
   Three-bedroom: 1
   Four-bedroom: 1
   Five-bedroom 0

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

18. A minimum of $15,450,000 of public funds will be expended for the Project.
   Applicable

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

20. If the Project received points for having large family units for the entire term of the income and rental restrictions, the Project will have at least 8 three-bedroom or larger units.
   Not Applicable

21. For a period of fifteen (15) years after the Project is placed in use, the Project will provide to Project residents high-speed Internet or wireless (WiFi) service in each Project unit.
   Applicable

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

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

24. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents 20 hours or more per week of licensed childcare on-site or there must be 20 hours or more per week of licensed childcare available to Project residents within 1/2 mile of the Project except where Project will provide no cost round trip transportation.
   Not Applicable
RESOLUTION NO. 20-194
Exhibit A
Page 3 of 5

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

Not Applicable

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

Applicable
Minimum full-time equivalent hours per year: 464

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

Applicable

Section Waived:

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

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

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

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

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

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

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

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

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

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

38. The Project will commit to having a parking ratio equivalent to or less than one (1) parking stall per single room occupancy or one-bedroom restricted rental unit and 1.5 parking stalls per two-bedroom or larger restricted rental unit.
   Not Applicable
39. As specified in Section 5144(b) of the Committee’s Regulations, sponsors will be required to utilize TCAC’s Compliance Manual specifically Section VI: Qualify Tenants for Low Income Housing Tax Credit Units, to verify tenant income in conjunction with initial occupancy. No less than every three (3) years after the project is completed, the Sponsor must collect and retain the following income and verification documentation related to all the Federally Bond-Restricted units identified in the Committee Resolution: TCAC Tax Income Calculation (TIC) or equivalent documentation, all associated source income documentation, evidence of the verifying income computation and unit lease.

Applicable

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

Applicable

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

The following entity will conduct the site and file inspections:

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

FILING FEE INVOICE

PAYMENT IS DUE WITHIN 30 DAYS OF BOND CLOSING

Date: December 21, 2020
Invoice No.: FY 20-102
Application No.: 20-670
Analyst Initials: NV

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

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

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

NAME OF PROJECT: Rose Hill Courts Phase I

ALLOCATION AWARD DATE: December 21, 2020

ALLOCATION AWARD AMOUNT: $31,843,632

AMOUNT DUE:

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<th>Amount</th>
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</thead>
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<tr>
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<tr>
<td><strong>Amount Due</strong></td>
<td><strong>$9,945.27</strong></td>
</tr>
</tbody>
</table>

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

BOND ISSUANCE DATE:

PRINCIPAL AMOUNT OF BOND ISSUE: $

AMOUNT OF BOND ALLOCATION USED: $

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

REVISED AMOUNT DUE:

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

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

CTCAC RESERVATION LETTER CA-20-670
(DECEMBER 9, 2020)
Reservation Letter
Tax Exempt

December 21, 2020

Frank Cardone
Rose Hill Courts I Housing Partners, LP
18201 Von Karman Ave, Suite 900
Irvine, CA 92612

Email: fcardone@related.com

RE: CA-20-670 / Rose Hill Courts Phase I
4466 Florizel Street
Los Angeles, CA 90032

Dear Mr. Cardone:

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

$1,528,526 in federal Tax Credits annually for each of ten years (applicable percentage of 3.24%);

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

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

This reservation of tax credits is conditioned upon the receipt of a tax-exempt bond allocation no later than December 31, 2020.

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

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

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

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

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

Within 20 days of the date of this reservation, by 5:00 p.m. on January 11, 2021 the owner must provide a check made out to the TCAC in the amount of $15,285, which is the reservation fee required for this project. The reservation fee is not refundable.
Tax Exempt Reservation Letter
December 21, 2020
CA-20-670 / Rose Hill Courts Phase 1

By accepting this Reservation, the owner understands and accepts the risks that the U.S. Congress, U.S. Department of the Treasury or the State of California may change the requirements for the award of tax credits by subsequent enactment of law or regulation. The owner further acknowledges that it has consulted its own tax advisor as to any consequences related to this Reservation or eventual award of tax credits. Applicant acknowledges that it is under an affirmative obligation to advise TCAC of any material change in the nature or composition of the owner or the development team or of any of the specifics of the Project set forth in the Application.

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

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

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

Please examine the provisions of this Reservation carefully, and advise me promptly if there are any errors contained herein. If you agree to the terms of this Reservation, please sign and date this form and deliver the original letter and reservation fee no later than 5:00 p.m. on January 11, 2021 to the TCAC at 915 Capitol Mall, Room 485, Sacramento, CA 95814. You are encouraged to keep a copy of this document for your records.

Executed this 21st day of December, 2020.

By: __________________________

Judith Blackwell
Executive Director

Accepted this _______ day of ____________, ______.

By: __________________________

______________________________
(type or print name)

______________________________
(type or print title)
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 21, 2020

Rose Hill Courts Phase I, located at 4466 Florizel Street in Los Angeles, requested and is being recommended for a reservation of $1,528,526 in annual federal tax credits to finance the new construction of 84 units of housing serving tenants with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by Related Irvine Development Company of California and will be located in Senate District 24 and Assembly District 51.

Rose Hill Courts Phase I will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers and HUD Rental Assistance Demonstration Vouchers. The project financing includes state funding from the IIG and AHSC programs of HCD.

Project Number
CA-20-670

Project Name
Rose Hill Courts Phase I
Site Address:
4466 Florizel Street
Los Angeles, CA 90032
County: Los Angeles
Census Tract:
2013.01

Tax Credit Amounts
Federal/Annual State/Total
Requested: $1,528,526 $0
Recommended: $1,528,526 $0

Applicant Information
Applicant: Rose Hill Courts I Housing Partners, LP
Contact: Frank Cardone
Address: 18201 Von Karman Ave, Suite 900
Irvine, CA 92612
Phone: (949) 660-7272
Email: fcardone@related.com

General Partner(s) or Principal Owner(s):
Related/Rose Hill Courts I Development Co., LLC
LOMOD RHC I, LLC

General Partner Type:
Joint Venture

Parent Company(ies):
The Related Companies of CA
La Cienega LOMOD, Inc

Developer:
Related Irvine Development Company of California

Investor/Consultant:
MUFG Union Bank, N.A.

Management Agent:
Related Management Company
Project Information
Construction Type: New Construction
Total # Residential Buildings: 2
Total # of Units: 89
No. / % of Low Income Units: 84 95.45%
Federal Set-Aside Elected: 40%/60% Average Income
Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (77 units - 88%)
HUD Rental Assistance Demonstration Vouchers (11 units - 13%)

Bond Information
Issuer: Housing Authority of the City of Los Angeles
Expected Date of Issuance: March 31, 2021

Information
Housing Type: Non-Targeted
Geographic Area: City of Los Angeles
TCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

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<tr>
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<tr>
<td>60% AMI:</td>
<td>9</td>
</tr>
<tr>
<td>80% AMI:</td>
<td>32</td>
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Unit Mix
51 1-Bedroom Units
26 2-Bedroom Units
8 3-Bedroom Units
4 4-Bedroom Units
89 Total Units
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<tr>
<th>Unit Type &amp; Number</th>
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<th>2020 Rents Actual % of Area Median Income</th>
<th>Proposed Rent (including utilities)</th>
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<tr>
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<td>30%</td>
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<td>40%</td>
<td>$1,006</td>
</tr>
<tr>
<td>2 2 Bedrooms</td>
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<tr>
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<tr>
<td>1 4 Bedrooms</td>
<td>Market Rate Unit</td>
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**Project Cost Summary at Application**

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Land and Acquisition</td>
<td>$9,077,108</td>
</tr>
<tr>
<td>Construction Costs</td>
<td>$30,806,546</td>
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<tr>
<td>Rehabilitation Costs</td>
<td>$0</td>
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<tr>
<td>Construction Hard Cost Contingency</td>
<td>$3,273,365</td>
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<tr>
<td>Soft Cost Contingency</td>
<td>$504,757</td>
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<td>Relocation</td>
<td>$0</td>
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<td>Architectural/Engineering</td>
<td>$3,845,210</td>
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<tr>
<td>Const. Interest, Perm. Financing</td>
<td>$2,902,000</td>
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<tr>
<td>Legal Fees</td>
<td>$852,500</td>
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<tr>
<td>Reserves</td>
<td>$1,795,436</td>
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<td>Other Costs</td>
<td>$3,663,680</td>
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<td>Developer Fee</td>
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<tr>
<td>Commercial Costs</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$62,220,603</strong></td>
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Residential

Construction Cost Per Square Foot: $428
Per Unit Cost: $699,108
True Cash Per Unit Cost*: $684,501

<table>
<thead>
<tr>
<th>Construction Financing</th>
<th>Amount</th>
<th>Permanent Financing</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>MUFG Union Bank - Tax exempt</td>
<td>$31,843,632</td>
<td>MUFG Union Bank (Tranche A)</td>
<td>$2,171,000</td>
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<td>MUFG Union Bank - Taxable</td>
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<td>MUFG Union Bank (Tranche B)</td>
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<td>HACLA Gap Loan</td>
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<td>HACLA Acquisition Loan</td>
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<tr>
<td>IIG/HACLA</td>
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<td>HCD - AHSC Funding</td>
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<td>Deferred Transition Reserve</td>
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<td>IIG/HACLA</td>
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<td>Deferred Developer Fee</td>
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<td>$1,389,430</td>
<td>TOTAL</td>
<td>$62,220,603</td>
</tr>
</tbody>
</table>

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

**Determination of Credit Amount(s)**

Requested Eligible Basis: $49,513,831
130% High Cost Adjustment: No
Applicable Fraction: 95.45%
Qualified Basis: $47,263,202
Applicable Rate: 3.24%
Total Maximum Annual Federal Credit: $1,528,526
Approved Developer Fee (in Project Cost & Eligible Basis): $5,500,000
Investor/Consultant: MUFG Union Bank, N.A.
Federal Tax Credit Factor: $0.90900

Except as allowed for projects basing cost on assumed third party debt, the "as if vacant" land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.
### Eligible Basis and Basis Limit

| Requested Unadjusted Eligible Basis: | $49,513,831 |
| Actual Eligible Basis:                | $49,513,831 |
| Unadjusted Threshold Basis Limit:     | $34,362,984 |
| Total Adjusted Threshold Basis Limit: | $63,935,720 |

### Adjustments to Basis Limit

- Required to pay State or Federal Prevailing Wages/Financed by labor-affiliated organization employing construction workers paid at least state or federal prevailing wages
- Environmental Mitigation
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced
- 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are 
  Income Targeted between 50% AMI & 36% AMI: 42%
- 55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are 
  Income Targeted at 35% AMI or Below: 12%

### Cost Analysis and Line Item Review

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

### Significant Information / Additional Conditions

The project's per unit costs exceed the minimum requirements. It has rental subsidies covering 100% of the Tax Credit Units. Forty-seven (47) of the 77 Tax Credit units will receive rental assistance in the form of Section 8 Project-Based vouchers from the Housing Authority of the City of Los Angeles (HACLA), the remaining 7 Tax Credit units will receive rental assistance in the form of HACLA Rental Assistance Demonstration Vouchers, with an additional four from the same commitment letter being administered to another public housing property owned by HACLA.

The project has market rate units which will accommodate current residents who will not qualify for tax credit units after work is completed, in accordance with HUD policies. The units will be leased to qualified residents upon unit turn over.

### Resyndication and Resyndication Transfer Event

None.

### Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.
The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

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

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

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

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

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

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

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

**CDLAC Additional Conditions**
The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.
Attachment 4

CONSTRUCTION AND PERMANENT LOAN AGREEMENT
CONSTRUCTION AND PERMANENT LOAN AGREEMENT  
(Multifamily Housing Back to Back Loan Program)  
(Rose Hill Courts I Housing Partners, L.P.)

THIS AGREEMENT is made as of the Contract Date by and among Borrower, Governmental Lender and Bank in connection with the following:

A. Borrower has requested that Governmental Lender provide a construction and permanent loan to Borrower to finance the construction of the Improvements on the Real Property.

B. Borrower owns or will own, concurrently with the first loan disbursement under this Agreement, the Property.

C. Borrower intends to construct an affordable housing apartment project on the Real Property.

D. Governmental Lender, Bank and Fiscal Agent have entered into the Funding Loan Agreement whereby Bank has agreed to make the Funding Loan to Governmental Lender for the sole purpose of making funds available to the Governmental Lender to make the Borrower Loan to Borrower pursuant to this Agreement in the manner and on the terms set forth in the Funding Loan Agreement, which terms include, without limitation, the obligation of the Governmental Lender to make loan payments to the Bank from amounts received by Governmental Lender from Borrower pursuant to this Agreement and the Borrower Notes in repayment of the amounts loaned to Governmental Lender under the Funding Loan Agreement as evidenced by the Funding Loan Notes. Governmental Lender has irrevocably pledged and assigned to Bank, as security for Governmental Lender’s obligations to repay amounts due under the Funding Loan Notes and its obligations under the Funding Loan Agreement, all right, title and interest to the Borrower Loan Documents (other than the Reserved Rights, as defined in the Funding Loan Agreement), including all rights to payments with respect to the Borrower Notes. Upon the execution of the Funding Loan Notes, all right, title and interest of Governmental Lender under and in the Borrower Loan (other than the Reserved Rights, as defined in the Funding Loan Agreement) will be assigned by Governmental Lender to Bank pursuant to the Funding Loan Agreement and the Assignment of Deed of Trust.

E. All of the rights, powers, elections, determinations, remedies, duties and functions of Governmental Lender hereunder (other than the Reserved Rights, as defined in the Funding Loan Agreement) may be exercised and performed on behalf of Governmental Lender by Bank unless and until the assignment to Bank is terminated, modified, assigned, in whole or in part, or otherwise amended in accordance with the provisions of the Funding Loan Agreement.

F. Subject to the execution of the Funding Loan Agreement and the terms and conditions of this Agreement, Governmental Lender is willing to make the Borrower Loan to Borrower.

THEREFORE, the parties hereto agree as follows:

1. DEFINITIONS.

1.1 Acceptable Unit Lease. A lease agreement on a lease form approved by Bank which is entered into by and between Borrower and the lessee of a Unit and the terms (including the amount of rent payments) of which comply with the provisions of all Regulatory Agreements, the Housing Authority Loan Documents, the Infill Documents, the AHSC Permanent Loan Documents, the HAP Contract, the RAD Contract and the Ground Lease.

1.2 Act. As defined in the Funding Loan Agreement.
1.3 Advance. Each disbursement of proceeds of the Borrower Loan made pursuant to this Agreement.

1.4 Aggregate Change Order Limit. [$500,000] [NOTE: TO BE UPDATED TO CONFORM TO HACLA LOAN AGREEMENT AND LPA].

1.5 Agreement or Borrower Loan Agreement. This Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program).

1.6 Agreement to Furnish Insurance. The Agreement to Furnish Insurance dated as of the Contract Date executed by Borrower in favor of Governmental Lender and Bank, as the same may from time to time be amended, modified or supplemented.

1.7 AHAP Contract. The Agreement to Enter Into Housing Assistance Payments Contract entered into between Borrower and the Housing Authority, which AHAP Contract shall provide for rental subsidies for seventy-seven (77) units at the Project for a period of twenty (20) years (together with a twenty (20) year renewal option subject to Housing Authority approval), and otherwise in form and substance approved by Bank, in its reasonable discretion.

1.8 AHSC Permanent Loan Deed of Trust. The deed of trust to be executed by Borrower for the benefit of HCD, encumbering the Project and securing repayment of amounts owing under the AHSC Permanent Loan, the lien of which is to be subject and subordinate to the lien of the Deed of Trust.

1.9 AHSC Permanent Loan. The $12,000,000 loan to be made by HCD to Borrower in accordance with the terms of the AHSC Permanent Loan Standard Agreement.

1.10 AHSC Permanent Loan Documents. The AHSC Permanent Loan Standard Agreement, AHSC Permanent Loan Note, the AHSC Permanent Loan Deed of Trust, the AHSC Permanent Loan Restrictions, the AHSC Permanent Loan Subordination Agreement and all other documents and instruments evidencing, securing or pertaining to the AHSC Permanent Loan.

1.11 AHSC Permanent Loan Note. The $12,000,000 promissory note to be executed by Borrower in favor of HCD evidencing the AHSC Permanent Loan.

1.12 AHSC Permanent Loan Junior Restrictions. That certain Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing to be executed by Borrower for the benefit of HCD in connection with the HCD Loan, the lien of which shall be subordinate to the Deed of Trust.

1.13 AHSC Permanent Loan Restrictions. Collectively, the HCD Loan Junior Restrictions and the HCD Loan Senior Restrictions.

1.14 AHSC Permanent Loan Senior Restrictions. That certain Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing to be executed by Borrower for the benefit of HCD in connection with the HCD Loan, the lien of which shall be senior to the Deed of Trust.

1.15 AHSC Permanent Loan Standard Agreement. That certain Standard Agreement entered into by HCD, the City, Borrower and The Related Companies of California LLC, pursuant to the terms of which HCD shall make available the AHSC Permanent Loan to Borrower.

1.16 AHSC Permanent Loan Subordination Agreement. A subordination agreement in the form and substance satisfactory to Bank, to be executed by HCD and Bank and acknowledged by Borrower pursuant to which HCD shall unconditionally subordinate the lien and effect of the AHSC Permanent Loan Deed of Trust and AHSC Permanent Loan Junior Restrictions to the lien and effect of the Deed of Trust.
1.17 **Allocation Committee.** The California Tax Credit Allocation Committee and any successor governmental agency appointed to carry out the obligations of the Allocation Committee.

1.18 **Appraisal.** An appraisal or reappraisal of the Property (complying with Bank's appraisal policy) performed or to be performed by a certified real estate appraiser engaged by Bank.

1.19 **Appraised Value.** The market value of the Property as determined by Bank in its business judgment, reasonably exercised, based upon an Appraisal.

1.20 **Architect.** Withee Malcolm Architects, LLP, or such other architect as may be approved by Bank.

1.21 **Architect’s Agreement.** The agreement between Borrower and Architect relating to the design and construction of the Improvements.

1.22 **Assignment of AHAP Contract.** The Assignment of Agreement to Enter Into Housing Assistance Payments Contract dated as of the Contract Date, executed by Borrower in favor of Governmental Lender and Bank as additional collateral security for the performance of Borrower’s obligations under the Borrower Loan Documents, as the same may from time to time be amended, modified or supplemented, assigning to Governmental Lender and Bank all of Borrower’s rights under the AHAP Contract.

1.23 **Assignment of Construction Contract.** The Assignment of Construction Contract dated as of the Contract Date executed by Borrower in favor of Governmental Lender and Bank, as the same may from time to time be amended.

1.24 **Assignment of HAP Contract.** The Assignment of Housing Assistance Payments Contract dated as of the Conversion Date, to be executed by Borrower in favor of Governmental Lender and Bank as additional collateral security for the performance of Borrower’s obligations under the Borrower Loan Documents, as the same may from time to time be amended, modified or supplemented, assigning to Governmental Lender and Bank all of Borrower’s rights under the HAP Contract.

1.25 **Assignment of Hedge.** As defined in Section 7.45.5.

1.26 **Assignment of Partnership Interest (GP).** An Assignment of Partnership Interest dated as of the Contract Date executed by each General Partner in favor of Governmental Lender and Bank as additional collateral security for the performance of the Borrower's obligations under the Borrower Loan Documents, prior to Conversion, assigning to Governmental Lender and Bank all of each such General Partner's rights as a general partner in Borrower.

1.27 **Assignment of Plans and Specifications.** The Assignment of Architect’s Agreement, Plans and Specifications dated as of the Contract Date executed by Borrower, in favor of Governmental Lender and Bank, as the same may from time to time be amended, modified or supplemented.

1.28 **Assignment of RAD Contract.** The Assignment of Rental Assistance Demonstration Contract dated as of the Contract Date, executed by Borrower in favor of Governmental Lender and Bank as additional collateral security for the performance of Borrower’s obligations under the Borrower Loan Documents. as the same may from time to time be amended, modified or supplemented, assigning to Governmental Lender and Bank all of Borrower’s rights under the RAD Contract.

1.29 **Assignment of Tax Credits and Partnership Interests.** An Assignment of Rights to Tax Credits and Partnership Interests dated as of the Contract Date executed by Borrower in favor of Governmental Lender and Bank as additional collateral security for the performance of Borrower's obligations under the Borrower Loan Documents, prior to Conversion, assigning to Governmental Lender and Bank all of Borrower’s rights under the Tax Credit Allocation Documents including, without limitation,
the right to receive the Tax Credits set forth under the Tax Credit Allocation Documents and any interest Borrower may have in any partnership interest of Tax Credit Investor in the Borrower.

1.30 Bank. MUFG Union Bank, N.A., (i) acting in its capacity as owner of the Funding Loan Notes and as assignee of the Governmental Lender pursuant to the Funding Loan Agreement, and (ii) its successors and assigns.

1.31 Bonded Work. Offsite, common area, or other improvements required by a Governmental Authority (if any) or for which bonds may be required in connection with the development of the Real Property.

1.32 Borrower. Rose Hill Courts I Housing Partners, L.P., a California limited partnership.

1.33 Borrower's Equity. As of any date of determination, Borrower's funds expended on Project costs in accordance with this Agreement as of such date, including Borrower's Funds and capital contributions made by the Tax Credit Investor, but excluding proceeds of the Borrower Loan, as determined by Bank in its reasonable discretion.

1.34 Borrower's Funds. All funds of Borrower deposited into Borrower's Funds Account pursuant to the terms of this Agreement, to be disbursed in payment of Construction Costs as more particularly set forth in this Agreement.

1.35 Borrower's Funds Account. An account with Bank into which Borrower's Funds shall be deposited as provided for in Section 7.2 or any other provision of this Agreement.

1.36 Borrower Loan. The loan in the maximum principal amount of [$38,298,113] [CHECK] made by the Governmental Lender to Borrower pursuant to this Agreement.

1.37 Borrower Loan Documents. This Agreement, the Borrower Notes, the Tax-Exempt Regulatory Agreement, the Deed of Trust, the Guaranty, the ECA, the Security Documents, the Financing Statements, the Agreement to Furnish Insurance, any Hedge Documents, the Indemnity Agreement and all other agreements, instruments and documents (together with amendments, supplements and replacements thereto) now or hereafter executed and delivered to Governmental Lender or Bank in connection with the Borrower Loan.

1.38 Borrower Notes. Collectively, Borrower Note A-1, Borrower Note A-2 and Borrower Note A-3, which evidence the Borrower Loan.

1.39 Borrower Note A-1. The Promissory Note A-1 (Tax-Exempt – Construction) (Multifamily Housing Back to Back Loan Program) dated as of the Contract Date from Borrower, as maker, in favor of Governmental Lender in the original principal amount of [$15,158,632] [CHECK].

1.40 Borrower Note A-2. The Promissory Note A-2 (Taxable – Construction) (Multifamily Housing Back to Back Loan Program) dated as of the Contract Date from Borrower, as maker, in favor of Governmental Lender in the original principal amount of [$6,454,481] [CHECK].

1.41 Borrower Note A-3. The Promissory Note A-3 (Tax-Exempt – Permanent) (Multifamily Housing Back to Back Loan Program) dated as of the Contract Date from Borrower, as maker, in favor of Governmental Lender in the original principal amount of [$16,685,000] [CHECK].

1.42 Business Day. A day which is not a Saturday or Sunday on which banks in the State of California are open for business for the funding of corporate loans.
1.43 **Capital Improvement Reserve Account.** An interest bearing account established with Bank by Borrower at the time of Conversion for the purpose of funding any capital improvements which are necessary for the continued operation of the Property as determined by Bank in its reasonable discretion.

1.44 **Capital Improvements.** As defined in Section 7.36.1.

1.45 **Certification of Plans and Specifications.** The Certification of Plans and Specifications dated as of the Contract Date from Borrower, Contractor and Architect to Governmental Lender and Bank, as the same may from time to time be amended, modified or supplemented.

1.46 **Change Order.** Any change or supplement to the Plans, Construction Contract or subcontract as permitted by this Agreement.

1.47 **Closing Date.** Either (i) the date on which the Deed of Trust is recorded and the Initial Advance is made or (ii) the date the Title Insurer has irrevocably committed to issue the Title Policy and the Bank and Governmental Lender have authorized closing of the Borrower Loan and the Funding Loan.

1.48 **Code.** The Internal Revenue Code of 1986, as amended; including (a) any successor internal revenue law and (b) the applicable regulations promulgated thereunder whether final, temporary or proposed under the Code or such successor law.

1.49 **Completion Date.** The date of Project Completion, which date shall not be later than June 1, 2023.

1.50 **Conditions to Conversion.** The conditions precedent to Conversion as listed on Exhibit D attached hereto.

1.51 **Construction Contract.** The agreement between Borrower and Contractor relating to the construction of the Improvements.

1.52 **Construction Costs.** All costs approved by Bank relating to the construction of the Improvements or otherwise pertaining to the Property, as set forth in the Detailed Cost Breakdown.

1.53 **Construction Phase.** The period from the Closing Date through and including the date immediately preceding the Conversion Date.

1.54 **Contract Date.** May 1, 2021.

1.55 **Contractor.** R.D. Olson Construction, Inc., or such other contractor as may be approved by Bank, or Borrower acting in the capacity of general contractor.

1.56 **Conversion.** The conversion of the Borrower Loan from the Construction Phase to the Permanent Phase.

1.57 **Conversion Date.** The date on which all Conditions to Conversion have been satisfied, as such date is established by Bank in the Conversion Notice. The Conversion Date shall be the first day of the calendar month following the month in which Bank issues the Conversion Notice, but in no event later than the Outside Conversion Date.

1.58 **Conversion Election Notice.** Written notice delivered by Borrower to Bank that Borrower has elected to convert the Borrower Loan from the Construction Phase to the Permanent Phase.

1.59 **Conversion Notice.** Written notice delivered by Bank to Borrower that the Conditions to Conversion have been fully satisfied.
1.60 Debt Coverage Ratio. The ratio of (i) the annual stabilized Net Operating Income for the Property during a particular period of time, to (ii) the assumed combined interest and principal payment for the Permanent Phase that would be required based upon the projected outstanding principal balance of Borrower Note A-3, as of the Conversion Date, a fixed interest rate on Borrower Note A-3 equal to the fixed rate of the Hedge (inclusive of the Margin during the Permanent Phase) and monthly amortization payments on Borrower Note A-3 based upon a 420-month amortization period, plus any required principal and interest payments under any additional financing permitted pursuant to the Borrower Loan Documents (other than loans under which debt service is payable only from “residual receipts” that remain after payment of all operating expenses and all scheduled payment or principal and interest on the Borrower Loan and any other financing).

1.61 Deed of Trust. The Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Construction and Permanent Trust Deed) (Multifamily Housing Back to Back Loan Program) dated as of the Contract Date from Borrower, as trustor, for the benefit of Governmental Lender and Bank, as beneficiary, as the same may from time to time be amended, modified or supplemented.

1.62 Deed of Trust Assignment. The Assignment of Deed of Trust and Related Documents dated as of the Contract Date by Governmental Lender in favor of Bank.

1.63 Default Premium. That amount calculated as the excess of the Default Rate over the Maximum Rate times the outstanding principal amount of the Borrower Loan. The Default Premium shall not constitute interest on the Borrower Loan.

1.64 Default Rate. A rate equal to 5% more than the applicable interest rate set forth in the Borrower Notes, which Default Rate shall (i) not to exceed the Maximum Rate and (ii) be subject to the terms of Paragraph 3 of the Borrower Notes.

1.65 Density Bonus Covenant. The Rental Covenant Agreement Running with the Land Re: Land Use Incentives entered into by the Housing Authority and recorded on [__________________, 2021] as Instrument No. [______________________] in the Official Records of the County of Los Angeles, State of California.

1.66 Detailed Cost Breakdown. An itemized schedule on a component, unit and trade breakdown basis showing all costs and expenses required for construction of the Improvements in accordance with the Plans, which has been submitted to and approved by Bank.

1.67 Disbursement Schedule. The schedule or schedules for disbursement of the Advances and of Borrower’s Funds, if any, set forth on Exhibit B, which may be amended from time to time by reallocations made in accordance with Section 5.5.

1.68 Draw Request. The certified invoice to be delivered by Borrower to Bank as a condition to Governmental Lender making an Advance, in such form and certified by Architect, together with such schedules, affidavits, releases, waivers, statements, invoices, bills, and other documents, certificates and information as may be reasonably required by Bank.

1.69 ECA. The Environmental Compliance Agreement, dated as of the Contract Date by Borrower in favor of Governmental Lender and Bank, as the same may from time to time be amended, modified or supplemented.

1.70 Event of Default. As defined in Section 8.

1.71 Extended Use Agreement. An “extended low-income housing commitment” as defined in Section 42(h)(6)(B) of the Code.
1.72 Financial Statements. Balance sheets, income statements, statements of retained earnings with supporting schedules and such other financial reports as Bank may require, in form and content reasonably acceptable to Bank.

1.73 Financing Statements. All UCC financing statements required in connection with the Borrower Loan.

1.74 First Extended Outside Conversion Date. As defined in Section 2.5.

1.75 First Extension Term. As defined in Section 2.5.

1.76 First Payment Date. June 1, 2021.

1.77 Fiscal Agent. The Fiscal Agent from time to time under the Funding Loan Agreement. Initially the Fiscal Agent shall be U.S. Bank National Association.

1.78 Force Majeure. Strikes, lockouts, acts of God, severe shortages of labor or materials, acts of the public enemy, riot, war, fire or other delays beyond the reasonable control of Borrower.

1.79 Funding Date. The date on which the Initial Disbursement is made.

1.80 Funding Loan. The loan in the maximum amount of [\$38,298,113] [CHECK] made by Bank to Governmental Lender pursuant to the Funding Loan Agreement.

1.81 Funding Loan Agreement. The Funding Loan Agreement dated as of the Contract Date among the Governmental Lender, the Bank and Fiscal Agent in connection with the issuance of the Funding Loan Notes.

1.82 Funding Loan Documents. As defined in the Funding Loan Agreement.

1.83 Funding Loan Notes. As defined in the Funding Loan Agreement.

1.84 General Partner(s). Collectively, Related/Rose Hill Courts I Development Co., LLC, a California limited liability company, and LOMOD RHC I, LLC, a California limited liability company (“Managing General Partner”).

1.85 Governmental Authority. Any federal, state or local governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body, court, administrative tribunal or public or private utility having authority over the Property or its utilization.

1.86 Governmental Lender. Housing Authority of the City of Los Angeles, a public body, corporate and politic.

1.87 Governmental Requirement. Any law, statute, order, ordinance, rule, regulation, permit or act of a Governmental Authority.

1.88 Gross Operating Income. The sum of any and all payments, fees, rentals, additional rentals (but specifically excluding any amounts received from tenant-based vouchers or other rent subsidies in excess of then maximum rents permitted under the Regulatory Agreements, the HAP Contract, the RAD Contract and the Ground Lease), expense reimbursements (including, without limitation, all reimbursements by tenants, subtenants, licensees and other users of the Property), income, interest, and other monies received directly or indirectly by or on behalf of Borrower from any Person with respect to Borrower’s ownership, use, development or operation of the Property for the applicable determination period, including, without limitation, any leasing or licensing of the Property. Gross Operating Income shall be computed on a cash basis and shall include for each monthly statement all amounts actually received.
in such month whether or not such amounts are attributable to a charge arising in such month. Gross Operating Income shall not include security deposits, forfeitures or other non-recurring income and shall be adjusted to include the greater of actual vacancy or an assumed vacancy rate of five percent (5%).

1.89 **Ground Lease.** That certain Ground Lease Agreement dated on or about the Contract Date entered into by and between the Housing Authority and Borrower with respect to the Property.

1.90 **Ground Lease Estoppel Certificate.** A Landlord Estoppel Certificate duly executed by the Housing Authority, providing such certifications as Bank may require with respect to the Ground Lease and the Leasehold Estate.

1.91 **Guarantor.** Any Person who executes a Guaranty in connection with the Borrower Loan.

1.92 **Guaranty.** Bank’s standard form Loan and Completion Guaranty and Indemnity Agreement entered into in connection with the Borrower Loan.

1.93 **HAP Contract.** The Housing Assistance Payments Contract to be entered into between Borrower and the Housing Authority on or before the Permanent Loan Conversion Date, in the form attached to the AHAP Contract and consistent with the terms of the final proposal attached to the AHAP Contract, for seventy-seven (77) units at the Project for a period of twenty (20) years (together with a twenty (20) year renewal option subject to Housing Authority approval), and such other terms as are acceptable to the Bank.

1.94 **Hedge.** As defined in Section 7.45.1.

1.95 **Hedge Documents.** As defined in Section 7.45.1.

1.96 **Housing Authority.** Housing Authority of the City of Los Angeles, a public body, corporate and politic.

1.97 **Housing Authority Acquisition Deed of Trust.** The Deed of Trust and Assignment of Rents executed by Borrower for the benefit of the Housing Authority, encumbering the Project and securing repayment of amounts owing under the Housing Authority Acquisition Note, recorded in the Official Records substantially concurrently with the Deed of Trust, the lien of which is to be subject and subordinate to the lien of the Deed of Trust. **Housing Authority Acquisition Loan.** The $7,100,000 loan to be made by the Housing Authority to Borrower pursuant to the terms of the Housing Authority Acquisition Note, the Housing Authority Acquisition Loan Documents, and all other documents and instruments evidencing, securing or pertaining to the Housing Authority Acquisition Loan.

1.98 **Housing Authority Gap Deed of Trust.** The Deed of Trust and Assignment of Rents executed by Borrower for the benefit of the Housing Authority, encumbering the Project and securing repayment of amounts owing under the Housing Authority Gap Note, recorded in the Official Records substantially concurrently with the Deed of Trust, the lien of which is to be subject and subordinate to the lien of the Deed of Trust.

1.103 **Housing Authority Gap Loan.** The $8,350,000 loan to be made by the Housing Authority to Borrower pursuant to the terms of the Housing Authority DDA.
amount of $8,350,000, evidencing all amounts disbursed and to be disbursed under the Housing Authority Gap Loan. **Housing Authority Loan.** Collectively, the Housing Authority Acquisition Loan and the Housing Authority Gap Loan. **Housing Authority Loan Agreement.** The Loan Agreement by and between the Housing Authority and Borrower pursuant to the terms of which the Housing Authority agreed to make the Infill Loan, the Housing Authority Acquisition Loan and the Housing Authority Gap Loan to Borrower. **Housing Authority Loan Documents.** Collectively, the Housing Authority Loan Agreement, the Housing Authority Acquisition Loan Documents and the Housing Authority Gap Loan Documents. **Housing Authority Subordination Agreement.** A Subordination Agreement in form and substance satisfactory to Bank, executed by the Housing Authority, Borrower and Bank, pursuant to which the Housing Authority shall unconditionally subordinate the lien and effect of the Housing Authority Loan Documents and the Infill Loan Documents to the lien and effect of the Deed of Trust, as more particularly described therein.

1.110 **HUD.** The United States of America, Secretary of Housing and Urban Development.

1.111 **Improvements.** An eighty-nine (89) unit affordable apartment project, including one (1) property manager's unit, and related appurtenances.

1.112 **Indemnified Parties.** Collectively Governmental Lender, Fiscal Agent and Bank and each of their respective officers, members governing members or partners, directors, employees, attorneys and agents, past, present and future, and any person who controls Governmental Lender or Fiscal Agent within the meaning of The Securities Act of 1933, as amended.

1.113 **Indemnity Agreement.** Any Indemnity Agreement entered into in connection with the Borrower Loan.

1.114 **Infill Deed of Trust.** The deed of trust executed by Borrower for the benefit of the Housing Authority, encumbering the Project and securing repayment of amounts owing under the Infill Note, the lien of which is to be subject and subordinate to the lien of the Deed of Trust.

1.115 **Infill Disbursement Agreement.** The Disbursement Agreement by and between HCD and the Housing Authority, pursuant to the terms of which HCD agreed to make the Infill Grant.

1.116 **Infill Documents.** The Infill Restrictions, the Infill Standard Agreement, the Infill Disbursement Agreement, the Infill Loan Documents and all other documents and instruments evidencing, securing or pertaining to the Infill Loan.

1.117 **Infill Grant.** The $3,519,300 grant made by HCD to the Housing Authority pursuant to the Infill Disbursement Agreement and the Infill Standard Agreement, which grant is to be loaned by the Housing Authority to Borrower as the Infill Loan.

1.118 **Infill Loan.** The $3,519,300 loan made by the Housing Authority to Borrower from the Infill Grant to cover, among other things, the construction of certain infrastructure improvements more particularly described in the Infill Disbursement Agreement.

1.119 **Infill Loan Documents.** The Housing Authority Loan Agreement, the Infill Note, the Infill Deed of Trust and all other documents and instruments evidencing, securing or pertaining to the Infill Loan.

1.120 **Infill Note.** The promissory note, made by Borrower to the order of the Housing Authority, evidencing all amounts disbursed and to be disbursed under the Infill Loan.

1.121 **Infill Restrictions.** That certain Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing executed by Borrower for the benefit of HCD in connection with the Infill Grant.
1.122 **Infill Standard Agreement.** The Standard Agreement by and among HCD and the Housing Authority, pursuant to the terms of which HCD agreed to make the Infill Grant.

1.123 **Infill Subordination Agreement.** A Subordination Agreement in form and substance satisfactory to Bank, executed by HCD and Borrower, pursuant to which HCD shall unconditionally subordinate the lien and effect of the Infill Restrictions to the lien and effect of the Deed of Trust.

1.124 **Initial Disbursement.** The initial Advance made by Governmental Lender to Borrower pursuant to this Agreement.

1.125 **Interest Reserve.** The portion of the Project Budget allocated for the payment of interest due under this Agreement.

1.126 **Leasehold Estate.** The leasehold estate created under the Ground Lease.

1.127 **Leases.** All leases of any portion of the Property and all amendments, guaranties and subleases relating thereto.

1.128 **Liquid Assets.** Immediately available cash, bank deposits, accounts and mutual funds; obligations of or guaranteed by the U.S. government or an agency thereof; and stocks, bonds and other debt instruments regularly traded on the New York, American or NASDAQ stock exchange which can be readily converted into cash.

1.129 **Loan Fee.** [$229,788.68] [CHECK].

1.130 **Loan Party.** Any general partner, managing member, joint venturer, trustee or trustor of Borrower, as applicable and any Guarantor.

1.131 **Loan-to-Value Ratio.** The ratio of (i) then outstanding indebtedness in connection with the Borrower Loan to (ii) the Appraised Value of the Property.

1.132 **Margin.** As defined in the Borrower Notes.

1.133 **Maturity Date.** The applicable maturity date of the Borrower Notes. The Maturity Date of Borrower Note A-1 and Borrower Note A-2 shall be subject to adjustment in accordance with any extension granted pursuant to Sections 2.5 or 2.6 below.

1.134 **Maximum Rate.** As defined in the Funding Loan Agreement.

1.135 **Net Operating Income.** Gross Operating Income less Operating Expenses.

1.136 **Offsite Materials.** Materials to be incorporated into the Improvements or used in connection with the construction of the Improvements that are stored at a location other than the Real Property.

1.137 **Onsite Materials.** Materials to be incorporated into the Improvements or used in connection with the construction of the Improvements that are stored on the Real Property.

1.138 **Operating Expenses.** The following expenses incurred by Borrower in connection with the operation and maintenance of the Property to the extent that such expenses are reasonable in amount and customary for multifamily affordable housing properties of a type similar to the Property, as determined by Bank in its reasonable discretion, including, without limitation, the following: (A) real property taxes and assessments imposed upon the Property unless a property tax “welfare” exemption pursuant to Section 214(g) or 236 of the R&T Code has been obtained, (B) premiums for insurance of the Property, including casualty and liability insurance, (C) deposits made into the Capital Improvement Reserve Account and any
reserves, leasing commissions and tenant improvements, as determined by Bank in its business judgment, reasonably exercised, and (D) operating expenses actually incurred by Borrower in connection with the management (provided that management fees shall be adjusted to the greater of actual management fees or three percent (3.0%) of gross rents), operation, cleaning, leasing, maintenance and repair of the Property or any part thereof for the ninety (90) days preceding the date of determination. Operating Expenses shall be calculated on an accrual basis and shall not include any interest or principal payments due in respect of the Borrower Loan or any allowance for depreciation and similar noncash charges.

1.139 Operating Statement. A monthly, quarterly or annual statement that shows in detail the amounts and sources of Gross Operating Income, the amounts and nature of Operating Expenses, and Net Operating Income, in each case for the preceding calendar month, quarter or year. The Operating Statement shall be prepared in accordance with accounting practices and principles acceptable to Bank and consistently applied and in a form satisfactory to Bank.

1.140 Outside Conversion Date. December 1, 2023 (the “Initial Outside Conversion Date”), which date shall be subject to adjustment in accordance with any extension granted pursuant to Sections 2.5 or 2.6 below.

1.141 Partnership Agreement. That certain Amended and Restated Agreement of Limited Partnership of Borrower dated on or about the date hereof.

1.142 Paydown Amount. The amount by which (a) the current outstanding principal amount of the Borrower Notes, plus all accrued but unpaid interest thereon, exceeds (b) the lesser of (i) the current outstanding principal amount of Borrower Note A-3, (ii) the maximum outstanding principal balance of Borrower Note A-3 in order for the Property to satisfy the Debt Coverage Ratio pursuant to subsection (o) of Exhibit D (Conditions to Conversion) as of the Conversion Date, and (iii) the notional amount of the Hedge for Borrower Note A-3 as of the Conversion Date, which Paydown Amount shall be applied first towards all accrued and unpaid interest under the Borrower Loan, then towards the repayment of the principal balance of Borrower Note A-2, then to the repayment of the principal balance of Borrower Note A-1, and then towards the repayment of the principal balance of Borrower Note A-3, and then to all other amounts due and owing under the Borrower Loan Documents and the Funding Loan Documents.

1.143 Permanent Phase. The period from the Conversion Date and ending on the Maturity Date.

1.144 Permitted Liens. Any easements, restrictions and other matters of record listed in a schedule of exceptions to coverage in the Title Policy as required by the Borrower Loan Documents.

1.145 Person. Any natural person or entity, including any corporation, partnership, joint venture, limited liability company, trust, trustee, unincorporated organization or Governmental Authority.

1.146 Personal Property. Any tangible or intangible personal property described in the Deed of Trust or Security Documents that is security for the Borrower Loan.

1.147 Plans. The final plans and specifications for construction of the Improvements (including any applicable general conditions), prepared by Architect and approved by Bank as required herein, and all amendments and modifications thereof made pursuant to Change Orders.

1.148 Preliminary Reservation. That certain Reservation Letter (Tax Exempt) dated December 21, 2020, issued by the Allocation Committee.

1.149 Project Budget. The cost itemization (set forth in Exhibit B-1 hereto) of the total amount needed by Borrower to construct the Improvements and to perform Borrower’s other obligations under the Borrower Loan Documents, which itemization may be amended from time to time in accordance with this Agreement.
1.150 Project Completion. The date of completion of construction of the Project and issuance of all licenses and permits necessary for the occupancy and use of the Units such that the Project shall be considered “placed in service” for purposes of the provisions of Section 42 of the Code, which date of completion shall not be later than the Completion Date.

1.151 Project Fund. As defined in the Funding Loan Agreement.

1.152 Property or Project. The Leasehold Estate and the fee interest in the Improvements and the Personal Property.

1.153 Qualified Allocation Plan. The Qualified Allocation Plan adopted by the Allocation Committee from time to time in accordance with the provisions of Section 42(m) of the Code.

1.154 R&T Code. The California Revenue and Taxation Code, as amended from time to time thereto. Any reference to a particular provision of the R&T Code shall include any amendment of such provision.

1.155 RAD Contract. That certain Rental Assistance Demonstration (RAD) for Conversion of Public Housing to the Section 8 Project-Based Voucher (PBV) Program Housing Assistance Payment Contract entered into between Borrower and the Housing Authority, which RAD Contract shall provide for rental subsidies for eleven (11) units at the Project, for a period of twenty (20) years (together with a twenty (20) year renewal option), and otherwise in form and substance approved by Bank, in its reasonable discretion.

1.156 RAD Use Agreement. That certain Rental Assistance Demonstration Use Agreement dated on or about the Closing Date, by and among HUD, the Housing Authority and Borrower, to be recorded against the Property concurrently with the Deed of Trust.

1.157 Real Property. That certain real property described in Exhibit A hereto.

1.158 Recorded Documents. The Regulatory Agreements, the Deed of Trust, the Deed of Trust Assignment, the Housing Authority Subordination Agreement, the Housing Authority Acquisition Deed of Trust, the Housing Authority Gap Deed of Trust, the Infill Deed of Trust and the Infill Subordination Agreement.

1.159 Regulatory Agreements. All regulatory agreements and restrictions (including, without limitation, the Tax-Exempt Regulatory Agreement, the Extended Use Agreement, the Infill Restrictions, the AHSC Permanent Loan Restrictions, the Density Bonus Covenant and the RAD Use Agreement) now or hereafter encumbering the Property and setting forth restrictions with respect to the leasing, maintenance and use of the Units.

1.160 Rent Restrictions. The occupancy and rent restrictions contained in the Regulatory Agreements, the HAP Contract, the RAD Contract and the Ground Lease.

1.161 Second Extended Outside Conversion Date. As defined in Section 2.6.

1.162 Second Extension Term. As defined in Section 2.6.

1.163 Security Documents. Any agreements granting a security interest in collateral securing the Borrower Loan and/or any Hedge provided by Bank other than the Deed of Trust, including without limitation, Bank’s standard form of assignments and consents to assignments of the Architect’s Agreement, Construction Contract, if any, Plans, any property management agreement or asset management agreement, the Assignment of Tax Credits and Partnership Interests, the Assignment of Partnership Interest (GP), the Assignment of Hedge (if any), the Assignment of AHAP Contract, the Assignment of HAP Contract and the Assignment of RAD Contract.
1.164 **Set Aside Letter.** Any letter or letters to any Governmental Authority or Surety whereby Bank agrees to allocate proceeds of the Borrower Loan for construction of Bonded Work.

1.165 **Single Change Order Limit.** [$250,000] [NOTE: TO BE UPDATED TO CONFORM TO HACLA LOAN AGREEMENT AND LPA].

1.166 **Surety.** The bonding company that issues the bonds covering the Bonded Work.

1.167 **Tax Certificate.** As defined in the Funding Loan Agreement.

1.168 **Tax Counsel.** As defined in the Funding Loan Agreement.

1.169 **Tax Credit Allocation Documents.** The Tax Credit Application, the Preliminary Reservation, IRS Form 8609 to be hereafter executed by the Allocation Committee and all other documents heretofore and hereafter submitted to, and received by the Borrower from, the Allocation Committee, and all amendments, extensions and modifications thereto.

1.170 **Tax Credit Application.** The 2021 Low-Income Housing Tax Credit Application submitted to the Allocation Committee to apply for Tax Credits with respect to the Project.

1.171 **Tax Credit Investor.** Raymond James California Housing Opportunities Fund X L.L.C., a Florida limited liability company, and its permitted successors and assigns.

1.172 **Tax Credits.** Low income housing tax credits to be allocated under Section 42 of the Code pursuant to the terms of the Tax Credit Allocation Documents.

1.173 **Tax-Exempt Notes.** The “Tax-Exempt Funding Loan Notes”, as defined in the Funding Loan Agreement.

1.174 **Tax-Exempt Regulatory Agreement.** The "Regulatory Agreement", as defined in the Funding Loan Agreement.

1.175 **Title Insurer.** Fidelity National Title Company.

1.176 **Title Policy.** An ALTA LP-10 Policy of Title Insurance or its equivalent acceptable to Bank, naming Governmental Lender and Bank as insured, with a liability limit of not less than the amount of the Borrower Loan, issued by Title Insurer, insuring that the Deed of Trust constitutes a valid first lien on the Leasehold Estate and Improvements, with only such exceptions from its coverage as shall have been approved in writing by Bank, with such reinsurance or coinsurance agreements or endorsements to such policy as Bank may require.

1.177 **Transfer.** Any sale, lease or other transfer of any interest to any other Person.

1.178 **Unit(s).** The eighty-nine (89) apartment units (including one (1) manager’s unit) constituting the Improvements.

2. **BORROWER LOAN.**

2.1 **Purpose.** The purpose of the Borrower Loan is to finance the acquisition of the Leasehold Estate and construction of the Improvements and other costs related thereto and to provide permanent financing for the Project.

2.2 **Loan Terms and Conditions.** Subject to the terms and conditions contained in this Agreement, as may be modified by the provisions of Exhibit C and Section 3.3 of the Funding Loan Agreement, Governmental Lender agrees to make the Borrower Loan to Borrower. The repayment of all
amounts due in connection with the Borrower Loan shall be secured by, among other things, the Deed of Trust, the Security Documents and such other collateral as may be required by Bank. Interest shall accrue and principal and interest shall be payable in accordance with the terms of this Agreement.

2.3 Loan Fee. Borrower shall pay the Loan Fee to Bank in immediately available funds on or before the Closing Date. The Loan Fee shall be nonrefundable.

2.4 Full Payment and Reconveyance. Upon Governmental Lender's and Bank's receipt, as applicable, of all sums owing and outstanding under the Borrower Loan Documents and under any other note or notes or any other obligation secured by the Deed of Trust, Bank shall issue a full reconveyance of the Property and Improvements from the lien of the Deed of Trust; provided, however, that all of the following conditions shall be satisfied at the time of, and with respect to, such reconveyance: (a) Bank shall have received all escrow, closing and recording costs, the costs of preparing and delivering such reconveyance and any sums then due and payable under the Borrower Loan Documents and the Funding Loan Documents; and (b) Bank shall have received a written release satisfactory to Bank of any Set Aside Letter, letter of credit or other form of undertaking that Bank has issued to any Surety, Governmental Authority or any other party in connection with the Borrower Loan and/or the Property. As of the earlier of the last day of disbursement of the Funding Loan under Section 3.4(d) of the Funding Loan Agreement, or date of repayment in full of the Borrower Loan, Governmental Lender's obligation to make further disbursements under the Borrower Loan shall terminate as to any portion of the Borrower Loan undisbursed, and any commitment of Governmental Lender to lend any undisbursed portion of the Borrower Loan shall be cancelled.

2.5 First Extension Term. Borrower shall have the option to: (i) extend the Initial Outside Conversion Date for an additional three (3) months (“First Extension Term”), to and including March 1, 2024 (“First Extended Outside Conversion Date”), and (ii) extend the Maturity Date of Borrower Note A-1 and Borrower Note A-2 for the same additional corresponding three (3) month period to and including March 1, 2024, upon satisfaction of all of the following conditions, as determined by Bank:

(a) Borrower shall provide Bank with Borrower’s written request to exercise the First Extension Term not less than sixty (60) days prior to the Initial Outside Conversion Date.

(b) At the time of Bank’s receipt of Borrower’s written request to extend the term of the Loan, and as of the Initial Outside Conversion Date, no Event of Default shall have occurred and be continuing.

(c) There shall have been no substantial deterioration in the financial condition of Borrower or any Loan Party, as determined by Bank in Bank’s sole discretion.

(d) Borrower and any Loan Party shall have executed such documents as Bank may require in connection with such extension, including any amendments to the Borrower Loan Documents.

(e) Neither Borrower nor any Loan Party shall be in default under any promissory note, deed of trust, security agreement, guaranty or other agreement between Bank and any such party, and no event shall have occurred which would constitute a default or event of default thereunder.

(f) Borrower shall have paid to Bank a loan extension fee equal to $10,000.

(g) Borrower shall have provided Bank with evidence that the Improvements shall be substantially completed in accordance with the Plans, as determined by Bank in its sole discretion, as of the Completion Date.

(h) Bank shall have the option, in its sole discretion, to re-balance the Interest Reserve to assure that there are sufficient funds in the Interest Reserve to pay the interest required under
the terms of the Borrower Notes during the First Extension Term. In the event the Bank determines that the funds in the Interest Reserve are insufficient, Borrower shall pay into the Borrower’s Funds Account such amount as is necessary, as determined by Bank in its sole discretion, to provide adequate funds to pay, at a minimum, the interest required under the terms of the Borrower Notes during the First Extension Term.

(i) Intentionally Omitted.

(j) From and after the Initial Outside Conversion Date, the interest payable under the Borrower Notes during the First Extension Term shall continue to accrue at the rate or rates specified in the Borrower Notes and monthly payments of interest only shall continue to be payable as specified in the Borrower Notes.

(k) Borrower shall pay all costs and expenses incurred by Bank in connection with exercise of the First Extension Term, including without limitation, extension fees, documentation and/or recording fees, if any, and the cost of any title endorsements required by Bank.

2.6 Second Extension Term. If Borrower shall have exercised Borrower’s option to extend the Initial Outside Conversion Date and the Initial Outside Conversion Date shall have been extended in accordance with this Agreement, Borrower shall have the option to: (i) further extend the Outside Conversion Date for an additional three (3) months (“Second Extension Term”) to and including June 1, 2024 (“Second Extended Outside Conversion Date”), and (ii) further extend the Maturity Date of Borrower Note A-1 and Borrower Note A-2 for the same additional corresponding three (3) month period to and including June 1, 2024, upon satisfaction of all the following conditions, as determined by Bank:

(a) Borrower shall provide Bank with Borrower’s written request to exercise the Second Extension Term not less than sixty (60) days prior to the First Extended Outside Conversion Date.

(b) At the time of Bank’s receipt of Borrower’s written request to extend the term of the Borrower Loan, and as of the First Extended Outside Conversion Date, no Event of Default shall have occurred and be continuing.

(c) There shall have been no substantial deterioration in the financial condition of Borrower or any Loan Party, as determined by Bank in Bank’s sole discretion.

(d) Borrower shall have executed such documents as Bank may require in connection with such extension, including any amendments to the Borrower Loan Documents.

(e) Neither Borrower nor any Loan Party shall be in default under any promissory note, deed of trust, security agreement, guaranty or other agreement between Bank and any such party, and no event shall have occurred which would constitute a default or event of default thereunder.

(f) Borrower shall have paid to Bank a loan extension fee equal to $15,000.

(g) Borrower shall have provided Bank with evidence that the Improvements shall be substantially completed in accordance with the Plans, as determined by Bank in its sole discretion, as of the Completion Date.

(h) Bank shall have the option, in its sole discretion, to re-balance the Interest Reserve to assure that there are sufficient funds in the Interest Reserve to pay the interest required under the terms of the Borrower Notes during the Second Extension Term. In the event the Bank determines that the funds in the Interest Reserve are insufficient, Borrower shall pay into the Borrower’s Funds Account such amount as is necessary, as determined by Bank in its sole
discretion, to provide adequate funds to pay, at a minimum, the interest required under the terms of the Borrower Notes during the Second Extension Term.

(i) Intentionally Omitted.

(j) From and after the First Extended Outside Conversion Date, the interest payable under the Borrower Notes during the Second Extension Term shall continue to accrue at the rate or rates specified in the Borrower Notes and monthly payments of interest only shall continue to be payable as specified in the Borrower Notes.

(k) Borrower shall pay all costs and expenses incurred by Bank in connection with the exercise of the Second Extension Term, including without limitation, extension fees, documentation and/or recording fees, if any, and the cost of any title endorsements required by Bank.

2.7 Assignment of Borrower Loan Documents to Bank. Borrower acknowledges that the Governmental Lender has made an assignment to the Bank of all right, title and interest of the Governmental Lender in this Borrower Loan Agreement (except for the Reserved Rights, as defined in the Funding Loan Agreement), the Borrower Notes, the Deed of Trust and the other Borrower Loan Documents and has authorized the Bank to collect payments from the Borrower with respect to the Borrower Loan and to take all actions on behalf of Governmental Lender with respect to the Borrower Loan and the Borrower Loan Documents. Borrower hereby consents to all such assignments and the appointment of Bank as agent for the Governmental Lender.

3. PAYMENTS; CONVERSION.

3.1 Payments. To induce Governmental Lender to make the Borrower Loan, Borrower shall pay to Bank (as agent of the Governmental Lender) all amounts, including principal, interest and premium (if any) that become due and payable on the Borrower Notes, as and when such amounts become due and payable under the Borrower Notes. Without limitation on the foregoing, Borrower shall also pay to Bank when due all other amounts described in this Agreement, as and when due and payable under this Agreement. Following the Conversion Date, each such payment shall be made to the Fiscal Agent by deposit to such account as the Fiscal Agent shall designate by written notice to the Borrower.

3.2 Conversion; Termination.

3.2.1 Not later than 30 days prior to the earlier to occur of the proposed Conversion Date or the Outside Conversion Date, Borrower shall deliver the Conversion Election Notice to Bank. The Conversion Election Notice shall be accompanied by (a) a written certification by Borrower to Bank that all of the Conditions to Conversion have been fully satisfied or with respect to Exhibit D items (b), (i), (o) and (q) will be fully satisfied concurrently with Conversion; (b) a rent roll covering the Property for each of the three full calendar months immediately preceding the date of the Conversion Election Notice, certified by Borrower as true, correct and complete; and (c) operating statements for the Property for each of such three calendar months, in the form required by Bank, and certified by Borrower to be true, correct and complete.

3.2.2 The Conditions to Conversion specified in Exhibit D shall be applicable to the Conversion. Bank shall have the right to waive any Condition to Conversion set forth in Exhibit D in Bank’s sole and absolute discretion.

3.2.3 If, based upon the information delivered pursuant to Section 3.2.1 and such other information as Bank may reasonably require as evidence of satisfaction of the Conditions to Conversion, Bank determines in its reasonable discretion that the Conditions to Conversion have been or will be fully satisfied or waived in writing by Bank, Bank shall deliver the Conversion Notice, which Conversion Notice shall state the Conversion Date, and a copy of Schedule “1” to be attached to Borrower Note A-3 setting forth the monthly installments of principal required to be paid by Borrower under Borrower Note A-3.
3.2.4 Upon Conversion (and so long as all Conditions to Conversion are satisfied or waived in writing by Bank) the following documents shall be deemed automatically terminated and shall have no further force or effect without any further action by any Loan Party: (i) the Guaranty (but specifically excluding the Indemnity Agreement); (ii) the Assignment of Tax Credits and Partnership Interests, and (iii) the Assignment of Partnership Interest (GP).

3.2.5 If the Conditions to Conversion have not been fully satisfied or waived in writing by Bank prior to the Outside Conversion Date, Borrower shall pay to Bank, on the Outside Conversion Date, the entire outstanding principal balance of the Borrower Loan, together with all accrued and unpaid interest thereon and other accrued and unpaid fees, costs and expenses owing under the Borrower Loan Documents and the Funding Loan Documents.

3.3 Maturity Date. All unpaid principal and interest on the Borrower Loan and other amounts due under the Borrower Loan Documents and the Funding Loan Documents shall be due and payable in full on the Maturity Date, as such date may be extended or accelerated.

3.4 Additional Fee Payment Obligations. All payments to fund taxes, insurance or any other escrow or reserve required to be established, funded or created pursuant to any Borrower Loan Document or Funding Loan Document, shall be due and payable by Borrower to Bank the date monthly payments are due pursuant to Borrower Note A-3 commencing in the month following the month in which the Conversion Date occurs in accordance with the applicable Borrower Loan Document or Funding Loan Document. Borrower shall pay to Fiscal Agent Fiscal Agent’s Fees (as defined in the Funding Loan Agreement) and the Ongoing Governmental Lender’s Fee described in Section 17 of the Tax-Exempt Regulatory Agreement in accordance with the terms of the Funding Loan Agreement and the Tax-Exempt Regulatory Agreement.

4. CONDITIONS PRECEDENT.

4.1 Conditions to Closing of the Borrower Loan. Prior to the Closing Date, Bank shall have received all of the following documents, instruments and other items (each of which, in the case of documents or instruments, shall be fully and properly executed and, where required by Bank, acknowledged by all parties thereto), each in form and content acceptable to Bank:

4.1.1 The original Borrower Loan Documents.

4.1.2 Copies of organizational documents of Borrower and all Loan Parties, duly filed and/or recorded in the appropriate jurisdiction and certified as required by Bank, including without limitation, and as applicable, (a) articles of organization and operating agreements, (b) certificates of limited partnership, statements of partnership and partnership agreements, (c) statements of joint venture and joint venture agreements, (d) articles of incorporation, (e) trust agreements, and (f) any amendments to any of the foregoing.

4.1.3 Evidence that the insurance required by the Agreement to Furnish Insurance is in full force and effect.

4.1.4 All Borrower’s Funds required under this Agreement.

4.1.5 Copies of the Detailed Cost Breakdown, the Project Budget, the Plans, the Construction Contract (if any), the Architect’s Agreement, and any other agreements that Bank determines are material to construction of the Improvements, all certified as required by Bank.

4.1.6 Copies of (1) the building permits and any other authorizations required from any Governmental Authority in connection with construction of the Improvements and (2) for all required permits and authorizations not delivered on or prior to the Closing Date, permit ready letters from any Governmental Authority required in connection with construction of the Improvements which provide that the only condition to issuance of such permits is payment of the applicable fees.
4.1.7 If required by Bank, a current ALTA survey of the Real Property, including dimensions and delineation and location of all easements thereon, certified to and satisfactory to Bank and Title Insurer.

4.1.8 If required by Bank, letters from local utility companies and any Governmental Authority stating that electric, gas, sewer, water, cable and telephone facilities are or will be available to the Real Property upon completion of the Improvements.

4.1.9 Written results of such due diligence investigations with respect to Borrower, any Loan Party and the Property as Bank deems necessary, including without limitation, environmental reviews, engineering inspections, seismic studies and financial analysis.

4.1.10 An opinion of Borrower’s counsel as to (a) the proper formation, valid existence and good standing of Borrower and all Loan Parties, (b) the due authorization and execution of all Borrower Loan Documents and any Hedge Documents with Bank by Borrower and all Loan Parties, (c) whether all necessary consents have been obtained with respect to the Borrower Loan and any Hedge Documents with Bank, (d) the absence of any threatened or pending actions, suits or proceedings against or affecting the Property, Borrower or any Loan Party, (e) the absence of the violation of any agreements to which Borrower or any Loan Party is bound, and (f) such other matters as Bank may determine to be necessary or appropriate.

4.1.11 Such evidence as Bank may reasonably require to confirm the accuracy of the representations and warranties set forth in Section 6.29 of this Agreement.

4.1.12 Executed copies of the Regulatory Agreements, Housing Authority Loan Documents and Infill Documents, each in a form acceptable to Bank.

4.1.13 Borrower shall have delivered to Bank executed copies of the AHSC Permanent Loan Standard Agreement and an estoppel certificate with respect thereto (“AHSC Permanent Loan Estoppel”), each in form and content acceptable to Bank.

4.1.14 Borrower shall have entered into one or more Hedges, in form and content and from a counterparty complying with the provisions contained in Section 7.45, with respect to the Borrower Note A-3 in an amount not less than the entire principal amount of Borrower Note A-3, which provides for a fixed rate of interest on Borrower Note A-3 not to exceed (or otherwise protects against the interest rate on the Borrower Note A-3 exceeding) [____%] (including the Margin during the Permanent Phase), for the period commencing on the Initial Outside Conversion Date and ending on the Maturity Date applicable to Borrower Note A-3.

4.1.15 Borrower shall have delivered to Bank, the Ground Lease and the Ground Lease Estoppel Certificate, in form and substance acceptable to Bank, duly executed by the Housing Authority.

4.1.16 All costs, charges and expenses incurred in connection with the Borrower Loan or payable in connection with this Agreement as of the Closing Date, including, without limitation, the Loan Fee, fees and expenses of the Fiscal Agent, service charges, title charges, tax and lien service charges, recording fees, escrow fees, appraisal fees, legal fees, insurance premiums, any amounts required to pay existing encumbrances then due affecting the Property and any amounts required to complete the closing of the acquisition of the Leasehold Estate, shall have been paid by Borrower.

4.1.17 Borrower shall have entered into the AHAP Contract on terms and conditions acceptable to Bank and the Housing Authority shall have consented to the collateral assignment of the AHAP Contract to Bank.

4.1.18 Borrower shall have entered in the RAD Contract for a period of twenty (20) years from the Closing Date and on terms and conditions acceptable to Bank.
4.1.19 A performance bond naming Bank as co-obligee and a labor and material payment bond, in an amount equal to the amount of the Construction Contract, or if there is no Construction Contract, then in such amounts as Bank may require, issued by a surety acceptable to Bank and otherwise in form and content acceptable to Bank. The performance and the labor and material bonds shall have been recorded in the official records of the county in which the Real Property is located prior to the commencement of work on the Improvements.

4.1.20 Such other documentation, certifications, opinions and information as may be reasonably required by Governmental Lender or Bank.

4.2 Conditions to Issuance of the Funding Loan Notes. Governmental Lender’s obligation to execute the Funding Loan Notes, and Governmental Lender’s and Bank’s obligation to enter into this Agreement, the other Borrower Loan Documents and the Funding Loan Documents, and to make the Initial Disbursement, are subject to the satisfaction, or waiver by Governmental Lender or Bank, as applicable, each of the conditions in Section 4.1 and of all of the following conditions precedent:

4.2.1 Governmental Lender and Bank shall have received fully executed originals of each of the Borrower Loan Documents and the Funding Loan Documents.

4.2.2 The Tax-Exempt Regulatory Agreement shall have been duly executed, acknowledged and delivered by Borrower to Governmental Lender and Bank.

4.2.3 Each of the Recorded Documents shall have been recorded in the Official Records of the county in which the Real Property is located, or shall have been executed and submitted to a title company for recordation in the official records of the county in which the Real Property is located.

4.2.4 The Financing Statements have been filed with the Secretary of State of California, and Bank shall have received a certificate of the Secretary of State showing such Financing Statements to be subject to no prior filings (other than filings perfecting Permitted Liens) except as otherwise agreed to by Bank.

4.2.5 Title Insurer shall have committed to deliver to Bank the Title Policy.

4.2.6 Bank and Governmental Lender shall have received and approved an executed original of each of the following opinions, in each case addressed to each of Governmental Lender and Bank and in each case in form and substance approved by Governmental Lender and Bank: (a) the opinion of counsel to Borrower and the other Loan Parties, opining as to the due formation, qualification and good standing of Borrower and the other Loan Parties, the due authorization by Borrower and the Loan Parties of the execution, delivery and performance of the Borrower Loan Documents, and the enforceability of the Borrower Loan Documents, and covering such other matters as Bank may require; and (b) an opinion of Tax Counsel, opining as to the due organization and valid existence of the Governmental Lender, due execution and delivery by the Governmental Lender of the Funding Loan Agreement, and this Agreement, the enforceability of the Funding Loan Agreement and this Agreement, and the exclusion of interest on the Tax-Exempt Funding Loan Notes from gross income for federal income tax purposes.

4.2.7 Bank shall have received and approved such Financial Statements and other financial information as it may require regarding the financial condition of Borrower, the Loan Parties and/or the Property.

4.2.8 Bank shall have received and approved a detailed sources and uses statement showing (i) all costs and expenses of issuance of the Funding Loan Notes, and (ii) all sources for payment of such costs and expenses.

4.2.9 To the extent not funded from the Initial Disbursement, Borrower shall have paid (or will pay concurrently with issuance of the Funding Loan Notes) to Governmental Lender and Bank, as
applicable, in immediately available good funds (a) all costs and expenses incurred by Governmental Lender and Bank in connection with the Funding Loan, the making of the Borrower Loan and the negotiation, preparation and closing of the Borrower Loan Documents and Funding Loan Documents, (b) the Tax Counsel fees and expenses due and payable, (c) all fees to Governmental Lender then due and payable, and (d) the initial Fiscal Agent’s Fees (as defined in the Funding Loan Agreement).

4.2.10 Borrower shall have delivered to Bank, and Bank shall have approved such information, and/or documentation as Bank may require to evidence that paragraph (1) of Section 42(h) of the Code will not apply to the Tax Credits by virtue of the provisions set forth in subparagraph (4)(B) of Section 42(h) of the Code.

5. DISBURSEMENTS.

5.1 Initial Disbursement.

5.1.1 Prior to the Initial Disbursement, the following conditions shall have been satisfied in addition to the conditions set forth in Sections 4.1 and 4.2, as determined by Bank:

(a) Borrower and all Loan Parties shall have performed to Bank’s satisfaction all covenants required to be performed under this Agreement, the other Borrower Loan Documents and the Funding Loan Documents on or before the Funding Date.

(b) No change shall have occurred which could have a material adverse effect on Borrower, any Loan Party, the Property or Bank’s right or ability to receive payment in full of the Borrower Loan, as determined by Bank in its sole discretion.

(c) No Event of Default shall exist.

(d) The representations and warranties of Borrower in this Agreement and the other Borrower Loan Documents shall be true and correct on and as of the date of the disbursement with the same effect as if made on such date.

(e) Bank shall have approved in its sole discretion, the Detailed Cost Breakdown, the Project Budget, the Plans, the Construction Contract (if any), the Architect’s Agreement, and any other agreements that Bank determines are material to the construction of the Improvements.

(f) Bank shall have received satisfactory evidence that there are no liens on Personal Property, except as otherwise agreed to by Bank.

(g) If required by Bank, Bank shall have received a list of the names and addresses of all suppliers, laborers and subcontractors with whom agreements have been made with Contractor and/or Borrower to deliver materials and/or perform work on the Improvements.

(h) Such evidence as Bank may require evidencing expenditure of Borrower’s Equity on Project costs in accordance with this Agreement is at least [$1,423,508] [CHECK].

(i) [Such evidence as Bank may require evidencing that the entire amount of the Housing Authority Acquisition Loan and [$_____________________] of the Housing Authority Gap Loan shall have been disbursed by the Housing Authority Loan to or for the account of Borrower for Project costs in accordance with the Project Budget.] [CHECK: CONFIRM FUNDING SCHEDULE FOR HOUSING AUTHORITY GAP LOAN]

5.1.2 Upon satisfaction of the conditions contained in Sections 4.1, 4.2 and 5.1.1, Bank, on behalf of Governmental Lender, shall make an Advance in accordance with the Project Budget and the
Disbursement Schedule the amounts to be paid by Bank pursuant to the settlement statement approved by Bank.

5.2 Subsequent Disbursements.

5.2.1 Prior to making any Advances after the Initial Disbursement, except for the final Advance, the following additional conditions shall have been satisfied, as determined by Bank:

(a) All specific requirements for the disbursement set forth in the Disbursement Schedule shall have been satisfied.

(b) No Event of Default shall exist.

(c) The representations and warranties of Borrower in this Agreement and the other Borrower Loan Documents shall be true and correct in all material respects on and as of the date of the disbursement with the same effect as if made on such date.

(d) The Improvements shall not have been damaged by fire or other casualty unless Bank has determined that Bank will receive insurance proceeds sufficient in Bank’s judgment to effect the satisfactory restoration of the Improvements and permit Project Completion prior to the Completion Date.

(e) If required by Bank, Bank shall have received confirmation to its satisfaction that (A) to date, the Improvements have been constructed substantially in accordance with the Plans and the Construction Contract (if any), and (B) the present state of construction of the Improvements will, barring then unforeseen and unknown delays, permit Project Completion on or before the Completion Date.

(f) If Bank has determined that the undisbursed proceeds of the Borrower Loan, together with the undisbursed amount of the Infill Loan designated for payment of infrastructure costs, and Borrower’s Funds (if any) are insufficient to pay all costs to complete construction of the Improvements (and all other costs included within the Project Budget), Borrower shall have deposited into the Borrower’s Funds Account cash in the amount of such shortfall as provided in Section 7.2.

(g) If required by Bank, (A) Title Insurer shall have issued its continuation endorsement to the Title Policy indicating that since the last preceding disbursement, there: (1) has been no change in the condition of title to the Leasehold Estate; and (2) are no intervening liens that may now or hereafter take priority over the disbursement to be made, and (B) upon completion of the foundation, Title Insurer shall have issued its foundation endorsement to the Title Policy insuring Bank that the foundation is constructed wholly within the boundaries of the Real Property and does not encroach on any easements or violate any covenants, conditions or restrictions or any Governmental Requirement.

(h) Bank shall have received satisfactory evidence that there are no liens on Personal Property, except as otherwise agreed to by Bank.

(i) All amounts deposited into the Borrower’s Funds Account shall have been withdrawn by Borrower to cover Project costs in accordance with the terms and conditions of this Agreement.

(j) If requested by Bank, (i) Tax Credit Investor shall have executed and delivered to Bank an estoppel certificate in form and substance reasonably acceptable to the Bank, which shall contain such certifications as Bank shall reasonably require with respect to Tax Credit Investor’s obligations under the Partnership Agreement, and (ii) the Housing Authority shall have executed
and delivered to Bank an estoppel certificate in a form and substance acceptable to Bank, and which shall contain such certifications as Bank shall reasonably require, with respect to the Housing Authority Loan Documents, the Infill Loan Documents and the Ground Lease.

(k) Any special conditions set forth in the Special Conditions attached hereto as Exhibit C shall have been satisfied.

5.2.2 Upon satisfaction of the conditions contained in Sections 5.2.1 and 5.4 (as applicable), no more than two (2) times per calendar month following commencement of construction of the Improvements, Contractor shall submit to Borrower a Draw Request showing the estimated cost of labor performed on and materials incorporated into the Improvements, a pro-rata portion of Contractor's profit and that pro-rata portion of overhead of Contractor attributable to the construction of the Improvements. The original of such Draw Request, certified true and correct by Contractor and approved by Borrower, shall be submitted to Bank for payment. Upon verification of the accuracy of the Draw Request by Bank by inspection of the Real Property and Improvements (if required by Bank), Bank, on behalf of Governmental Lender shall disburse the amount of the respective approved Draw Request in accordance with the Disbursement Schedule (i) directly to Borrower or, upon the occurrence and during the continuance of an Event of Default, directly to Contractor or to such Persons as have actually supplied labor, materials or services in connection with the construction of the Improvements (at Bank’s option as to whom and in what amounts payments are to be made), or (ii) if specifically required by Bank, through a fund control service acceptable to Bank under a fund control agreement in form and content acceptable to Bank.

5.3 Final Disbursement.

5.3.1 Prior to making the final Advance, the conditions set forth in Sections 5.1, 5.2 and 5.4 (as applicable) and the following conditions shall have been satisfied, as determined by Bank:

(a) Bank shall have received confirmation to its satisfaction that the Improvements have been completed substantially in accordance with the Plans and the Construction Contract (if any).

(b) If required by Bank, Bank shall have received a copy of the temporary certificate of occupancy (or its equivalent as determined by Bank) issued by the appropriate Governmental Authority.

(c) Bank shall have received evidence that Borrower has recorded a notice of completion (or its equivalent as determined by Bank) with respect to the Improvements.

(d) Bank shall have received (A) such endorsements to the Title Policy as Bank may require which shall insure that the Improvements have been completed free of all mechanic's and materialmen's liens or claims thereof, or (B) such additional title policies with endorsements as Bank may require, with a liability limit of not less than the principal amount of the Borrower Loan, issued by Title Insurer, with coverage and in form satisfactory to Bank, insuring Governmental Lender’s and Bank’s interest under the Deed of Trust as a first lien on the Property, excepting only such items as shall have been approved in writing by Bank. Bank may waive the conditions set forth in this Section 5.3.1(d) in its sole discretion.

(e) If requested by Bank, (i) Tax Credit Investor shall have executed and delivered to Bank an estoppel certificate in form and substance reasonably acceptable to the Bank, which shall contain such certifications as Bank shall reasonably require with respect to Tax Credit Investor's obligations under the Partnership Agreement, and (ii) the Housing Authority shall have executed and delivered to Bank an estoppel certificate in a form and substance acceptable to Bank, and which shall contain such certifications as Bank shall reasonably require, with respect to the Housing Authority Loan Documents, the Infill Loan Documents and the Ground Lease.
5.3.2 The final disbursement shall consist of the payment of any monies retained from progress payments or disbursements as set forth in this Agreement. Subject to the provisions of this Agreement, the final disbursement shall be made only after Borrower has satisfied the conditions of Sections 5.3.1 and 5.4 (as applicable).

5.4 Additional Conditions to Advances. Bank shall have the right to condition any Advance upon Bank’s receipt and approval of the following, each in form and content acceptable to Bank:

5.4.1 The Draw Request.

5.4.2 Bills, invoices, documents of title, vouchers, statements, receipts and any other documents evidencing the total amount expended, incurred or due for any requested line item shown in the Project Budget.

5.4.3 Evidence of Borrower’s use of a lien release, joint check or voucher system acceptable to Bank for payments or disbursements to Contractor or to such Persons as have actually supplied labor, materials or services in connection with the construction of the Improvements.

5.4.4 Architect’s, inspector’s and/or engineer’s periodic certifications of the percentage and/or stage of construction that has been completed and its conformance to the Plans and any Governmental Requirement based upon such architect’s, inspector’s and/or engineer’s periodic physical inspections of the Real Property and Improvements.

5.4.5 Waivers and releases of any mechanic’s lien, stop notice claim, equitable lien claim or other lien claim rights.

5.4.6 Any other documents, requirements, evidence or information that Bank may request under any provision of the Borrower Loan Documents.

5.4.7 Evidence that any goods, materials, supplies, fixtures or other work in progress for which disbursement is requested have been incorporated into the Improvements.

5.4.8 In the event any Draw Request includes the cost of Offsite Materials, such Draw Request shall include each of the following: (a) evidence that the Offsite Materials have been purchased by Borrower, have been segregated from other materials in the facility where they are stored and have been appropriately marked to indicate Borrower’s ownership thereof and Bank’s security interest therein; (b) evidence that the Offsite Materials are insured as required by this Agreement; and (c) at Bank’s request, a security agreement, financing statement, acknowledgment, and/or subordination agreement in form and content satisfactory to Bank executed by the supplier of the Offsite Materials, and/or such other Persons as Bank determines may have an interest in or claim to the Offsite Materials, together with such other additional documentation and evidence as Bank may reasonably require to assure itself that it has a perfected first priority lien on the Offsite Materials.

5.4.9 In the event any Draw Request includes the cost of Onsite Materials, such Draw Request shall include each of the following: (a) evidence that the Onsite Materials have been purchased by Borrower; (b) evidence that the Onsite Materials are insured as required hereunder; and (c) evidence that the Onsite Materials are stored in an area on the Real Property for which adequate security is provided against theft and vandalism.
5.4.10 Borrower hereby agrees that Borrower shall not request any disbursements of the Loan to pay for infrastructure costs in connection with the Project designated to be paid for by the Infill Loan in accordance with the terms of the Infill Documents.

5.5 Disbursement Limits.

5.5.1 Borrower hereby represents to Bank that, as of the date of this Agreement, the Project Budget represents the total amount needed by Borrower to construct the Improvements and to perform Borrower’s obligations under the Borrower Loan Documents and Funding Loan Documents. Bank shall not be required to make any Advance for any Construction Costs or any other purpose that is not set forth in the Project Budget nor shall Bank be required to make any Advance for any line item in the Project Budget in an amount that when added to the sum of all prior Advances for that line item would exceed the sum allocated in the Project Budget for that line item.

5.5.2 Bank reserves and shall have the right to make Advances that are allocated to any line items in the Project Budget for such other purposes or in such different proportions as Bank may, in its sole discretion, deem necessary or advisable. Borrower shall have no right whatsoever to reallocate Advances from one line item in the Project Budget to another or otherwise amend the Project Budget without the prior consent of Bank; provided, however, that if Borrower establishes to the reasonable satisfaction of Bank that a cost savings has been effected in a line item, the amount of such savings shall be transferred to the “hard cost” or “soft cost” contingency line item (as appropriate in view of characterization of the line item in question). Amounts allocated to “hard costs” and “soft costs” contingency line items shall be available for payment of cost overruns in “hard costs” and “soft costs” of the Project, respectively, subject to the prior approval of Bank, which approval shall not be unreasonably withheld but may be conditioned upon Bank’s determination that the remaining balance in the contingency line items is likely to be sufficient to cover potential cost overruns in the remaining line items for which work has not been completed and the final payment has not been made.

5.5.3 All Advances shall be made in accordance with the applicable provisions of the Project Budget and the Disbursement Schedule. All funds disbursed to Borrower shall be received by Borrower in trust and Borrower agrees that such funds shall be used only for the payment of those items contemplated by the particular Advance.

5.5.4 Bank shall not be required to disburse an aggregate amount of the proceeds of the Borrower Loan for labor furnished to and materials incorporated into the Improvements during any stage of construction that exceeds the lesser of (a) the value of such labor and materials, and (b) the amount allocated to that stage of construction in the Project Budget. In any event, Bank shall not be required to disburse any amount that, in Bank’s opinion, will reduce that portion of the undisbursed proceeds of the Borrower Loan designated for completion of the Improvements below the amount needed to pay for the labor and materials necessary to complete the Improvements.

5.5.5 All Advances shall be first made from Borrower Note A-3 until fully disbursed, and then from Borrower Note A-1 until fully disbursed, and then from Borrower Note A-2.

5.5.6 Notwithstanding anything to the contrary contained herein, disbursements of the Borrower Loan shall be made from the Project Fund held by the Fiscal Agent pursuant to the Funding Loan Agreement.

5.6 Disbursement into Project Fund. Notwithstanding anything to the contrary contained in the Funding Loan Documents or the Borrower Loan Documents, if the portion of the Funding Loan as represented by the Tax-Exempt Funding Loan Notes (the “Tax-Exempt Funding Loan”) has not been fully disbursed by December 1, 2024 and Conversion has not yet occurred, in the event the Bank determines that legislative, judicial or other developments have occurred or other circumstances have emerged which could result in interest on any undisbursed portions of the Tax-Exempt Funding Loan (the “Remaining Undisbursed Tax-Exempt Funding Loan”) not being excluded from gross income for federal income tax
purposes, or otherwise determines that it is in the Bank’s best interest to fully fund the Tax-Exempt Funding Loan in order to assure that interest on the Tax-Exempt Funding Loan Notes will remain excluded from gross income for federal income tax purposes (each a “Contingency Event”), then Bank may, in its discretion, upon five (5) days’ written notice to Borrower, disburse all or any portion of the Remaining Undisbursed Tax-Exempt Funding Loan to the Fiscal Agent for deposit into the Project Fund established pursuant to the Funding Loan Agreement, at which time the proceeds so advanced shall constitute (i) an advance of the portion of the Funding Loan as represented by the Tax-Exempt Funding Loan Notes to the Governmental Lender, and (ii) an advance of the portion of the Borrower Loan as represented by Borrower Note A-1 and Borrower Note A-3 by Governmental Lender to the Borrower, unless Bank receives an opinion of Tax Counsel to the effect that the draw of Tax-Exempt Funding Loan proceeds after the Contingency Event will not adversely affect the exclusion of interest on the Tax-Exempt Funding Loan Notes from gross income for federal income tax purposes. The portion of the Borrower Loan as represented by Borrower Note A-1 and Borrower Note A-3 disbursed into the Project Fund pursuant to this Section shall be deemed outstanding as of the date advanced into the Project Fund and will immediately commence to accrue interest as provided in Borrower Note A-1 and Borrower Note A-3. All funds disbursed into the Project Fund shall continue to be disbursed by Bank to pay Project costs pursuant to the provisions of the Funding Loan Agreement, this Section 5 and the Disbursement Schedule as if they were Advances of the Borrower Loan.

6. REPRESENTATIONS AND WARRANTIES OF BORROWER. Borrower makes the following representations and warranties for the benefit of Governmental Lender and Bank, each of which is material and is relied upon by Governmental Lender in making the Borrower Loan and Governmental Lender and Bank in executing this Agreement. Each of the following representations and warranties shall be true and accurate in all material respects as of the Contract Date, the Closing Date and upon disbursement of the Initial Disbursement and each Advance. Borrower agrees that such representations and warranties shall survive and continue until full and final payment of all sums owed under the Borrower Loan Documents.

6.1 Formation/Authority. Borrower has complied with all laws and regulations concerning Borrower’s organization, existence and the transaction of Borrower’s business, and is in good standing in each state in which Borrower conducts business. Borrower is authorized to execute, deliver and perform Borrower’s obligations under each of the Borrower Loan Documents and the Funding Loan Documents, and Borrower is authorized to construct the Improvements and to own and operate the Property. The officers of the Borrower executing this Agreement and the Borrower Loan Documents are duly and properly in office and fully authorized to execute the same. This Agreement and the Borrower Loan Documents have been duly authorized, executed and delivered by the Borrower.

6.2 Enforceability. The Borrower Loan Documents have, by proper action, been duly authorized, executed and delivered by the Borrower and all steps necessary have been taken to constitute the Borrower Loan Documents such that they are the valid and binding obligations of the Borrower, enforceable in accordance with their terms except as may be limited by laws relating to bankruptcy, insolvency, reorganization or moratorium or other similar laws affecting creditors’ rights.

6.3 No Conflicts and Defaults Under Existing Agreements. The execution and delivery of this Agreement, the Borrower Loan Documents and the Funding Loan Documents, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the organizational or other governing documents of the Borrower or to the best knowledge of the Borrower and with respect to the Borrower, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Borrower is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Agreement or the Borrower Loan Documents, or the financial condition, assets, properties or operations of the Borrower.
6.4 **No Actions.** There are no actions, suits or proceedings pending or, to the best knowledge of Borrower, threatened against or affecting Borrower or the Property or involving the validity, priority or enforceability of the Deed of Trust or any other Borrower Loan Document or Funding Loan Documents or affecting Bank’s right to receive payment in full of all amounts outstanding under this Agreement, the other Borrower Loan Documents or the Funding Loan Documents. Borrower is not in default with respect to any order, writ, injunction, decree or demand of any court or any Governmental Authority. There (a) is no completed, pending or, to the best of Borrower’s knowledge, threatened bankruptcy, reorganization, receivership, insolvency or like proceeding, whether voluntary or involuntary, affecting the Property, the Borrower, or any Loan Party, and (b) has been no assertion or exercise of jurisdiction over the Property, the Borrower or any Loan Party by any court empowered to exercise bankruptcy powers. Borrower is not presently under any cease or desist order or other orders of a similar nature, temporary or permanent, of any Governmental Authority that would have the effect of preventing or hindering performance of its duties under this Agreement, any other Borrower Loan Documents or any Funding Loan Documents, nor are there any proceedings presently in progress or to its knowledge contemplated that would, if successful, lead to the issuance of any such order. All tax returns (federal, state and local) required to be filed by or on behalf of the Borrower as of the date this representation is made or remade have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Borrower in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein.

6.5 **Other Liens.** Borrower has made no contract or arrangement of any kind, the performance of which by the other party thereto would give rise to a lien on the Property, except for its arrangements with the Architect, the Contractor or the subcontractors if there is no Contractor.

6.6 **Leases.** All Leases are in full force and effect, there are no defaults under any of the provisions thereof by any party thereto, and all conditions to the effectiveness or continuing effectiveness of the Leases required to be satisfied as of the date hereof have been satisfied (if any).

6.7 **Financial Statements.** The Financial Statements delivered to Bank by Borrower and any Loan Party are true and correct in all material respects, have been prepared in accordance with accounting practices and principles acceptable to Bank and consistently applied, and fairly present the financial condition(s) of the Person(s) referred to therein as of the respective dates; no materially adverse change has occurred in the financial condition reflected in any such financial statement since the date shown thereon, and no additional material liabilities have been incurred by any such Person since the date thereof other than the borrowing contemplated hereby or other borrowing disclosed in writing to and approved by Bank.

6.8 **Compliance With Laws.** The Property and the actual use thereof by Borrower will comply in all material respects with all Governmental Requirements. Borrower has received no notices of violations of any Governmental Requirement.

6.9 **Permits, Approvals, Licenses.** Except for the certificate of occupancy, Borrower has obtained all licenses, permits and approvals necessary for the ownership, construction, operation and management of the Property, including all approvals essential to the transactions contemplated by this Agreement, the Funding Loan Documents, the Borrower Loan Documents and any other documents contemplated hereby or thereby

6.10 **Ownership of Property.** Borrower has, or as of the Closing Date will have, and will continue to have leasehold title to the Leasehold Estate and fee title to the Improvements, subject only to the Permitted Liens. The Borrower is the sole borrower under the Borrower Loan. Borrower shall make no changes to the Property, when it is built, or to the operation thereof that would affect the qualification of the Property under the Act. The Borrower intends to utilize the Property as multifamily rental housing during the Qualified Project Period (as defined in the Tax-Exempt Regulatory Agreement).
6.11 **Ownership of Personal Property.** Borrower owns directly all of the Personal Property free and clear of all liens, encumbrances and adverse claims and the security interest of Bank in the Personal Property shall be a first lien thereon.

6.12 **Other Financing.** Except for the Housing Authority Loan, the Infill Loan and the AHSC Permanent Loan or as otherwise disclosed in writing to Bank and approved by Bank in writing prior to the Closing Date, Borrower has not received other financing for either the acquisition of the Property or the construction and installation of the Improvements.

6.13 **Plans, Defects.** The Plans are satisfactory to Borrower, and to the extent required by any Governmental Requirement or any effective restrictive covenant, have been approved by all applicable Governmental Authorities and the beneficiaries of any such covenant respectively; the Plans so approved have been approved by Borrower and Contractor as set forth in the Certification of Plans and Specifications delivered to Bank by Borrower. The Borrower will make no changes to the Property or to the operation thereof which would affect the qualification of the Property under the Act or the Code.

6.14 **Utilities.** All utility services necessary for the construction of the Improvements and the operation thereof for their intended purpose are either available at the boundaries of the Real Property or all necessary steps have been taken by Borrower and applicable Governmental Authorities to assure the complete construction and installation thereof, including water supply, storm drain and sanitary sewer facilities, and gas, electric, cable and telephone facilities.

6.15 **Roads.** All roads necessary for the full use of the Improvements for their intended purposes have been completed or the necessary rights-of-way therefore have either been acquired by the applicable Governmental Authority or dedicated to public use and accepted by such Governmental Authority. All necessary steps have been taken by Borrower and such Governmental Authority to assure the complete construction thereof.

6.16 **CC&Rs, Zoning.** Borrower has examined, is familiar with, and the Improvements will in all respects conform to and comply with, all covenants, conditions, restrictions, reservations and zoning ordinances affecting the Property.

6.17 **Finder's Fees.** Borrower has not dealt with any Person who is or may be entitled to any finder’s fee, brokerage commission, loan commission or other sum in connection with the execution of this Agreement, consummation of the transactions contemplated hereby, or the making of the Borrower Loan to Borrower.

6.18 **Draw Request.** Each Draw Request shall be true, complete and accurate and the submission of same shall constitute a reaffirmation of the representations, warranties and covenants contained herein.

6.19 **Other Information.** No information, statement or report furnished in writing to Governmental Lender or Bank by Borrower, any Loan Party or any of their respective representatives in connection with this Agreement, the Funding Loan Documents or the other Borrower Loan Documents or the consummation of the transactions contemplated hereby and thereby (including, without limitation, any information furnished by Borrower in connection with the preparation of any materials related to the issuance, delivery or offering of the Funding Loan Notes) contains any material misstatement of fact or omits to state a material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading; and the representations and warranties of Borrower and the statements, information and descriptions contained in Borrower’s closing certificates, as of the Closing Date, are true, correct and complete, do not contain any untrue statement or misleading statement of a material fact, and do not omit to state a material fact required to be stated therein or necessary to make the certifications, representations, warranties, statements, information and descriptions contained therein, in the light of the circumstances under which they were made, not misleading; and the
estimates and the assumptions contained herein and in any certificate of Borrower delivered as of the Closing Date are reasonable and based on the best information available to Borrower.

6.20 No Default. No event has occurred and no condition exists with respect to Borrower, any Loan Party or the Property that would constitute an Event of Default or with the giving of notice or passage of time, or both, if not cured would become an Event of Default.

6.21 Tax Certificate. Borrower has complied with all terms and conditions of the Tax Certificate, including the terms and conditions of the exhibits thereto, and the representations set forth in the Tax Certificate pertaining to Borrower and the Property are true and accurate.

6.22 Regulatory Agreement. Borrower is not in default under the Regulatory Agreements. The Property is, as of the Closing Date, in compliance with all requirements of the Regulatory Agreements, including all applicable requirements of the Act and the Code. Borrower intends to cause the residential units at the Property to be rented or available for rental on a basis that satisfies the requirements of the Regulatory Agreements, including all applicable requirements of the Act and the Code. All Leases will comply with all Governmental Requirements and the Regulatory Agreements. The Property meets the requirements of this Agreement, the Regulatory Agreements, the Act and the Code with respect to multifamily rental housing.

6.23 No Governmental Lender Relationships. To the best knowledge of Borrower, no member, officer, agent or employee of Governmental Lender has been or is in any manner interested, directly or indirectly, in that Person’s own, name or in the name of any other Person, in the Funding Loan Notes, the Funding Loan Documents, the Borrower Loan Documents, Borrower, any Loan Party or the Property, in any contract for property or materials to be furnished or used in connection with the Property, or in any aspect of the transactions contemplated by the Funding Loan Documents or the Borrower Loan Documents.

6.24 Authorizations and Consents. No authorization, consent, approval, order, registration declaration or withholding of objection on the part of or filing of or with any Governmental Authority not already obtained or made (or to the extent not yet obtained or made Borrower has no reason to believe that such authorizations, consents, approvals, orders, registrations or declarations will not be obtained or made in a timely fashion) is required for the execution and delivery or approval, as the case may be, of this Agreement, the Funding Loan Documents, the Borrower Loan Documents or any other documents contemplated by this Agreement, the Funding Loan Documents or the Borrower Loan Documents, or the performance of the terms and provisions hereof or thereof by the Borrower.

6.25 No Reliance. Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Property; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or Governmental Lender is a party or of which it is a beneficiary including, without limitation, the Funding Loan Agreement; that it understands the risks inherent in such transactions, including, without limitation, the risk of loss of the Property; and that it has not relied on the Governmental Lender or Bank for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Agreement, the Funding Loan Agreement or otherwise relied on Governmental Lender, Bank or Bank in any manner.

6.26 Environmental Matters. Borrower has not received any notice that it or the Property is not in compliance with all provisions of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (“CERCLA”); the Resource Conservation and Recovery Act; the Superfund Amendments and Reauthorization Act of 1986; the Toxic Substances Control Act and all environmental laws of the State (collectively “Environmental Laws”), or with any rules, regulations and administrative orders of any Governmental Authority, or with any judgments, decrees or orders of any court of competent jurisdiction with respect thereto; and Borrower has not received any assessment, notice (primary or secondary) of liability or financial responsibility, and no notice of any action, claim or proceeding to determine such liability or responsibility, or the amount thereof, or to impose civil penalties with respect
to a site listed on any federal or state listing of sites containing or believed to contain “hazardous materials” (as defined in the Environmental Laws), nor has Borrower received notification that any hazardous substances (as defined under CERCLA) that it has disposed of have been found in any site at which any governmental agency is conducting an investigation or other proceeding under any Environmental Law.

6.27 ERISA. Borrower has not received any notice that it is not in full compliance with the Employment Retirement Income Security Act of 1974, as amended, and the Department of Labor regulations thereunder, with the Code and with terms of such plan or plans with respect to each pension or welfare benefit plan to which Borrower is a party or makes any employer contributions with respect to its employees, for the current or prior plan years of such plans.

6.28 Tax-Exempt Funding Loan Notes. The weighted average maturity of the Tax-Exempt Funding Loan Notes does not exceed 120% of the average reasonably expected economic life of the Property financed with the proceeds of the Borrower Loan as represented by Borrower Note A-1 and Borrower Note A-3. The Tax-Exempt Funding Loan Notes are not and shall not be “federally guaranteed” as defined in Section 149(b) of the Code. Borrower intends to hold the Property for its own account and has no current plans to sell and has not entered into any agreement to sell all or any portion of the Property.

6.29 Tax Credit Allocation Documents Effective. The Tax Credit Allocation Documents are in full force and effect and have not been revoked, amended or modified in any way. Borrower knows of no reason why Project Completion could not occur on or before the Completion Date.

6.30 Satisfaction of Conditions under Tax Credit Allocation Documents, Housing Authority Loan Documents, Infill Documents, AHAP Contract, HAP Contract, RAD Contract and Ground Lease. Each and every covenant, condition and obligation contained in the Tax Credit Allocation Documents, the Housing Authority Loan Documents, the Infill Documents, the AHAP Contract, the HAP Contract, the RAD Contract and the Ground Lease required to be performed or satisfied by Borrower as of the date hereof, and each and every matter required to be approved thereunder as of the date hereof, has been satisfied or approved, as applicable.

6.31 Tax Credits Not Subject to State Ceiling. Fifty Percent (50%) or more of the aggregate basis of the Improvements and Borrower’s interest in the Property will be financed with proceeds from the Tax-Exempt Funding Loan Notes and, therefore, paragraph (1) of Section 42(h) of the Code will not apply to the Tax Credits by virtue of the provisions set forth in subparagraph (4)(B) of Section 42(h) of the Code.

6.32 AHSC Permanent Loan Standard Agreement. The AHSC Permanent Loan Standard Agreement is unmodified, in full force and effect, and all conditions to the effectiveness or continuing effectiveness of the AHSC Permanent Loan Standard Agreement required to be satisfied by the date hereof have been satisfied.

6.33 Additional Representations, Covenants and Warranties. Borrower also makes the representations, covenants and warranties set forth in Section 1 of the Special Conditions attached hereto as Exhibit C.

7. BORROWER’S COVENANTS. Borrower covenants and agrees with Governmental Lender and Bank that until the full and final payment of all sums owed under the Borrower Loan Documents and the Funding Loan Documents, unless Bank (or the Governmental Lender as to its Retained Rights) waives compliance in writing:

7.1 Application of Advances. Borrower shall receive the Advances made hereunder in trust, strictly for the purpose of paying the costs identified in the request for such Advance.

7.2 Borrower’s Funds. At the time and in amounts required by Bank, Borrower shall deposit Borrower’s Funds into the Borrower’s Funds Account. Should it appear at any time in Bank’s judgment that the sum of undisbursed proceeds of the Borrower Loan, together with the undisbursed proceeds of the Infill
Loan designated for payment of infrastructure costs in connection with the Project, and the then balance of the Borrower’s Funds Account are insufficient to provide the financing for completion of the Improvements, Borrower shall pay to Bank, within ten days following receipt of written demand by Bank, an amount equal to such deficiency for deposit into the Borrower’s Funds Account.

7.3 Lien Priority. At Borrower’s sole cost and expense, Borrower shall maintain the Deed of Trust as a first lien on the Property, subject to the Density Bonus Covenant, the RAD Use Agreement, the AHSC Permanent Loan Senior Restrictions and the Permitted Liens.

7.4 Construction Start and Completion.

7.4.1 Borrower shall not commence construction of the Improvements, including, but not limited to, grading and site clearance, and shall not undertake any other act on the Real Property prior to recordation of the Deed of Trust, the result of which would cause any mechanics’ or materialmen’s lien thereafter filed to take priority over the lien of the Deed of Trust, unless prior arrangements satisfactory to both Bank and Title Insurer have been made.

7.4.2 Borrower shall cause construction of the Improvements to be commenced not more than thirty (30) days after the recordation of the Deed of Trust.

7.4.3 Borrower shall cause (a) the Improvements to be constructed in a good and workmanlike manner, with materials of high quality, and in accordance with the Plans, Governmental Requirements and sound building and engineering practices, (b) the construction of the Improvements to be prosecuted with diligence and continuity and completed in substantial conformity with the Plans and to otherwise cause Project Completion to occur on or before the Completion Date, free and clear of liens or claims for liens (other than liens that have been bonded to the reasonable satisfaction of Bank), and (c) all licenses and permits necessary for the occupancy, use or sale of the Improvements to be issued. Borrower shall promptly commence and diligently proceed with the Project.

7.4.4 Borrower shall complete the construction of the Improvements on or before the Completion Date. The construction of the Improvements shall be considered complete for purposes of this Agreement only when (a) the construction of the Improvements has been completed substantially in accordance with the Plans and has been fully paid for subject to Borrower’s obligations to pay and discharge or cause the release or discharge of any mechanics’ lien as provided in Section 7.14, (b) all work requiring inspection or certification by any Governmental Authority has been completed and all requisite certificates, approvals and other necessary authorizations (including any required certificates of occupancy including, but not limited to, temporary certificates of occupancy) have been obtained, and (c) streets and offsite utilities located within or pertaining to the Property have been completed to the satisfaction of all applicable authorities.

7.5 Change Orders.

7.5.1 Borrower shall not permit any change in the Plans without Bank’s prior consent if any such change (a) constitutes a material change in material or equipment specifications, architectural or structural design, or the value or quality of the Improvements, or (b) would result in an increase or decrease in the cost of construction of the Improvements in excess of the Single Change Order Limit for any single change, or in excess of the Aggregate Change Order Limit for all changes.

7.5.2 Borrower shall submit any proposed change in the Plans to Bank not later than ten Business Days prior to the commencement of construction relating to such change.

7.5.3 Borrower shall deliver to Bank in connection with any proposed change requiring Bank’s prior written consent (a) a written request therefor, together with working drawings and a written description of the proposed change, submitted on a change order form acceptable to Bank and executed
by Borrower, Architect and Contractor, and (b) evidence satisfactory to Bank as to the cost and time necessary to complete the proposed change.

7.5.4 Prior to permitting any change in the Plans requiring Bank’s consent, Borrower shall satisfy any condition of Bank’s consent, including, but not limited to, depositing funds to cover any increased Construction Costs into the Borrower’s Funds Account as required by Bank, which Bank is authorized to disburse in accordance with the Project Budget and the Disbursement Schedule for payment of such Change Orders upon completion of such changes to Bank’s satisfaction.

7.6 **Detailed Cost Breakdown.** Borrower shall not modify the Project Budget or the Detailed Cost Breakdown without Bank’s prior written consent, which consent may be conditioned upon, among other things, (a) Bank’s receipt of evidence satisfactory to Bank that the change in the Project Budget or the Detailed Cost Breakdown is reasonably necessary, and (b) Bank’s confirmation that, in the opinion of Bank, sufficient funds remain in the undisbursed proceeds of the Borrower Loan (and any funds in the Borrower’s Funds Account), together with the undisbursed proceeds of the Infill Loan designated for payment of infrastructure costs, to pay for all remaining direct or indirect costs to complete construction of the Improvements.

7.7 **Contractor Covenants.** Borrower shall (a) require from the Contractor (i) covenants similar to the covenants made by Borrower in Sections 7.3, 7.4 and 7.5, and (ii) a covenant that Contractor will, upon request, deliver to Bank the names of all Persons with whom Contractor has contracted or intends to contract for construction of the Improvements or for furnishing of labor or materials therefore; and (b) cause the Contractor (or if no Contractor, the subcontractors) to cooperate with Bank. Cost savings shall be transferred to contingency line items and thereafter be available for disbursement as provided in Section 5.5.2.

7.8 **Construction Contract Only.** Borrower shall not execute any contract or become party to any arrangement for the performance of work on the Real Property with any Person except Contractor, and if there is no Contractor, Borrower shall contract only with major subcontractors approved by Bank for the performance of work on the Real Property.

7.9 **Paid Vouchers.** Borrower shall deliver to Bank, on demand, any contracts, bills of sale, statements, receipted vouchers or agreements under which Borrower claims title to any materials, fixtures or articles incorporated in the Improvements.

7.10 **Application of Disbursements.** Borrower shall receive the disbursements to be made hereunder in trust, strictly for the purpose of paying the costs identified in the request for such disbursement.

7.11 **Foundation Completion.** Borrower shall notify Bank immediately upon completion of the foundation of the Improvements and, if required by Bank, deliver to Bank, promptly after completion of the foundation, a foundation survey in form satisfactory to Bank and Title Insurer.

7.12 **Personal Property Installation.** Without Bank’s written consent, Borrower shall not install materials, personal property, equipment, or fixtures subject to any security agreement or other agreement or contract giving any Person other than Borrower any right or title to such property.

7.13 **Defect Corrections.** Upon demand of Bank, Borrower shall correct any defect in the Improvements or any departure from the Plans not approved by Bank.

7.14 **Stop Notices; Mechanic’s Liens.** If (a) a bonded stop notice is received by Bank that Bank believes requires the withholding of funds from any Advance or from any disbursement of proceeds from the Borrower’s Funds Account, or (b) a mechanics’ lien, material supplier’s lien or other construction lien is recorded against the Real Property, then Borrower shall within 20 days of such receipt or recordation or within fifteen (15) days of Bank’s demand (whichever first occurs):
7.14.1 pay and discharge same;

7.14.2 effect the release of same by recording a surety bond in sufficient form and amount issued by a surety acceptable to Bank; or

7.14.3 provide Bank with such other assurance as Bank, in its sole discretion, deems to be satisfactory for the payment of, and protection of Bank from, such lien or bonded stop notice.

7.15 Record Keeping, Financial and Other Information. Borrower shall keep and maintain full and complete books of account and other records reflecting the results of operations of the Property in accordance with accounting practices and principles acceptable to Bank and consistently applied, and shall furnish or cause to be furnished to Bank such financial information concerning Borrower, each Loan Party and the Property as Bank may require, including but not limited to:

7.15.1 within forty-five (45) days after the close of each quarter, except for the final quarter of each year, Borrower’s and Guarantor’s Financial Statement as of the close of such period,

7.15.2 within one hundred twenty (120) days of the close of each fiscal year-end, the annual Financial Statements for Borrower and each Guarantor. The Financial Statements of Borrower may be prepared by Borrower and certified as true and correct by the chief financial officer of Borrower or Guarantor. The Financial Statements of Guarantor shall be audited by an independent certified public accountant,

7.15.3 within thirty (30) days after written request by Bank, a copy of the most recent filed Federal income tax returns for Borrower and each Loan Party (to the extent such Loan Party is not a disregarded entity for income tax purposes), together with all supporting schedules,

7.15.4 within thirty (30) days after written request by Bank, the Financial Statements of Borrower and each Loan Party,

7.15.5 within forty-five (45) days after the close of each quarter, including the final quarter of each year, a certified statement of Liquid Assets for Guarantor,

7.15.6 within thirty (30) days of the final quarter of each year, a projected cash flow statement for the next succeeding calendar year for Guarantor, and

7.15.7 promptly, upon request, provide any other financial information reasonably requested by Bank.

7.16 Post-Construction Financial Reporting. Upon completion of construction of the Improvements, Borrower shall furnish to Bank, without prior request or demand:

7.16.1 Within thirty (30) days after the close of each calendar month prior to the Conversion Date and, thereafter within thirty (30) days of written request by Bank, a monthly or quarterly (as applicable) Operating Statement, a current rent roll and, if retail property, a schedule of gross sales; and

7.16.2 Within one hundred twenty (120) days after the close of the operating year for the Property, an annual Operating Statement.

7.17 Audit, Appraisal and Inspection Rights. Borrower shall permit any representative of Governmental Lender or Bank, at any reasonable time, to inspect, audit and examine and copy the books and records of Borrower and each Loan Party. Bank shall have the right to obtain new appraisals or update existing appraisals at its sole cost and expense at any time while the Borrower Loan or any portion thereof remains outstanding. Borrower agrees to cooperate with Bank and the appraiser (and use best efforts to cause the tenants on the Project to cooperate with Bank and the appraiser) in permitting access to the
Property and in obtaining operating and other relevant information on the Property. Following an Event of Default hereunder or in the case of a request to transfer the Property pursuant to the Deed of Trust, Borrower shall pay all appraisal fees and related expenses incurred by Bank in obtaining such appraisal reports.

7.18 Dividends, Distributions. Following the occurrence and during the continuance of an Event of Default, Borrower shall not (a) make any distribution either in cash, stock or any other property, (b) redeem, retire, repurchase or otherwise acquire any shares or interest in Borrower, or (c) repay any outstanding indebtedness or other advance to any shareholder, partner, member or, if a trust, any trustee or beneficiary of Borrower.

7.19 Payment of Lawful Claims. Borrower shall pay or discharge all lawful claims, including taxes, assessments and governmental charges or levies imposed upon Borrower or Borrower's income or profits or upon any property belonging to Borrower prior to the date upon which any penalties attach; provided that Borrower shall not be required to pay any such tax, assessment, charge or levy, the payment of which is being contested in good faith and by proper proceedings and for which Borrower is maintaining adequate reserves in accordance with generally accepted accounting principles.

7.20 Payment of Costs. Borrower shall pay all costs and expenses incurred by Bank in connection with the enforcement by Bank of any of Borrower's obligations under this Agreement or the other Borrower Loan Documents, and the preparation of this Agreement and the other Borrower Loan Documents, including but not limited to (a) all appraisal fees, cost engineering and inspection fees, legal fees and expenses (including the fees and costs of in-house counsel and legal staff), accounting fees, environmental consultant fees and costs of title insurance, survey, seismic, escrow and other fees and charges, and (b) all taxes and recording expenses, including stamp taxes, if any.

7.21 Approval of Easements and Other Documents. Borrower shall submit to Bank for Bank's approval all prospective easements, private or public dedications, and declarations of covenants, conditions and restrictions intended to affect the Real Property and Bank's approval shall be obtained in writing prior to the execution or granting thereof by Borrower. Borrower's request for approval of any prospective easement or private or public dedication shall be accompanied by a drawing or survey showing the precise location of such prospective easement or private or public dedication. Borrower's request for approval of any prospective declaration of covenants, conditions and restrictions shall be accompanied by a description of the property affected thereby.

7.22 Compliance with Laws; Preservation of Rights.

7.22.1 Borrower shall comply promptly with all Governmental Requirements, and shall obtain, preserve and maintain in good standing, as applicable, all rights, privileges and franchises necessary or desirable for the operation of the Property and the conduct of Borrower's business thereon and therefrom.

7.22.2 If the Improvements contain wooden exterior elevated elements with load bearing components, Borrower shall comply with the requirements of California Health and Safety Code Section 17973, including all inspection and reporting requirements.

7.22.3 If payment of the indebtedness secured by the Deed of Trust or any of the other Security Documents is to be insured or guaranteed by any governmental agency, Borrower shall comply with all rules, regulations, requirements and statutes relating thereto or provided in any commitment issued by any such agency to insure or guarantee payment of such indebtedness.
7.23 Notices. Borrower shall promptly and in no event less than ten (10) Business Days after Borrower receives notice thereof notify Bank and the Governmental Lender in writing of:

7.23.1 the occurrence of any Event of Default or any event which, with the passage of time or service of notice or both, would constitute an Event of Default, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto;

7.23.2 any litigation affecting Borrower, any Loan Party or the Property, or any other circumstance, event or occurrence that may reasonably be expected to result in a material adverse change in (a) the financial condition of Borrower or any Loan Party, (b) Borrower’s ability to timely perform any of Borrower’s obligations under any of the Borrower Loan Documents and the Funding Loan Documents, (c) the physical condition or operation of the Property; or (d) the tax exempt status of the interest payable on the Tax-Exempt Funding Loan Notes;

7.23.3 the issuance against any Loan Party or the property of any Loan Party of any writ of attachment, execution or other judicial lien, which is not dismissed within fifteen (15) days;

7.23.4 any notice that the Improvements or construction thereof, the Property or Borrower’s business fails in any respect to comply with the applicable Governmental Requirement; and

7.23.5 the occurrence (or receipt of written notice) of any default under the Regulatory Agreements, the Housing Authority Loan Documents, the Infill Documents, the AHSC Permanent Loan Documents, the AHAP Contract, the HAP Contract, the RAD Contract or the Ground Lease.

7.24 Indemnity.

7.24.1 Borrower shall indemnify, defend and hold each of the Indemnified Parties harmless from and against any and all liabilities, claims, actions, proceedings, damages, costs and expenses (including all reasonable attorney’s fees, including, but not limited to, the fees and costs of any of such party’s in-house counsel and legal staff) arising out of or resulting from:

(a) The Borrower Loan, the Borrower Loan Documents, the Funding Loan Documents, Regulatory Agreements, the Housing Authority Loan Documents, the Infill Documents, the AHAP Contract, the AHSC Permanent Loan Documents, the HAP Contract, the RAD Contract the Ground Lease or the execution or amendment or performance thereof or in connection with the transactions contemplated therein, including the issuance, sale and/or resale of the Funding Loan Notes.

(b) Any finder’s fee, brokerage commission, loan commission or other sum in connection with the consummation of the transactions contemplated hereby.

(c) The development of the Property, construction of the Improvements or the ownership, operation or use of the Property.

(d) Any declaration of taxability of interest on the Tax-Exempt Funding Loan Notes, or allegations (or regulatory inquiry) that interest on the Tax-Exempt Funding Loan Notes are taxable, for federal tax purposes.

(e) The issuance of any Set Aside Letter, whether such matters are based on theories of derivative liability, comparative negligence or otherwise, at Borrower’s own cost and with counsel approved by Bank, unless Bank elects to conduct its own defense at the expense of Borrower in the event Bank reasonably determines a conflict of interest exists by reason of common representation of if all parties commonly represented do not agree as to the action (or inaction) of counsel.
(f) Any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Borrower Loan or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or any part thereof.

(g) Any lien (other than a Permitted Lien) or charge upon payments by the Borrower to the Governmental Lender and/or the Bank hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Governmental Lender in respect of any portion of the Project.

(h) Any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof other than violations that arose subsequent to Borrower's ownership of the Property and do not relate to Borrower's prior ownership of the Property.

(i) The prepayment, in whole or in part, of the Funding Loan Notes.

(j) Any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Borrower contained in any closing certificate, offering statement or disclosure or continuing disclosure document for the Funding Loan Notes or any of the documents relating to the Funding Loan Notes to which the Borrower is a party, or any omission or alleged omission from any offering statement or disclosure or continuing disclosure document for the Funding Loan Notes of any material fact necessary to be stated therein in order to make the statements made therein by the Borrower, in the light of the circumstances under which they were made, not misleading.

(k) The Bank's acceptance or administration of the Funding Loan Agreement, or the exercise or performance of any of its powers or duties as Bank thereunder or under any of the documents relating to the Funding Loan Notes to which it is a party.

Notwithstanding the foregoing, Borrower shall not be required to indemnify and hold the Indemnified Parties harmless from any liability, claim, action, damage, cost, or expense to the extent such liability, claim, action, damage, cost or expense results solely from the willful misconduct of the Governmental Lender, each of its respective officers, members governing members or partners, directors, employees, attorneys and agents, past, present and future and the gross negligence or willful misconduct of such other Indemnified Party.

7.24.2 The liability of Borrower under this indemnity shall not be limited or impaired in any way by (a) the release, reconveyance, foreclosure or other termination of the Deed of Trust, the payment in full of the Borrower Loan, any bankruptcy or other bankruptcy proceeding, or any other event whatsoever; (b) any provision in the Borrower Loan Documents or the Funding Loan Documents or applicable law limiting Borrower's liability or any Indemnified Party's recourse or rights to a deficiency judgment; or (c) any change, extension, release, inaccuracy, breach or failure to perform by any party under the Borrower Loan Documents or the Funding Loan Documents. Borrower's liability hereunder is direct and primary and not secondary as a guarantor or surety.

7.24.3 This indemnity is not intended to give rise to, and shall not give rise to, a right of Bank to claim payment of the principal and accrued interest with respect to the Borrower Loan as a result of a claim under this Section 7.24.

7.24.4 In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, Borrower, upon written notice from such Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by such Indemnified Party, and shall assume the payment of all expenses related thereto, with full
power to litigate, compromise or settle the same in its sole discretion; provided that such Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of Borrower if, in the judgment of such Indemnified Party, a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

7.24.5 Notwithstanding any transfer of the Property to another owner in accordance with the provisions of this Agreement, Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section 7.24 if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless such Indemnified Party has consented to such transfer and to the assignment of the rights and obligations of Borrower hereunder.

7.24.6 The rights of any persons to indemnity hereunder and to payment of fees and reimbursement of expenses pursuant to this Agreement shall survive the final payment or defeasance of the Borrower Loan and the Funding Loan Notes and, in the case of Bank, any resignation. The provisions of this Section 7.24 shall survive the termination of this Agreement.

7.24.7 This indemnity is in addition to, and shall in no way limit the provisions of Section 9 of the Tax-Exempt Regulatory Agreement. With respect to the Governmental Lender, the Tax-Exempt Regulatory Agreement shall control in any conflicts between this Section 7.24 and Section 9 of the Tax-Exempt Regulatory Agreement.

7.25 Performance of Acts. Upon request by Bank, Borrower shall perform all acts that may be necessary or advisable to perfect any lien or security interest provided for in the Borrower Loan Documents or the Funding Loan Documents to carry out the intent of the Borrower Loan Documents or the Funding Loan Documents.

7.26 Notice of Change. Borrower shall give Bank prior written notice of any change in the location of Borrower’s place of business (or Borrower’s chief executive office if Borrower has more than one place of business) or Borrower’s name, business structure or place of incorporation or other formation, and, unless otherwise approved by Bank in writing, Borrower shall maintain all tangible Personal Property (other than the books and records) at the Real Property and all books and records at Borrower’s place of business (or chief executive office if Borrower has more than one place of business).

7.27 Tax Certificate. Borrower shall timely comply with all of its obligations under the Tax Certificate (which Tax Certificate is hereby incorporated herein as fully as if set forth at length herein). Notwithstanding anything in this Agreement to the contrary, in the event of a conflict between the terms of this Agreement and the Tax Certificate, the terms of the Tax Certificate shall control.

7.28 Funding Loan Documents. Borrower shall timely perform its obligations under the Funding Loan Documents.

7.29 Regulatory Agreements. Borrower hereby covenants and agrees (a) to comply with all provisions of the Regulatory Agreements; to advise Bank and Governmental Lender in writing promptly upon learning of any default with respect to the covenants, obligations and agreements of Borrower set forth in the Regulatory Agreements; (b) upon written direction by Governmental Lender, to cooperate fully and promptly with Governmental Lender in enforcing the terms and provisions of the Tax-Exempt Regulatory Agreement; and (c) to file in accordance with the time limits established by the Regulatory Agreements all reports and certificates required thereunder, and the rebate certifications required by the Tax-Exempt Regulatory Agreement. Neither Governmental Lender nor Bank shall incur any liability in the event of any breach or violation of any of the Regulatory Agreements by Borrower, and Borrower agrees to
indemnify the Indemnified Parties from any claim or liability for any such breach under the Regulatory Agreements.

7.30 Prohibited Activities. Without Bank’s prior written consent Borrower shall not:

7.30.1 Engage in any business activities substantially different from Borrower’s present business or liquidate or dissolve Borrower’s business;

7.30.2 Suffer or permit any liens or encumbrances to be placed on the Property other than the Permitted Liens.

7.30.3 Merge or consolidate with or into, or enter into any partnership, joint venture, syndicate or similar business arrangement with, any Person or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person.

7.30.4 Transfer any interest in the Property (other than the lease of residential units within the Property for a term of one-year or less and otherwise in compliance with the Regulatory Agreements and dispositions of Personal Property expressly permitted by the Borrower Loan Documents) without the prior written consent of Bank, which consent may be withheld in Bank’s absolute discretion. In connection with the foregoing consent requirements, Borrower acknowledges that Bank relied upon Borrower’s particular expertise in entering into this Agreement and continues to rely on such expertise to ensure the satisfactory completion and operation of the Property. Transfers requiring Bank’s prior written consent shall include, without limitation, (a) involuntary transfers and transfers by operation of law; (b) liens and assignments as security for obligations, whether voluntary or involuntary; and (c) except as otherwise expressly permitted by the terms of the Deed of Trust, the issuance, sale, assignment, disposition, encumbering or other transfer of any direct or indirect ownership interest in Borrower, any Loan Party or any general partner, member or shareholder of any Loan Party, whether voluntary or involuntary, by operation of law or otherwise; provided, however, that in the case of The Related Companies, L.P., Transfers of up to twenty-five percent (25%) (individually or in the aggregate) of ownership interests in The Related Companies, L.P., prior to Conversion and of up to one hundred percent (100%) of such ownership interests in The Related Companies, L.P. thereafter are permitted. No sale, lease or other transfer shall relieve Borrower from primary liability for its obligations under the Borrower Loan Documents or the Funding Loan Documents, and Borrower shall deliver to Bank all documents reasonably required by Governmental Lender to evidence its continuing liability. No consent by Bank in connection with any Transfer shall constitute (x) a consent by Governmental Lender under the Tax-Exempt Regulatory Agreement to any sale, assignment, encumbrance, transfer or other disposition of all or any part of the Property, or any direct or indirect interest therein, or (y) a waiver by Governmental Lender of any term or condition of the Tax-Exempt Regulatory Agreement. Notwithstanding the foregoing but subject to the terms of Section 10 of the Tax-Exempt Regulatory Agreement, (a) Tax Credit Investor may transfer its limited partnership interests in Borrower to an entity controlled directly or indirectly by Raymond James Tax Credit Funds, Inc; provided that following such transfer, Tax Credit Investor shall remain jointly and severally liable for all contributions to be made by Tax Credit Investor under the Partnership Agreement, (b) the transfer of limited partnership interests or non-managing membership interest in Tax Credit Investor shall not constitute a “transfer” hereunder, (c) subject to Bank’s consent, which shall not be unreasonably withheld, Tax Credit Investor may remove and replace the General Partner in accordance with the Partnership Agreement following a default by the General Partner thereunder, (d) subject to Bank’s consent, which shall not be unreasonably withheld, Borrower’s administrative general partner may remove and replace the managing General Partner in accordance with the Partnership Agreement following a default by the managing General Partner thereunder, and (e) each General Partner may pledge its general partnership interest in the Borrower to the Tax Credit Investor, provided that such pledge shall be subject and subordinate to such General Partner’s pledge to Bank pursuant to the Assignment of Partnership Interest (GP). Borrower acknowledges that any transfer permitted by this Section must also comply with the terms and conditions of the Housing Authority Loan Documents, the Infill Documents, the AHSC Permanent Loan Documents, the Ground Lease and Regulatory Agreements.
7.30.5 Amend or modify in any material respect any organizational documents pertaining to Borrower or any Loan Party other than amendments to the Partnership Agreement solely with respect to transfers of partnership interests permitted by Section 7.30.4 above and no other amendments to the organizational documents.

7.30.6 Cause or otherwise consent to the formation of any community facilities district that includes the Property or any part of the Property pursuant to the Mello-Roos Community Facilities Act of 1982, any assessment district that includes the Property or any part of the Property pursuant to the Municipal Improvement Act of 1913, or any other comparable or similar district, area or territory that includes the Property or any part of the Property pursuant to any Law, or cause or otherwise consent to the levying of special taxes by any community facilities district against the Property or any part thereof, the levying of assessments by any such assessment district against the Property or any part thereof, or the levying of assessments, taxes and/or other impositions by any such district, area or territory.

7.30.7 Enter into any new Funding Loan Documents, Housing Authority Loan Documents, Infill Documents or AHSC Permanent Loan Documents, or amend, modify, supplement, cancel or terminate any Funding Loan Documents, Housing Authority Loan Documents, Infill Documents or AHSC Permanent Loan Documents.

7.30.8 Amend, modify, supplement, cancel or terminate the AHAP Contract (including the form of HAP Contract attached as an exhibit to the AHAP Contract), the HAP Contract, the RAD Contract or the Ground Lease.

7.30.9 Take, or omit to take, any action that, if taken or omitted, would jeopardize or adversely affect the tax-exempt status of the interest payable on the Tax-Exempt Funding Loan Notes.

7.30.10 Except for the Regulatory Agreements, accept any deed or other restriction or enter into any regulatory or other similar agreement regulating or restricting the use or operation of the Property or restricting the tenant income and/or rent levels for the Property in connection with the allocation to the Property of federal low-income housing tax credits or otherwise.

7.31 **Set Aside Letters.** In the event Bank issues, at Borrower’s request, any Set Aside Letter, Borrower represents, warrants and agrees as follows:

7.31.1 The sum that Borrower requests Bank to allocate for Bonded Work shall be sufficient to pay for the costs of construction and completion of the Bonded Work in accordance with any agreement between Borrower and the Governmental Authority and a copy of such agreement shall be furnished to Bank by Borrower as a condition precedent to the issuance by Bank of any Set Aside Letter;

7.31.2 Bank is irrevocably and unconditionally authorized to disburse to the Governmental Authority or Surety all or any portion of proceeds of the Borrower Loan upon a demand of the Governmental Authority or Surety made in accordance with the terms and conditions of the Set Aside Letter;

7.31.3 Any disbursement or payments that Bank makes or may be obligated to make under any Set Aside Letter, whether made directly to the Governmental Authority, Surety, or to others for completion of all or part of the Bonded Work, shall be deemed an Advance to or for the benefit of Borrower;

7.31.4 Bank shall have no obligation to release any security under the Borrower Loan Documents unless and until Bank has received a full and final written release of its obligations under each Set Aside Letter; and

7.31.5 The fee for issuing each Set Aside Letter hereunder shall be determined when each Set Aside Letter is issued by Bank.
7.32 **Management of Property.** Borrower shall not enter into any agreement providing for the management or operation of the Real Property or the Improvements without the prior written consent of Bank. Bank acknowledges that it has consented to Related Management Company, L.P., as the initial manager of the Real Property and to the management agreement entered into between Related Management Company, L.P. and Borrower dated as of August 31, 2020, as amended.

7.33 **Leases.**

7.33.1 **Negative Covenants.** In addition to the provisions of the Deed of Trust, and regardless of whether or not Bank’s prior written approval is required, Borrower shall not, without Bank’s prior written consent: (a) grant to any tenant any right or option to purchase the Property or any portion thereof, or any other present or future interest in any portion of the Property other than the right to use and occupy the leased premises, (b) grant to any tenant the right to terminate its lease if the lease of one or more other tenant is terminated, or (c) accept payment of rent from any tenant in any form other than cash or cash equivalent.

7.33.2 **Affirmative Covenants.** In addition to the provisions of the Deed of Trust, Borrower shall (a) document all Leases covering any portion of the Property or the Improvements on a standard lease form approved by Bank (with no material change), (b) not enter into any lease for any Unit with a potential tenant unless such lease is an Acceptable Unit Lease and the rent charged thereunder complies with Ground Lease, the HAP Contract, the RAD Contract, the Housing Authority Loan Documents, the AHSC Permanent Loan Documents, the Infill Loan Documents and all Regulatory Agreements and is consistent with the rent proforma submitted by Borrower and approved by Bank (c) enter into Leases only with bona fide third party tenants in an arm’s length transaction, (d) whether or not Bank’s prior written approval is required, deliver to Bank, within ten days of Bank’s request, all new Leases (together with all financial information obtained by Borrower regarding the tenant) and all modifications, amendments and consents to assignment or subletting of existing Leases, and (e) promptly notify Bank in writing of material claims of any breach, if any, of any of Borrower’s obligations as landlord under any Lease.

7.34 **Compliance.** Upon the request of Bank from time to time and at any time certification of the matters set forth below is provided to Governmental Lender or any Governmental Authority, Borrower shall promptly provide to Bank the following:

7.34.1 Borrower’s certification of the Property’s compliance with the rules qualifying the interest payable on the Tax-Exempt Funding Loan Notes for federal tax exemption pursuant to Section 142(d) of the Code and the regulations issued under Section 142(d) and the requirements of the Regulatory Agreements;

7.34.2 Property has received or receives a tax credit allocation, Borrower’s certification of the Property’s compliance with the requirements of Section 42 of the Code and the regulations issued under Section 42; and

7.34.3 Such other documents, certificates and other information as may be deemed necessary or appropriate to enable Bank to perform the functions under this Agreement or the Funding Loan Agreement.
7.35 **Property Reserves.** Borrower shall establish and maintain such operating, replacement and/or tenant improvement reserves for the Property as required by Bank pursuant to the terms of the Borrower Loan Documents, and Borrower hereby grants to Bank a security interest in all such reserves. Borrower agrees to execute such supplemental security documentation as Bank may request confirming such security interest.

7.36 **Establishment of Capital Improvement Reserve Account.**

7.36.1 Concurrently with the Conversion and as a condition precedent thereto, Borrower shall: (i) establish with Bank the Capital Improvement Reserve Account and Borrower shall execute such documents as are necessary to evidence same and to create and perfect in favor of Bank a security interest therein for the purpose of paying for any capital improvements which are necessary for the continued operation of the Property and which capital improvements are approved by Bank, which approval will not be unreasonably withheld (“Capital Improvements”); and (ii) commencing after the Conversion Date, on the first day of the month in which Borrower is required to make its first principal and interest payment under the Borrower Notes, and continuing on the first day of every month thereafter, deposit or cause to be deposited into the Capital Improvement Reserve Account an amount equal to no less than $1,854.17 each month.

7.36.2 Borrower shall be entitled to withdraw funds from the Capital Improvement Reserve Account from time to time (but no more often than once every thirty (30) days and in an amount of no less than $1,000 for each such withdrawal) to cover Capital Improvements, but only upon ten (10) days prior written notice from Borrower to Bank requesting to withdraw such funds and only so long as no Event of Default exists and no event has occurred that, with the giving of notice or the passage of time, or both, would constitute an Event of Default. Said written request shall set forth the amount of funds Borrower wishes to withdraw from the Capital Improvement Reserve Account, shall set forth with specificity those Capital Improvements for which the funds are to be used and shall be accompanied by copies of invoices or other evidence satisfactory to Bank confirming the cost of such Capital Improvements. Bank may also condition the withdrawal of funds from the Capital Improvement Reserve Account upon delivery by Borrower of such contractor’s affidavits, owner’s sworn statements, partial and final waivers of lien and other additional documentation Bank may require to ensure that the Capital Improvements have been completed free and clear of any claims of lien, and in a good and workmanlike manner and otherwise in accordance with all applicable legal requirements. The disbursement of funds withdrawn from the Capital Improvements Reserve Account may be made, in Bank’s discretion, either directly to the parties entitled thereto or to Borrower to pay the same. If such funds are disbursed directly to Borrower, Borrower shall provide Bank with evidence of the payment of the cost of the Capital Improvements within thirty (30) days after Bank’s written request therefor following the date such funds are withdrawn from the Capital Improvement Reserve Account.

7.36.3 Borrower shall diligently pursue completion of all Capital Improvements upon the commencement of the same. All Capital Improvements shall be made in a good and workmanlike manner and shall be completed free and clear of any mechanic’s or materialman’s liens and encumbrances. Borrower shall pay all costs necessary for completion of all Capital Improvements without regard to the sufficiency of the funds in the Capital Improvement Reserve Account. Borrower shall not commence construction of any Capital Improvement or other work prior to obtaining a building permit, if a building permit is required to perform the work, and all other governmental authorizations required with respect thereto, which Borrower shall provide to Bank upon request. Once any construction work has commenced, Borrower shall cause same to be completed substantially in accordance with the plans and specifications therefor and in compliance with all restrictive covenants applicable thereto, free and clear of liens or claims for liens, and shall correct all material defects therein. No disbursement of funds from the Capital Improvement Reserve Account shall constitute a waiver of Bank’s right to require compliance with the foregoing covenants.

7.37 **Rent Restrictions.** Borrower shall comply, and cause the tenants occupying the Units to comply, with the Rent Restrictions, including, without limitation, maintaining all appropriate records.
7.38 **Preservation of Tax Credits.** Borrower shall observe and perform all obligations imposed on Borrower for the purpose of obtaining, maintaining and utilizing the maximum amount of Tax Credits allocated pursuant to the Tax Credit Allocation Documents and to operate the Project, or to cause the appropriate parties to operate the Project, in accordance with all applicable provisions of the Code and the R&T Code, if applicable, and all other statutes and regulations governing the Tax Credits including, without limitation, the monitoring and reporting requirements set forth in the Qualified Allocation Plan.

7.39 **Compliance with Housing Authority Loan Documents, Infill Loan Documents, AHAP Contract, HAP Contract, RAD Contract, Ground Lease and Regulatory Agreements.** Borrower shall observe and comply with all of the terms and conditions set forth in the Housing Authority Loan Documents, the Infill Documents, the AHAP Contract, the HAP Contract, the RAD Contract, the Ground Lease and all Regulatory Agreements.

7.40 **Payment of Development Fee.** Borrower shall not pay Related Irvine Development Company, LLC, a California limited liability company, and LOMOD RHC I, LLC, a California limited liability company, more than (i) [$1,100,000] [CHECK] of their combined development fee in the aggregate on or prior to the Closing Date, (ii) [$1,320,000] [CHECK] of their combined development fee in the aggregate on or prior to the Completion Date, (iii) [$4,100,000] [CHECK] of their combined development fee in the aggregate prior to Conversion, and (iv) [$4,200,000] [CHECK] of their combined development fee in the aggregate prior to receipt of IRS Form 8609 from the Allocation Committee.

7.41 **IRS Form 8609.** Borrower shall deliver to Bank the IRS Form 8609 within five (5) business days following Borrower’s receipt of the same from the Allocation Committee.

7.42 **Obtaining and Maintaining Real Property Tax Exemption.** Borrower shall cause the Managing General Partner to maintain its status as an “eligible limited liability company” (as such term is used in Section 214(g) of the R&T Code) or, if the Managing General Partner no longer maintains its status as an “eligible limited liability company,” to promptly replace such entity with an “eligible limited liability company” or “eligible non-profit corporation” as managing general partner of Borrower approved in writing by Bank, and take all actions and provide such certifications as may be necessary from time to time so that the Project shall be exempt from the payment of ad valorem real property taxes in accordance with the provisions of Section 214(g) of the R&T Code.

7.43 **Draw Requests.** Borrower shall furnish to Bank such statements and other financial data as Bank shall from time to time reasonably request in writing with respect to disbursements made under the Housing Authority Loan or the Infill Loan. Borrower shall deliver, or cause to be delivered, to HCD or the Housing Authority, as applicable (concurrently with the delivery of the same to Bank) copies of all draw requests (and accompanying back-up documentation), if any, submitted to the Bank with respect to disbursements made under the Housing Authority Loan or Infill Loan from time to time. Notwithstanding the foregoing, the Bank’s consent to the foregoing documents shall not be required.

7.44 **Progress Reports and Annual Project Status Reports; Allocation Committee Notices.** Borrower shall promptly deliver to Bank copies of all “Progress Reports” all “Annual Project Status Reports” and all other reports delivered by Borrower to the Allocation Committee, the Housing Authority or HCD from time to time including, without limitation, those reports required by the terms and conditions of the Qualified Allocation Plan or as otherwise required under the terms of the Tax Credit Allocation Documents; such reports shall be delivered to Bank concurrently with the delivery of the same to the Allocation Committee. Borrower shall promptly deliver to Bank copies of all material notices and/or correspondence it receives from time to time from the Allocation Committee to the extent the same relate to the allocation of Tax Credits.

7.45 **Hedge.**

7.45.1 As a condition precedent to making the Borrower Loan, the Borrower shall enter into one or more interest rate swap, forward swap or swaption or interest rate cap or collar transaction or
similar transactions designed to protect against fluctuations in the interest rate with respect to Borrower Note A-3 commencing no later than the Initial Outside Conversion Date and expiring no earlier than the Maturity Date for Borrower Note A-3 with a counterparty acceptable to Bank (which counterparty may, but is not required to be, Bank) (together, as modified from time to time, the “Hedge”). The notional amount of the Hedge must be the outstanding principal amount of Borrower Note A-3 as of the Outside Conversion Date or, if later, the effective date of the Hedge. The Hedge shall provide for a fixed rate of interest not to exceed (or otherwise protect against the interest rate on Borrower Note A-3 exceeding) [___%] (inclusive of the Margin during the Permanent Phase). The cost of the Hedge must be paid in full on its effective date. The identity of the counterparty and the form and substance of the documents and agreements evidencing, securing, guarantying or otherwise governing the Hedge, including, without limitation, any ISDA Master Agreement and Schedule thereto, and any confirmations evidencing the Hedge (together, the “Hedge Documents”), shall be acceptable to Bank in the Bank’s sole discretion. In no event shall the counterparty have a rating by a national rating agency which is less than the rating assigned by such rating agency to Bank. No Hedge Document shall be secured by the Project unless expressly consented to in writing by Bank, which consent may be withheld in Bank’s sole discretion.

7.45.2 On the Closing Date, the Borrower shall acquire a Hedge complying with the requirements of this Section 7.45 and Section 4.1.13. As a condition to the Conversion, the Hedge shall comply with the requirements of this Section 7.45 and subsection (t) of Exhibit D (Conditions to Conversion).

7.45.3 The Borrower shall timely perform all of its obligations under the Hedge Document in accordance with its terms, including payment of all breakage and termination fees due under the applicable Hedge Documents. Unless Bank is the counterparty, the Borrower may not exercise any right or remedy under any Hedge Document without the Bank’s prior written consent and shall exercise its rights and remedies under the Hedge Documents as directed by the Bank in writing.

7.45.4 So long as the Borrower is required to maintain a Hedge, the Borrower shall not terminate, transfer or consent to any termination or transfer of the Hedge without the Bank’s prior written consent, which consent may be withheld in Bank’s sole discretion. No Hedge shall be terminated for any reason unless Borrower enters into a new Hedge complying with the requirements of this Section 7.45; provided, that no Hedge undertaken with Bank may be terminated, terminated and replaced or transferred by the Borrower without the consent of Bank, which consent may be withheld by Bank in its sole discretion. Each replacement Hedge must have a term which commences no later than the later of the Outside Conversion Date or the termination date of the preceding Hedge. If Borrower desires to transfer or terminate a Hedge, Borrower shall provide Bank for Bank’s approval written notice thereof at least sixty (60) days prior to termination of the existing Hedge, together with a description of the terms proposed for the replacement Hedge and the identity of the financial institutions who will bid to be the counterparty on the replacement Hedge. In addition, the Borrower shall provide the Bank for Bank’s approval the identity of the counterparty and copies of the proposed replacement Hedge Documents at least fourteen (14) business days prior to the termination of the existing Hedge; provided, however, that if a Hedge unexpectedly and unavoidably terminates on a date other than its scheduled expiration date, the Borrower shall, within fourteen (14) business days of such termination, obtain a new Hedge satisfying the requirements of this Section 7.45; provided that if such terminated Hedge is one provided by Bank, Bank shall be under no obligation to permit such replacement Hedge to be entered into or to forbear from exercising its creditor remedies during such time.

7.45.5 If Bank is not (or is no longer) the counterparty to the Hedge, the Borrower shall assign each Hedge in effect from time to time to Governmental Lender and Bank pursuant to an assignment of hedge (“Assignment of Hedge”) in a form and content acceptable to Bank in its sole discretion. The Assignment of Hedge must be entered into on or before the effective date of the Hedge. The Hedge Documents and the Assignment of Hedge shall direct the counterparty to make any payments on the Hedge directly to Bank to be applied by Bank to payments due under the Borrower Loan, provided that after the occurrence of an Event of Default, Bank may apply such payments as may determine in its discretion.
7.46 **Ground Lease.** Borrower hereby covenants and agrees to comply with all provisions of the Ground Lease binding on the Borrower; to advise Bank and Governmental Lender in writing promptly upon learning of any default with respect to the covenants, obligations and agreements of Borrower set forth in the Ground Lease. Neither Governmental Lender nor Bank shall incur any liability in the event of any breach or violation of the Ground Lease by Borrower, and Borrower agrees to indemnify the Indemnified Parties from any claim or liability for any such breach under the Ground Lease.

7.47 **Tax Covenants of the Borrower.** The Borrower covenants and agrees that:

(a) It will at all times comply with the terms of the Tax Certificate and the Tax Exempt Regulatory Agreement;

(b) It will not take, or permit to be taken on its behalf, any action which would cause the interest payable on the Tax-Exempt Notes to be included in gross income, for federal income tax purposes, and will take such action as may be necessary in the opinion of Tax Counsel to continue such exclusion from gross income, including, without limitation, the preparation and filing of all statements required to be filed by it in order to maintain the exclusion (including, but not limited to, the filing of all reports and certifications required by the Tax-Exempt Regulatory Agreement);

(c) No changes will be made to the Project, no actions will be taken by the Borrower and the Borrower will not omit to take any actions, which will in any way adversely affect the tax-exempt status of interest on the Tax-Exempt Notes;

(d) It will comply with the requirements of Section 148 of the Code and the Regulations issued thereunder throughout the term of the Funding Lender Note and will not make any use of the proceeds of the Tax-Exempt Notes, or of any other funds which may be deemed to be proceeds of the Tax-Exempt Notes under the Code and the related regulations of the United States Treasury, which would cause the Tax-Exempt Notes to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(e) If the Borrower becomes aware of any situation, event or condition which would, to the best of its knowledge, result in the interest on the Tax-Exempt Notes becoming includable in gross income for purposes of federal income tax purposes, it will promptly give written notice of such circumstance, event or condition to the Governmental Lender and the Funding Lender;

(f) Pursuant to the requirements of Treasury Regulation Section 1.148-1(b), Borrower (or any related person contemplated by such regulations) will not purchase the Tax-Exempt Notes in an amount related to the amount of the Borrower Loan; and

(g) In the event of a conflict between the terms of this Section 7.47 and the Tax Certificate, the terms of the Tax Certificate shall control.

7.48 **Infill Loan.** Borrower shall request disbursements of the Infill Loan to pay for infrastructure costs in connection with the Project in accordance with the terms of the Infill Documents.

7.49 **AHSC Permanent Loan.** Prior to the Conversion Date, Borrower shall comply with all conditions of the AHSC Permanent Loan Standard Agreement, and shall execute all documents necessary to close the AHSC Permanent Loan. Upon funding (partial or full) of the AHSC Permanent Loan, Borrower shall promptly deliver to Bank the net proceeds of such AHSC Permanent Loan funding to paydown the outstanding balance of the Borrower Loan. From and after the Conversion, Borrower shall (i) observe and comply with all of the terms and conditions set forth in the AHSC Permanent Loan Documents, and (ii) not amend, modify, supplement, cancel or terminate the AHSC Permanent Loan Documents without Bank’s prior written consent.
8. **EVENTS OF DEFAULT.** The occurrence of any one or more of the following events shall constitute an “Event of Default” hereunder and at Bank’s option, exercisable in its sole discretion, shall terminate any obligation of Bank to make any Advance or disbursement of Borrower’s Funds. Upon the occurrence of an Event of Default, Bank shall also have the option, exercisable in its sole discretion, to declare the Borrower Loan immediately due and payable, without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demand of any kind or character; provided, however, upon the occurrence of any Event of Default that, under the terms of any Borrower Loan Document or Funding Loan Document results in the Borrower Loan becoming automatically due and payable, such occurrence shall result in automatic acceleration of payments of all principal and interest due under the Borrower Loan:

8.1 Borrower fails to (a) pay when due any sums payable under any Borrower Loan Document or Funding Loan Document after giving effect to any express curative provisions (if any) provided herein or therein and, in the case of payments other than principal or interest, in the event that there is no curative provision, within ten (10) days after the date when due, or (b) deposit with Bank any of Borrower’s Funds as and when required under this Agreement.

8.2 Borrower has breached, or defaulted under, any term, condition or provision contained in (a) any Borrower Loan Document or Funding Loan Document that is not specifically referred to in this Section 8 and such breach or default continues uncured after any applicable notice and cure periods (or, if no notice or cure period is stated, continues uncured for more than thirty (30) days after notice), provided, however, that if such breach cannot reasonably be cured within the applicable cure period, no Event of Default shall be deemed to have been committed hereunder if Borrower commences to cure such breach within the applicable cure period and thereafter diligently prosecutes such cure to completion, provided that, in all events, the cure of such default shall be completed to the satisfaction of Bank not later than sixty (60) days in the aggregate from the date of such default, (b) the Tax-Exempt Regulatory Agreement or other Funding Loan Document after delivery of any required notice of default and subject to any applicable notice and cure periods provided therein, or (c) the Ground Lease.

8.3 Borrower or Contractor does not (a) commence construction of the Improvements within the time period required in this Agreement, (b) proceed diligently and continuously with the construction of the Improvements, or the construction of the Improvements is otherwise discontinued for a period of five (5) days or more, for any reason other than events of Force Majeure, or (c) achieve Project Completion on or before the Completion Date.

8.4 Any representation or warranty by Borrower or any Loan Party made hereunder or under any other Borrower Loan Document proves to be materially false or misleading in any material respect when made.

8.5 Any person obtains an order or decree in any court of competent jurisdiction prohibiting the construction of the Improvements or Borrower or Governmental Lender and Bank from performing this Agreement, and such order or decree is not vacated within thirty (30) days after the granting thereof.

8.6 Borrower neglects, fails or refuses to keep in full force and effect any permit or approval with respect to the construction of the Improvements or the use and occupancy thereof, and such failure continues for thirty (30) days after Borrower obtains actual knowledge thereof.

8.7 Any bonded notice to withhold in connection with the Borrower Loan is validly served on Governmental Lender or Bank and within ten (10) days of the receipt of such service (a) is not discharged, or (b) if the amount claimed is disputed in good faith by Borrower or Contractor, an appropriate counter bond or equivalent acceptable to Bank is not provided to Bank.

8.8 The imposition, voluntary or involuntary, of any lien or encumbrance upon the Property without Bank’s written consent, unless an adequate counter bond is provided and such lien is accordingly released within ten (10) days after the Borrower obtains actual knowledge of the imposition of such lien.
8.9 Bank fails to have an enforceable first lien on or security interest in any property given as security for the Borrower Loan, except for Permitted Liens and as permitted by Bank in writing.

8.10 An event or condition occurs or arises that materially impairs Borrower’s intended use of the Property and such event or condition is not remedied within thirty (30) days.

8.11 Borrower neglects, fails or refuses to keep in force and effect any insurance coverage required by Bank.

8.12 Any Funding Loan Document to which Borrower is a party is amended, modified or terminated without Bank’s prior written consent.

8.13 Interest on the Tax-Exempt Funding Loan Notes is no longer excludable from the gross income of the holder thereof for federal income tax purposes for any reason other than the owner of the Tax-Exempt Funding Loan Notes being deemed to be a “substantial user” (within the meaning of Section 147(a) of the Code) of the Project or a “related person” (as defined in Section 147(a) of the Code) solely due to the fact that Bank has a direct or indirect ownership interest in Borrower.

8.14 The occurrence of an event of default by Borrower under the Housing Authority Loan Documents, the Infill Documents, the AHSC Permanent Loan Documents, the AHAP Contract, the HAP Contract, the RAD Contract or Regulatory Agreement(s) (following the expiration of any curative periods set forth therein).

8.15 The failure of Borrower to comply with any of the terms and conditions of the Tax Credit Allocation Documents, the failure of Borrower to cause Project Completion to occur on or before the Completion Date unless a later date for “placement in service” is permitted by the Allocation Committee and Section 42 of the Code, then on or before such later date, or the failure of Borrower to comply with any of the monitoring or reporting requirements set forth in the Qualified Allocation Plan and the failure of Borrower to cure such failure on or before the first to occur of the date within which cure is permitted under the applicable document or thirty (30) days after Borrower obtains actual knowledge of such failure.

8.16 The determination by Bank (in Bank’s reasonable opinion) at any time that (i) paragraph (1) of Section 42(h) of the Code will apply to the allocation of the Tax Credits or (ii) Project Completion will not occur on or before the Completion Date.

8.17 The maximum amount of Tax Credits reserved by the Allocation Committee under the Preliminary Reservation is reduced by the Allocation Committee which results in a reduction of the Tax Credit Investor’s capital contributions to Borrower which, together with other financing or equity investment permitted under the Borrower Loan Documents, would prevent Borrower from making the full Paydown Amount on or before the Outside Conversion Date, as determined by Bank in its sole discretion.

8.18 Borrower shall fail to obtain the Hedge in accordance with the terms and provisions of Section 7.45. Borrower shall fail to perform any of its obligations under any agreement relating to any Hedge or Hedge Documents following the expiration of any applicable curative provision.

8.19 Borrower modifies, amends or terminates the Housing Authority Loan Documents, the Infill Documents, the AHSC Permanent Loan Documents, the AHAP Contract, the HAP Contract, the RAD Contract, the Regulatory Agreement(s) or the Ground Lease.

8.20 Borrower fails to satisfy the conditions to Conversion in accordance with Section 3.2 above on or before the Outside Conversion Date.

8.21 Borrower modifies, amends or terminates the AHSC Permanent Loan Standard Agreement or otherwise fails to consummate the closing of the AHSC Permanent Loan in accordance with the terms of the AHSC Permanent Loan Standard Agreement or takes any action that might or does result in
modification, amendment, termination or expiration of the AHSC Permanent Loan Standard Agreement without Bank’s written consent.

The Tax Credit Investor shall have the right to cure any default by Borrower hereunder within the time periods (if any) set forth herein for such cure and Bank agrees to accept such cure as if cured by Borrower.

9. REMEDIES. If an Event of Default occurs under this Agreement:

9.1 Governmental Lender and Bank may exercise any right or remedy that it has under any of the Borrower Loan Documents, or that is otherwise available at law or in equity or by statute (which may be exercised directly or by directing the actions of the Fiscal Agent), and all of Governmental Lender’s and Bank’s rights and remedies shall be cumulative.

9.2 Bank shall have the right, in its sole discretion, to enter the Property and take possession of it, whether in person, by agent or by court-appointed receiver, to perform any and all work and labor necessary to complete the Improvements substantially in accordance with the Plans, and to collect rents and otherwise protect its collateral and exercise its rights and remedies under the Borrower Loan Documents. If Bank exercises any of the rights or remedies provided in this Section, that exercise shall not make Bank a partner or joint venturer of Borrower. All sums that are expended by Bank in completing the Improvements or in preserving Bank’s collateral for the Borrower Loan shall be considered an additional loan to Borrower secured by the Deed of Trust and Security Documents and shall bear interest at the Default Rate.

9.3 Notwithstanding the exercise of any remedy described above or the existence of any Event of Default, Bank, at its option, may make any Advance or disburse any or all of Borrower’s Funds without (a) waiving Bank’s right to demand payment of the Borrower Loan, (b) incurring liability to make any other or further Advances, and (c) waiving Bank’s right to require compliance with Borrower’s covenant to correct any defect in the Improvements or departure from the Plans not approved by Bank.

10. POWER OF ATTORNEY. Borrower hereby constitutes and appoints Bank as Borrower’s true and lawful attorney in fact with the power and authority, including full power of substitution upon the occurrence and during the continuance of an Event of Default, as follows:

10.1 To take possession of the Property and complete the Improvements or any Capital Improvements.

10.2 To use any of Borrower’s Funds and any undisbursed proceeds of the Borrower Loan for the purpose of completing the Improvements and for other costs related thereto and/or to use any of the funds in the Capital Improvement Reserve Account for the purpose of completing any Capital Improvements and for other costs related thereto.

10.3 To make such additions and changes and corrections in the Plans as may be necessary or desirable, as Bank, in Bank’s sole discretion, deems proper to complete the Improvements.

10.4 To employ such contractors, subcontractors, agents, architects, engineers and inspectors as are required to complete the Improvements or any Capital Improvements.

10.5 To employ security personnel to protect the Property from damage.

10.6 To pay, settle or compromise all existing bills and claims against Borrower’s Funds, the Capital Improvement Reserve Account or any undisbursed proceeds of the Borrower Loan as may be necessary or desirable or as Bank deems proper, in Bank’s sole discretion, for the completion of the Improvements or the completion of any Capital Improvements, or for the protection or clearance of title to the Property, or for the protection of Bank’s interest with respect thereto.
10.7 To prosecute and defend all actions and proceedings in connection with the construction of the Improvements and/or the completion of any Capital Improvements.

10.8 To record any notices of completion, cessation of labor and other notices that Bank deems necessary to protect any interest of Bank under the provisions of this Agreement, the Deed of Trust, any of the Security Documents, or any other Borrower Loan Document.

10.9 To execute, acknowledge, and deliver all instruments and documents in the name of Borrower that may be necessary or desirable or as Bank deems proper, in Bank’s sole discretion, and to perform any and every act with respect to the construction of the Improvements and/or the completion of any Capital Improvements that Borrower might perform on Borrower’s own behalf.

This Power of Attorney is a power coupled with an interest and cannot be revoked. Any costs or expenses incurred by Bank in connection with any acts performed by Bank under or pursuant to this Section shall be paid by Borrower. If such costs are not paid by Borrower upon demand of Bank, interest shall accrue thereon at the Default Rate. Any such advances made or costs or expenses incurred by Bank shall be secured by the Deed of Trust and Security Documents.

11. MISCELLANEOUS.

11.1 Disclaimer. WHETHER OR NOT GOVERNMENTAL LENDER OR BANK ELECT TO EMPLOY ANY OR ALL OF THE REMEDIES AVAILABLE TO GOVERNMENTAL LENDER OR BANK UPON THE OCCURRENCE OF AN EVENT OF DEFAULT, NEITHER GOVERNMENTAL LENDER NOR BANK SHALL BE LIABLE FOR THE CONSTRUCTION OF, OR FAILURE TO CONSTRUCT, COMPLETE OR PROTECT, THE IMPROVEMENTS.

11.2 Notices. All notices, demands, requests or other communications (including communications by facsimile transmission or e-mail) provided for or allowed hereunder shall be in writing and shall be effective only if the same is delivered by personal service, mailed (postage prepaid, return receipt requested), faxed, or e-mailed to the address given with the signatures at the end of this Agreement. Any such notice shall be deemed to have been received by the addressee, (a) if mailed, on the third day following the date of such mailing, or (b) if faxed or e-mailed, upon telephone or email confirmation of receipt. Any party may at any time change its address for such notices by delivery or mailing the other parties to this Agreement a notice of such change.

11.3 Waivers. Any forbearance, failure or delay by Bank in exercising any right, power or remedy shall not be deemed a waiver thereof and any single or partial exercise of any power, right or remedy shall not preclude any further exercise thereof. No waiver of or consent to any breach of any of the covenants or conditions of this Agreement or any other Borrower Loan Document shall be construed to be a waiver of or a consent to any previous or subsequent breach of the same or any other condition or covenant. No waiver or consent shall be effective under any Borrower Loan Document unless it is in writing and signed by an officer of Bank.

11.4 Governmental Lender’s and Bank’s Expenses; Rights of Governmental Lender and Bank.

11.4.1 Borrower shall promptly pay to Governmental Lender and Bank, upon demand, with interest thereon from the date of demand at the Default Rate, all reasonable fees, costs and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith and arising out of or in connection with the Borrower Loan Documents, including without limitation reasonable attorneys’ fees (including the fees and costs of Governmental Lender’s, Fiscal Agent’s and Bank’s in-house counsel and legal staff) and all costs and other expenses paid or incurred by Governmental Lender, Fiscal Agent and Bank in exercising its rights or remedies provided for in this Agreement or any other Borrower Loan Document. If at any time Borrower fails to perform any of its obligations hereunder, Bank shall have the right, but not the obligation, to perform such obligations at the
expense of Borrower. The amount of any monies so expended or obligations so incurred by Governmental Lender, Fiscal Agent and Bank, together with interest thereon at the Default Rate, shall be repaid to Governmental Lender, Fiscal Agent and Bank promptly upon demand and payment thereof shall be secured by the Deed of Trust and Security Documents. The obligations of this Section 11.4.1 and those in Section 7.24 (Indemnity) shall remain valid and in effect notwithstanding repayment of the loan hereunder or the Funding Loan Note or termination of this Borrower Loan Agreement or the Funding Loan Agreement.

11.4.2 Without limiting the generality of the foregoing Section 11.4.1, the Borrower shall pay the Governmental Lender and the Bank all reasonable fees, costs and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith and arising out of or in connection with the Borrower Loan Documents, the Funding Loan Notes or the Funding Loan Agreement. These obligations and those in Section 7.24 shall remain valid and in effect notwithstanding repayment of the Borrower Loan or termination of this Agreement or the Funding Loan Agreement.

11.4.3 Governmental Lender and Bank, and any of Governmental Lender’s and Bank’s representatives, shall have the right, at any time and from time to time, and without notice, to enter upon the Property, to inspect the Improvements and all materials to be used in the construction thereof and to examine the Plans and all detailed plans and shop drawings that are or may be kept at the construction site.

11.5 No Third Party. This Agreement is made for the sole benefit of Borrower, Governmental Lender, Bank and Governmental Lender’s and Bank’s successors and assigns, and no other Person shall have any rights or remedies under or by reason of this Agreement or any right to exercise any right or power of Governmental Lender and Bank hereunder or arising from any default by Borrower. Governmental Lender and Bank shall owe no duty whatsoever to any claimant for labor performed or material furnished in connection with the construction of the Improvements nor any duty whatsoever to apply any undisbursed proceeds of the Borrower Loan to the payment of any such claim or to exercise any right or power of Bank hereunder or arising from any default by Borrower.

11.6 Time of Essence. Time is of the essence of this Agreement and every part hereof.

11.7 Successors and Assigns. Neither this Agreement nor any right of Borrower to receive any sums, proceeds or disbursements hereunder, may be assigned, pledged, hypothecated, anticipated or otherwise encumbered by Borrower without the prior written consent of Bank. Subject to the foregoing restriction and the restrictions contained in the Deed of Trust, this Agreement shall inure to the benefit of Governmental Lender and Bank and Governmental Lender’s and Bank’s successors and assigns and shall bind Borrower and Borrower’s successors and assigns.

11.8 Participation or Syndication. Bank shall have the right, in its sole discretion, to assign all or any part of Bank’s rights in the Borrower Loan and under the Borrower Loan Documents or the Funding Loan Documents, either through direct assignment or through participating interests, subject to the provisions of Section 4.3 of the Funding Loan Agreement. Bank is hereby authorized to disclose to any prospective assignee or participant in the Borrower Loan any and all information regarding Borrower, any Loan Party, the Property or the Borrower Loan.

11.9 Governing Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the state in which the Property is located.

11.10 Entire Agreement. This Agreement and all other Borrower Loan Documents and the Funding Loan Documents constitute the entire understanding between the parties hereto with respect to the subject matter hereof, superseding all prior written or oral understandings. This Agreement and the other Borrower Loan Documents may be modified, amended or terminated only in writing signed by all parties hereto or thereto.
11.11 **Joint and Several Liability.** If Borrower consists of more than one Person, each shall be jointly and severally liable to Bank for the performance of this Agreement and the other Borrower Loan Documents.

11.12 **Publicity, Signs.** Borrower hereby agrees that Bank, at Bank’s expense, may publicize the financing of the Property (including the name of Borrower) and, in connection therewith, may use the project name and address, and a description, photograph or other illustrative drawing of the Property. Borrower hereby grants Bank the right to erect or cause to be erected Bank’s sign or signs in size and location desired by Bank on the Property so long as such sign or signs do not interfere with the construction of the Improvements. Borrower will exercise, and will cause Contractor and subcontractors to exercise, due care to protect said sign or signs from damage.

11.13 **Credit Information and Reports.** Borrower authorizes Bank to release information concerning Borrower’s financial condition to suppliers, other creditors, credit bureaus and other credit reporters, and to obtain such information from any third party at any time.

11.14 **Headings.** The various headings of this Agreement are included for convenience only and shall not affect the meaning or interpretation of this Agreement or any provision hereof.

11.15 **Severability.** Should any one or more provisions of this Agreement be determined to be illegal or unenforceable, all other provisions nevertheless shall be effective.

11.16 **Counterparts/Electronic Signatures.** This Agreement and each other Borrower Loan Document may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same document. Delivery of a signature page to, or an executed counterpart of, this document by facsimile, email transmission of a scanned image, or other electronic means, shall be effective as delivery of an originally executed counterpart. The words “execution,” “signed,” “signature,” and words of like import in this document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity, or enforceability as a manually executed signature or the use of a paper-based record keeping system, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, Electronic Signatures in Global and National Commerce Act, any other similar state laws based on the Uniform Electronic Transactions Act or the Uniform Commercial Code, and the parties hereto hereby waive any objection to the contrary.

11.17 **USA Patriot Act Notice.** Bank is subject to federal laws to help the government fight money laundering and terrorist financing that require Bank to obtain, verify and record information that identifies Borrower and, when applicable, Borrower’s Beneficial Owners. Beneficial Owners for these purposes means any individual holding 25% or more equity ownership of the Borrower, as well as one individual with significant responsibility to control, manage or direct the Borrower (e.g., CEO, CFO, COO, President or similar). This information includes the name, address, date of birth, and other information that will allow Bank to identify Borrower and its Beneficial Owners. By signing this document, Borrower agrees to provide and consents to Bank obtaining, if necessary, from third parties, any and all information reasonably necessary to identify Borrower and its Beneficial Owners.

11.18 **Waiver of Jury Trial.** To the extent permitted by law, in connection with any action or proceeding, whether brought in state or federal court, under this Agreement or any of the Borrower Loan Documents, the Borrower and Bank hereby expressly, intentionally and deliberately waive any right they may otherwise have to trial by jury of any Claim (as defined below). For purposes of clarity, this provision shall not constitute a waiver of any right to trial by jury held by Governmental Lender.

11.19 **Judicial Reference.** If the waiver of jury trial set forth hereinabove is not enforceable under the laws of the state in which the Property is located, then the Borrower and the Bank hereby agree that all Claims, including any and all questions of law or fact relating thereto, shall, at the written request of Borrower or Bank, be determined by Reference (as hereinafter defined) as set forth hereinbelow:
11.19.1 Selection Or Appointment Of Referee. Bank and Borrower shall select a single neutral referee, who shall be a retired state or federal judge. In the event that the Bank and Borrower cannot agree upon a referee, the referee shall be appointed by the court.

11.19.2 Conduct Of Reference. Except as otherwise provided in this Agreement, the Reference shall be conducted pursuant to the laws of the state in which the Property is located. The referee shall determine all issues relating to the applicability, interpretation, legality and enforceability of the Borrower Loan Documents or Funding Loan Documents. The referee shall report a statement of decision to the court. The Bank and Borrower shall equally bear the fees and expenses of the referee, unless the referee otherwise provides in the statement of decision.

11.19.3 Provisional Remedies, Self-Help And Foreclosure. No provision of this Agreement shall limit the right of any party to (i) exercise self-help remedies including, without limitation, set-off, (ii) foreclose against or sell any collateral, by power of sale or otherwise or (iii) obtain or oppose provisional or ancillary remedies from a court of competent jurisdiction before, after or during the pendency of the Reference. The exercise of, or opposition to, any such remedy does not waive the right of any party to a Reference pursuant to this Agreement.

11.19.4 No Decision By Jury. Borrower and Bank hereby acknowledge that if a referee is selected or appointed to determine the Claims, then the Claims will not be decided by a jury.

11.19.5 Miscellaneous. In the event that multiple Claims are asserted, some of which are not subject to this Section, the Borrower and Bank agree to stay the proceedings of the Claims not subject to this Section until all other Claims are resolved in accordance with this Section. In the event that Claims are asserted against multiple parties, some of whom are not subject to this Section, the parties agree to sever the Claims subject to this Section and resolve them in accordance with this Section.

11.19.6 Claim. “Claim” shall mean any claim, cause of action, action, dispute or controversy between or among the parties, whether sounding in contract, tort or otherwise, which arises out of or relates to: (i) any of the Borrower Loan Documents or the Funding Loan Documents; (ii) any negotiations or communications relating to any of the Borrower Loan Documents or the Funding Loan Documents, whether or not incorporated into the Borrower Loan Documents or the Funding Loan Documents or any indebtedness evidenced thereby; or (iii) any alleged agreements, promises, representations or transactions in connection therewith.

11.19.7 Reference. “Reference” shall mean a judicial reference conducted pursuant to this Agreement and in accordance with the laws of the state in which the Property is located, as in effect at the time the referee is selected or appointed.

11.20 Limitation on Damages. In the event that punitive damages are permitted under the laws of the state in which the Property is located, the amount thereof shall not exceed a sum equal to three times the amount of actual damages.

11.21 Exhibits. All exhibits attached hereto are incorporated herein as if fully set forth within this Agreement.

11.22 Non-Liability of Governmental Lender. The Governmental Lender shall not be obligated to pay the principal (or redemption price) of or interest on the Funding Lender Note, except from Pledged Revenues and other moneys and assets received by the Bank on behalf of the Governmental Lender pursuant to this Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Governmental Lender or the City of Los Angeles is pledged to the payment of the principal (or redemption price) or interest on the Funding Lender Note. The Governmental Lender shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Agreement, the Funding Lender Note or the Funding Loan Agreement, except only to the extent amounts are received
for the payment thereof from the Borrower under this Agreement. The Borrower hereby acknowledges that the Governmental Lender’s sole source of moneys to repay the Funding Lender Note will be provided by payments made by the Borrower pursuant to this Agreement and the receipt of other Pledged Revenues, together with investment income on certain funds and accounts held by the Bank under the Funding Loan Agreement, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or redemption price) and interest on the Funding Lender Note as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Bank, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or redemption price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Bank, the Borrower, the Governmental Lender or any third party, subject to any right of reimbursement from the Bank, the Governmental Lender or any such third party, as the case may be, therefor.

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

[Signatures on following page]
IN WITNESS WHEREOF, the parties have executed this Construction and Permanent Loan Agreement as of the date and year first above written.

BORROWER:

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

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

By: __________________________________________
Frank Cardone, President

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

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

By: __________________________________________
Tina Smith-Booth, President

Addresses for Notice to Borrower:

Rose Hill Courts I Housing Partners, L.P.
c/o Related/Rose Hill Courts I Development Co., LLC
Attn: Mr. Frank Cardone
18201 Von Karman Avenue, Suite 900
Irvine, California 92612
Phone No. (949) 660-7272
Fax No. (949) 660-7273
E-mail address: fcardone@related.com

With a copy to:

LOMOD RHC I, LLC
c/o La Cienega LOMOD, Inc.
2600 Wilshire Blvd.
Los Angeles, CA 90057
Attention: President

With a copy to:

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

Raymond James California Housing Opportunities Fund X L.L.C.
c/o Raymond James Tax Credit Funds, Inc.
880 Carillon Parkway
St. Petersburg, Florida 33716

With a copy to:

Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, 64th Floor
Los Angeles, CA 90071
Attn: Lance Bocarsly
Phone No. (213) 239-8088
Fax No. (213) 239-0410

With a copy to:

Nixon Peabody LLP
Exchange Place
53 State Street
Boston, MA 02109
Attn: Nathan Bernard
BANK:

MUFG UNION BANK, N.A.

By: ________________________________
Name: Joshua Evju
Title: Director

Addresses for Notice to Bank:

MUFG Union Bank, N.A.
Attn: Manager
Real Estate Industries Middle Office
145 South State College Blvd., Suite 600
Brea, CA 92821
Fax No. (949) 752-8361

With a copy to

MUFG Union Bank, N.A.
Attn: Joshua Evju
200 Pringle Avenue, Suite 355
Walnut Creek, CA 94596
Fax No. (925) 947-2455
Phone No. (925) 947-2491
E-mail address: joshua.evju@unionbank.com
GOVERNMENTAL LENDER:

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

By: ________________________________
Name: ________________________________
Title: ________________________________

Address for Notice to Governmental Lender:

Housing Authority of the City of Los Angeles
2600 Wilshire Boulevard, 3rd Floor
Los Angeles, CA 90057
Attn: President and Chief Executive Officer

With a copy to:

Housing Authority of the City of Los Angeles
2600 Wilshire Boulevard, 3rd Floor
Los Angeles, CA 90057
Attn: General Counsel

With a copy to:

Reno & Cavanaugh, PLLC
455 Massachusetts Avenue NW, Suite 400
Washington, DC 20001
Attn: Megan Glasheen
JOINDER REGARDING DEVELOPMENT FEE

The undersigned hereby acknowledges and agrees that the undersigned shall not be entitled to receive more than (i) [$1,100,000] [CHECK] of their combined development fee in the aggregate on or prior to the Closing Date, (ii) [$1,320,000] [CHECK] of their combined development fee in the aggregate prior to the Completion Date, (iii) [$4,100,000] [CHECK] of their combined development fee in the aggregate prior to Conversion, and (iv) [$4,200,000] [CHECK] of their combined development fee in the aggregate prior to receipt of IRS Form 8609 from the Allocation Committee; any portion of such development fee received by the undersigned in excess of such limits shall be remitted to MUFG Union Bank, N.A. to be held as additional collateral for the Borrower Loan and, upon an Event of Default with respect thereto, applied in reduction of amounts outstanding under the Borrower Loan in such amounts and in such order as MUFG Union Bank, N.A. shall elect in its sole and absolute discretion.

[SIGNATURE PAGE FOLLOWS]
RELATED IRVINE DEVELOPMENT COMPANY, LLC,
a California limited liability company

By: ________________________________
   Frank Cardone, President

LOMOD RHC I, LLC,
a California limited liability company

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

By: ________________________________
   Tina Smith-Booth, President
EXHIBIT A
LEGAL DESCRIPTION

This Exhibit A is attached to and a part of that certain Construction and Permanent Loan Agreement dated May 1, 2021 by and between Rose Hill Courts I Housing Partners, L.P., a California limited partnership, Housing Authority of the City of Los Angeles, a public body, corporate and politic, and MUFG Union Bank, N.A.

Real property in the City of Los Angeles, County of Los Angeles, State of California, described as follows:

Leasehold estate as created by that certain Ground Lease Agreement ("Ground Lease") dated May 1, 2021, made by and between Housing Authority of the City of Los Angeles, a public body, corporate and politic, as lessor, and Rose Hill Courts I Housing Partners, L.P., a California limited partnership, as lessee, upon the terms and conditions contained in said Ground Lease and a memorandum thereof recorded concurrently with the Deed of Trust in the Official Records of Los Angeles County, in and to the following:

PHASE 1:

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

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

A PORTION OF APN: 5305-011-900
EXHIBIT B
DISBURSEMENT SCHEDULE

This Exhibit B is attached to and a part of that certain Construction and Permanent Loan Agreement dated May 1, 2021 by and between Rose Hill Courts I Housing Partners, L.P., a California limited partnership, Housing Authority of the City of Los Angeles, a public body, corporate and politic, and MUFG Union Bank, N.A. (the “Agreement”). All terms not defined herein have the meanings given them in the Agreement.

Loan Proceeds in the amount of [$38,298,113] [CHECK], plus other funds in the amount of [$________________] [CHECK], are allocated as provided in the Project Budget attached as Exhibit B-1 to this Agreement. [NOTE: DISBURSEMENT SCHEDULE TO BE UPLOADED BASED UPON FINAL PROJECT BUDGET]

1. **Total Acquisition.** The portion of the Project Budget allocated for “Total Acquisition” in Exhibit B-1 hereto, shall be disbursed to or for the benefit or account of Borrower for the payment of the cost of the acquisition of the Leasehold Estate.

2. **Hard Costs.** As construction of the Improvements progresses, the portion of the Project Budget allocated for “Hard Costs” in Exhibit B-1 hereto, shall be periodically disbursed to or for the benefit or account of Borrower for the payment of Hard Costs. If Bank shall require, Borrower shall submit to Bank for approval, invoices or other evidence of the amounts of such Hard Costs. Subject to the provisions of the “Subsequent Disbursements” and “Additional Conditions to Advances” subsections in the “LOAN DISBURSEMENT” Section of the Agreement, Bank shall make each such disbursement to Borrower, Contractor or to such Persons as have actually supplied labor, materials or services in connection with the construction of the Improvements (at Bank’s option as to whom and in what amounts payments are to be made), with the percentage to be ninety percent (90%) of the Draw Request submitted by Borrower and approved by Bank. Upon satisfaction of the provisions of the “Final Disbursement” and “Additional Conditions to Advances” subsections in the “LOAN DISBURSEMENT” Section of the Agreement, the remaining ten percent (10%) shall be disbursed to or for the benefit of or account of Borrower upon completion of the Improvements in accordance with the Plans and Governmental Requirements, but only when the statutory lien period has expired or Bank has received an acceptable lien-free title endorsement from the Title Insurer.

3. **Hard Cost Contingency.** The portion of the Project Budget allocated for “Hard Cost Contingency” in Exhibit B-1 hereto, may be reallocated to other line items as Borrower may, from time to time, request in writing and as such reallocation is approved by Bank, in its sole discretion. The reallocation or depletion of, or the refusal of Bank to increase, reallocate or deplete, the Hard Cost Contingency shall not release Borrower from any of Borrower’s obligations under any of the Borrower Loan Documents.

4. **Cash Developer Fee.** The portion of the Project Budget allocated for “Cash Developer Fee” in Exhibit B-1 hereto, shall be periodically disbursed to or for the benefit or account of Borrower for the payment of the developer fee; provided: that Bank shall not disburse more than [$1,100,000] [CHECK] of the development fee in the aggregate on or prior to the Closing Date.

5. **Soft Cost Contingency.** The portion of the Project Budget allocated for “Soft Cost Contingency in Exhibit B-1 hereto, may be reallocated to other line items as Borrower may, from time to time, request in writing and as such reallocation is approved by Bank, in its sole discretion. The reallocation or depletion of, or the refusal of Bank to increase, reallocate or deplete, the Soft Cost Contingency shall not release Borrower from any of Borrower’s obligations under any of the Borrower Loan Documents.

6. **Interest Reserve.** The portion of the Project Budget allocated for “Interest Reserve” in Exhibit B-1 hereto, shall be disbursed from time to time directly to Bank for the payment of interest which accrues and
becomes due under the Borrower Note and under any Hedge Document entered into in connection with the Borrower Loan. Bank is authorized to charge the Borrower Loan and Borrower’s Funds Account directly for such interest payments when due. Each such interest payment shall then be deemed paid in full. Depletion of the Interest Reserve shall not release Borrower from any of Borrower's obligations under the Borrower Loan Documents, including without limitation, the obligation to pay all accrued interest due and owing and the obligation to deposit Borrower’s Funds as required by the "BORROWER'S COVENANTS" Section of the Agreement.

At such time as Borrower receives any Net Operating Income from the operation of the Property, Borrower shall pay to Bank, commencing on the first interest payment date specified in the Borrower Note following the month in which Borrower receives such Net Operating Income, an amount equal to the lesser of (i) the interest payment then due and payable under the Borrower Note, and (ii) Net Operating Income for the prior calendar month. Borrower shall make such payment from funds other than undisbursed proceeds of the Borrower Loan. If Bank elects to require Net Operating Income be paid to Bank pursuant to the preceding sentence, to the extent such Net Operating Income is insufficient to pay in full the interest payment then due and payable under the Borrower Note, and provided that (X) Borrower is not then in default under the terms of the Borrower Loan Agreement, Borrower Note, Deed of Trust or any other Borrower Loan Document, (Y) there is then available in the Interest Reserve sufficient funds for such purposes, and (Z) Borrower has delivered timely to Bank an Operating Statement for the preceding calendar month, Borrower shall be entitled to have such shortfall paid by Bank withdrawing from the Interest Reserve an amount equal to such shortfall, whereupon such interest payment shall then be deemed paid in full.

7. **Bank Inspections.** The portion of the Project Budget allocated for “Bank Inspections” in *Exhibit B-1* hereto, shall be periodically disbursed to or for the benefit or account of Borrower for the payment of bank inspections. If Bank shall require, Borrower shall submit to Bank for approval, invoices or other evidence of the amounts of such Bank Inspections.

8. **Total Other Soft Costs.** The portion of the Project Budget allocated for "Total Other Soft Costs" in *Exhibit B-1* hereto, shall be periodically disbursed to or for the benefit or account of Borrower for the payment of the other soft costs of the Project not specifically described in any other line item of the Project Budget. If Bank shall require, Borrower shall submit to Bank for approval, invoices or other evidence of the amounts of such Other Soft Costs.

9. **Method of Disbursement.** Funds disbursed to Borrower under the terms of this Agreement shall be made by wire transfer to [_____________________] [CHECK] ABA # [_____________________] [CHECK] for credit to Account # [_____________________] [CHECK] in the name of Borrower.

10. **Payment Processing.** Bank is authorized to charge Account # ________ N/A ________ in the name(s) of Borrower for payments, fees and expenses due in connection with the Borrower Note and all renewals and extensions thereof. If no account number is designated, Borrower agrees to pay Bank's usual and customary fees for non-automated payment processing.

11. **Good Funds Disclosure.** BORROWER ACKNOWLEDGES THAT STATE LAW REQUIRES ANY ESCROW AGENT HANDLING FUNDS IN AN ESCROW CAPACITY (INCLUDING ANY TITLE INSURANCE COMPANY) TO HAVE DEPOSITED INTO ITS ESCROW DEPOSITORY ACCOUNT, PRIOR TO RECORDING A TRANSACTION, IMMEDIATELY AVAILABLE FUNDS REPRESENTING ALL DISBURSEMENTS TO BE MADE BY THE ESCROW AGENT. ACCORDINGLY, WITH RESPECT TO ALL FUNDS TO BE DISBURSED PURSUANT TO THE ABOVE, BORROWER AUTHORIZES BANK TO MAKE SUCH DISBURSEMENT TO THE TITLE INSURER ON THE DATE SPECIFIED BY SAID TITLE INSURER, WHICH DATE MAY BE PRIOR TO THE RECORDING OF THE DEED OF TRUST. INTEREST ON AMOUNTS OUTSTANDING UNDER THE BORROWER NOTE SHALL ACCRUE FROM THE DATE OF DISBURSEMENT, WHICH MAY NOT BE THE DATE OF RECORDING OF THE DEED OF TRUST. TITLE INSURER SHALL SPECIFY THE DATE IT REQUIRES SUCH PROCEEDS (INCLUDING LOAN PROCEEDS) FOR USE IN SAID ESCROW.
This Disbursement Schedule is executed by Borrower and Bank this first day of May, 2021.

BORROWER:

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

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

By: ___________________________
    Frank Cardone, President

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

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

By: ___________________________
    Tina Smith-Booth, President

BANK:

MUFG UNION BANK, N.A.

By: ___________________________
    Name: Joshua Evju
    Title: Director
EXHIBIT B-1
PROJECT BUDGET

This Exhibit B-1 is attached to and a part of that certain Construction and Permanent Loan Agreement dated May 1, 2021 by and between Rose Hill Courts I Housing Partners, L.P., a California limited partnership, Housing Authority of the City of Los Angeles, a public body, corporate and politic, and MUFG Union Bank, N.A.

[TO BE INSERTED]
EXHIBIT C
SPECIAL CONDITIONS

1. The following representations and warranties are incorporated by reference in Section 6 of this Agreement:

(a) The Project is located wholly within the City of Los Angeles, which is within the jurisdiction of the Governmental Lender.

(b) The Borrower shall make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Act or impair the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Funding Loan Notes. The Borrower intends to utilize the Project as multifamily rental housing during the Qualified Project Period (as defined in the Tax-Exempt Regulatory Agreement).

(c) Not in excess of two percent (2%) of the proceeds of the Borrower Loan as represented by Borrower Note A-1 and Borrower Note A-3 will be used to pay costs of issuance of the Funding Loan Notes.

(d) The acquisition, construction and operation of the Project in the manner presently contemplated and as described herein and in the Tax-Exempt Regulatory Agreement will not conflict with any zoning, water or air pollution or other ordinance, order, law or regulation applicable thereto. The Borrower will cause the Project to be constructed and operated in all material respects in accordance with all applicable federal, state and local laws or ordinances (including rules and regulations) relating to zoning, building, safety and environmental quality.

(e) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the Project; that it is familiar with the provisions of all of the documents and instruments relating to the financing of the Project to which it is a party; that it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project; and that it has not relied on the Governmental Lender for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the Governmental Lender in any manner except to issue the Funding Loan Notes in order to provide funds for the Borrower Loan.

(f) The Borrower intends to hold the Project for its own account, has no current plans to sell and has not entered into any agreement to sell the Project.

(g) The Borrower has contacted all “related persons” thereof (within the meaning of Section 147(a) of the Code) of which it is aware; and none of them shall, at any time, pursuant to any arrangement, formal or informal, acquire any interest in the Tax-Exempt Funding Loan Notes in an amount related to the amount of the Borrower Loan as represented by Borrower Note A-1 and Borrower Note A-3.

(h) All of the proceeds from the Borrower Loan plus any income from the investment of the proceeds of the Borrower Loan will be used to pay or reimburse the Borrower for Project Costs (as defined in the Tax-Exempt Regulatory Agreement), and at least 97% of the proceeds of the Borrower Loan as represented by Borrower Note A-1 and Borrower Note A-3 will be used to pay or reimburse the Borrower for Qualified Project Costs (as defined in the Tax-Exempt Regulatory Agreement) and less than 25% of such amount will be used to pay or reimburse the Borrower for the cost of land or any interest therein. The Borrower shall assure that the proceeds of the Borrower Loan as represented by Borrower Note A-1 and Borrower Note A-3 are expended so as to cause the Tax-Exempt Funding Loan Notes to constitute a “qualified residential rental bond” within the meaning of Section 142(d) of the Code.

(i) The Borrower has not knowingly taken or permitted to be taken and will not knowingly take or permit to be taken any action which would have the effect, directly or indirectly, of causing
interest on the Tax-Exempt Funding Loan Notes to be included in the gross income of the owners thereof for purposes of federal income taxation.

(j) The Borrower hereby represents and warrants that, within the meaning of Section 147(a)(14) of the Code, the weighted average maturity of the Tax-Exempt Funding Loan Notes does not exceed 120 percent of the average reasonably expected remaining economic life of the facilities being financed with the proceeds of the Tax-Exempt Funding Loan Notes.

(k) The Borrower represents and warrants that no portion of the proceeds of the Borrower Loan as represented by Borrower Note A-1 and Borrower Note A-3 will be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Borrower Loan as represented by Borrower Note A-1 and Borrower Note A-3 will be used for an office unless (i) the office is located on the premises of the facilities constituting the Project and (ii) not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

2. The following covenants of Borrower are incorporated by reference in Section 7 of this Agreement:

(a) The Borrower covenants that it shall not take, or permit or suffer to be taken by the Governmental Lender or otherwise, any action with respect to the proceeds of the Funding Loan Notes which if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Tax-Exempt Funding Loan Notes would have caused the Tax-Exempt Funding Loan Notes to be an “arbitrage bond” within the meaning of Section 148(a) of the Code.

(b) Payment of Governmental Lender Fees and Expenses. The Borrower covenants to pay all third-party fees of the financing, including, but not limited to the following:

(i) All taxes and assessments of any type or character charged to the Governmental Lender or to the Bank affecting the amount available to the Governmental Lender or to the Bank from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Bank and taxes based upon or measured by the net income of the Bank; provided, however, that the Borrower shall have the right to protest any such taxes or assessments and to require the Authority or the Bank, at the Borrower’s expense, to protest and contest any such taxes or assessments levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Governmental Lender or the Bank;

(ii) The annual fee of the Governmental Lender, payable as set forth in Section 17 of the Tax-Exempt Regulatory Agreement, and, within fifteen (15) days after receipt of request for payment thereof, the reasonable fees and expenses of the Governmental Lender or any agents, attorneys, accountants, consultants selected by the Governmental Lender to act on its behalf in connection with this Agreement, the Tax-Exempt Regulatory Agreement, the Funding Loan Notes or the Funding Loan Agreement, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of the Funding Loan Notes or in connection with any litigation which may at any time be instituted involving this Agreement, the Tax-Exempt Regulatory Agreement and any other Borrower Loan Documents, the Funding Loan Notes or the Funding Loan Agreement or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the foregoing; and
(iii) These obligations and those in Section 7.24 shall remain valid and in effect notwithstanding repayment of the Borrower Loan or termination of this Agreement or the Funding Loan Agreement.

(c) Tax Exempt Status of the Funding Loan Notes.

(i) It is the intention of the Governmental Lender, Bank and the Borrower that interest on the Tax-Exempt Funding Loan Notes shall be and remain excludable from gross income for federal income taxation purposes, and to that end the covenants and agreements of the Borrower in this Section are for the benefit of the Bank and the Governmental Lender.

(ii) The Borrower covenants and agrees that it will not knowingly and willingly use or permit the use of any of the funds provided by the Governmental Lender or the Bank hereunder or any other funds of the Borrower, directly or indirectly, in such manner as would, or enter into, or allow any “related person” (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the Tax-Exempt Funding Loan Notes that would, or take or omit to take any other action that would cause the Tax-Exempt Funding Loan Notes to be an “arbitrage bond” within the meaning of Section 148 of the Code or “federally guaranteed” within the meaning of Section 149(b) of the Code and applicable regulations promulgated from time to time thereunder.

(iii) In the event that at any time the Borrower is of the opinion or becomes otherwise aware that for purposes of this Section it is necessary to restrict or to limit the yield on the investment of any moneys held under the Funding Loan Agreement, the Borrower Loan Documents or otherwise by the Bank, the Borrower shall determine the limitations and so instruct the Bank in writing and cause the Bank to comply with those limitations.

(iv) The Borrower will take such action or actions as may be reasonably necessary in the opinion of Tax Counsel or of counsel to the Governmental Lender, or of which it otherwise becomes aware, to fully comply with Section 148 of the Code as it pertains to the Tax-Exempt Funding Loan Notes.

(v) The Borrower further agrees that it shall not discriminate on the basis of race, creed, color, sex, sexual preference, source of income (e.g. AFDC, SSI), physical disability, national origin or marital status in the lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project, to the extent required by applicable State or federal law.

(vi) The Borrower further warrants and covenants that it has not executed and will not execute any other agreement, or any amendment or supplement to any other agreement, with provisions contradictory to, or in opposition to, the provisions of this Borrower Loan Agreement and of the Tax-Exempt Regulatory Agreement, and that in any event, the requirements of this Borrower Loan Agreement and the Tax-Exempt Regulatory Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith and therewith.

(vii) The Borrower shall not purchase, and shall use its best efforts to prevent any guarantor of the Borrower from purchasing, pursuant to an arrangement, formal or informal, any interest in the Tax-Exempt Funding Loan Notes in an amount related to the amount of the Borrower Loan as represented by Borrower Note A-1 and Borrower Note A-3.

(viii) The Borrower will use due diligence to complete the acquisition and construction of the Project and reasonably expects to fully expend the portion of the Borrower Loan by the Completion Date.
(ix) The Borrower will calculate or cause to be calculated, at the times required by the Code, any rebate due to the federal government in respect of the Tax-Exempt Funding Loan Notes, and will make timely payment of any rebate amount due to the federal government.

(d) **Federal Guarantee Prohibition.** The Borrower shall take no action, nor permit nor suffer any action to be taken if the result of the same would be to cause the Tax-Exempt Funding Loan Notes to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(e) **Limited Liability.** The Governmental Lender shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Borrower Loan Agreement, the Funding Loan Notes or any of the other Borrower Loan Documents, except only to the extent amounts are received for the payment thereof from the Borrower under this Borrower Loan Agreement. All obligations and any liability of the Governmental Lender shall be further limited as provided in Sections 4.1, 5.2 and 6.7 of the Funding Loan Agreement.
EXHIBIT D
CONDITIONS TO CONVERSION

The following shall be the conditions precedent to conversion:

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<td>(a) The final disbursement shall have occurred.</td>
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<td>(b) All indebtedness incurred by the Borrower in connection with the Project, including, but not limited to, the Borrower Loan and any subordinate financing, shall be completely funded and, if applicable, converted to permanent financing.</td>
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<td>(c) No material adverse change has occurred in the financial condition of Borrower or any other Loan Party, as evidenced by current Financial Statements provided by Borrower to Bank.</td>
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<td>(d) All representations and warranties made by Borrower in the Borrower Loan Documents and the Funding Loan Documents shall be true and correct in all material respects on and as of the Conversion Date as if made on and as of the Conversion Date (and, if required by Bank, Bank shall have received a certificate of Borrower to that effect).</td>
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<td>(e) The Improvements shall not have been materially injured or damaged by fire or other casualty unless the injury or damage has been fully repaired to the satisfaction of the Bank.</td>
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<tr>
<td>(f) Bank shall have received (A) such endorsements to the Title Policy as Bank may require which shall insure that the Improvements have been completed free of all mechanic’s and materialmen’s liens or claims thereof (or, if such lien has been filed, such lien has been bonded over, released or discharged to the satisfaction of Bank), or (B) such additional title policies with endorsements as Bank may require, with a liability limit of not less than the principal amount of the Borrower Loan, issued by Title Insurer, with coverage and in form satisfactory to Bank, insuring Governmental Lender’s and Bank’s interest under the Deed of Trust as a first lien on the Property, excepting only such items as shall have been approved in writing by Bank.</td>
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<td>(g) Borrower delivers to Bank fully executed copies of any amendments or assignments affecting the formation documents of Borrower and, if applicable, its constituent general partners or members, to the extent not previously provided to and approved by Bank.</td>
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<td>(h) Borrower provides Bank with current evidence of the insurance coverage required pursuant to this Agreement, provided that Borrower need not provide evidence of course of construction insurance and Borrower shall in addition provide evidence of business interruption and/or rental interruption insurance, as applicable.</td>
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<td>(i) Bank shall have received the Paydown Amount in cash or current funds.</td>
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<td>Conditions to Conversion</td>
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<td>(j) During each month of the three-month period immediately preceding the Conversion Date; at least ninety percent (90%) of the Units within the Property shall have been leased to, and occupied by, third-party residential tenants under Acceptable Unit Leases executed by Borrower in strict compliance with the terms and conditions of this Agreement, the Housing Authority Loan Documents, the Infill Documents, the Ground Lease, the HAP Contract, the RAD Contract and the Regulatory Agreements.</td>
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<td>(k) The Improvements shall have been completed in substantial accordance with the Plans free and clear of all liens other than Permitted Liens and Bank shall have received, to the extent applicable, copies of the final certificates of occupancy for each Unit within the Property.</td>
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<tr>
<td>(l) As of the Conversion Date, no Event of Default and no other event or condition that, with the giving of notice or the passage of time, or both, would become an Event of Default, shall have occurred and be continuing.</td>
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<td>(m) If required by Bank, a current survey of the Real Property, including dimensions and delineation of all the Improvements and location of all easements thereon, certified to and satisfactory to Bank and Title Insurer.</td>
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<tr>
<td>(n) Borrower delivers to Bank fully executed copies of the AHSC Permanent Loan Documents and the entire amount of the AHSC Permanent Loan shall have been disbursed by HCD to or for the account of Borrower and applied towards the Paydown Amount.</td>
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<td>(o) During each month of the three-month period immediately preceding the Conversion Date, the Debt Coverage Ratio for the Property shall have been at least 1.15 to 1.00.</td>
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<td>(p) Borrower shall have established with Bank the Capital Improvement Reserve Account and collaterally assigned such account to Bank.</td>
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<tr>
<td>(q) Borrower shall have paid to Bank all reasonable costs and expenses incurred by Bank and Fiscal Agent in connection with the Conversion.</td>
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<td>(r) If requested by Bank, (i) Tax Credit Investor shall have executed and delivered to Bank an estoppel certificate in form and substance reasonably acceptable to the Bank, which shall contain such certifications as Bank shall reasonably require with respect to Tax Credit Investor's obligations under the Partnership Agreement and (ii) the Housing Authority shall have executed and delivered to Bank an estoppel certificate in a form and substance acceptable to Bank, and which shall contain such certifications as Bank shall reasonably require, with respect to the Housing Authority Loan Documents, the Infill Loan Documents and the Ground Lease.</td>
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<tr>
<td>(s) Borrower shall have entered into the HAP Contract on terms and conditions acceptable to Bank, the HAP Contract shall have been collaterally assigned by the Borrower to the Bank pursuant to the Assignment of HAP Contract, and the Housing Commission shall have consented to such assignment of the HAP Contract.</td>
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</tbody>
</table>
Conditions to Conversion

Check When Satisfied

(t) Borrower shall have entered into one or more Hedges, in form and content and from a counterparty complying with the provisions contained in Section 7.45, which shall provide for the Borrower to pay a fixed rate of interest no greater than [___%] with respect to Borrower Note A-3 (including the Margin during the Permanent Phase), on an amount not more than the entire outstanding principal balance of Borrower Note A-3 as of the Conversion Date, for the period commencing on the Outside Conversion Date through the Maturity Date applicable to Borrower Note A-3.

(u) Such evidence as Bank may require evidencing expenditure of Borrower’s Equity (including capital contributions to Borrower made by General Partner of at least $2,000,000) on Project costs in accordance with this Agreement is at least [$16,126,785] [CHECK] in the aggregate.

(v) The Loan-to-Value Ratio shall not exceed eighty percent (80%).

□
CONSTRUCTION AND PERMANENT LOAN AGREEMENT
(MULTIFAMILY HOUSING BACK TO BACK LOAN PROGRAM)

by and among

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

as Governmental Lender,

MUFG UNION BANK, N.A.,

as Bank

and

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

as Borrower

Dated: May 1, 2021

Relating to

[$38,298,113] [CHECK]
Housing Authority of the City of Los Angeles
Multifamily Housing Revenue Notes

(Rose Hill Courts Phase I)
Series 2021A, B and C
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7.4 Construction Start and Completion

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7.6 Detailed Cost Breakdown

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Attachment 5

FUNDING LOAN AGREEMENT
FUNDING LOAN AGREEMENT

by and among

MUFG UNION BANK, N.A.,
    as Funding Lender

and

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

and

U.S. BANK NATIONAL ASSOCIATION,
    as Fiscal Agent

dated as of [May] 1, 2021

relating to:

$[PRINCIPAL AMOUNT-A]
Housing Authority of the City of Los Angeles
Multifamily Housing Revenue Note
(Rose Hill Courts Phase I)
Tax-Exempt Series 2021A

$[6,454,481]
Housing Authority of the City of Los Angeles
Multifamily Housing Revenue Note
(Rose Hill Courts Phase I)
Taxable Series 2021B

$[PRINCIPAL AMOUNT-C]
Housing Authority of the City of Los Angeles
Multifamily Housing Revenue Note
(Rose Hill Courts Phase I)
Tax-Exempt Series 2021C
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**EXHIBIT A-1**  FORM OF TAX-EXEMPT SERIES 2021A FUNDING LOAN NOTE

**EXHIBIT A-2**  FORM OF TAXABLE SERIES 2021B FUNDING LOAN NOTE

**EXHIBIT A-3**  FORM OF TAX-EXEMPT SERIES 2021C FUNDING LOAN NOTE

**EXHIBIT B**  FORM OF INVESTOR LETTER

**EXHIBIT C**  FORM OF WRITTEN REQUISITION
FUNDING LOAN AGREEMENT
(Back to Back Loan Program)

THIS FUNDING LOAN AGREEMENT, dated as of [May] 1, 2021 (the “Funding Loan Agreement”), is by and among MUFG UNION BANK, N.A., in its capacity as the funding lender hereunder (together with any successor to its rights, duties and obligations hereunder, the “Funding Lender”), the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic, (together with any successor to its rights, duties and obligations hereunder, the “Governmental Lender”) and U.S. BANK NATIONAL ASSOCIATION, in its capacity as the fiscal agent hereunder (together with any successor to its rights, duties and obligations hereunder, the “Fiscal Agent”).

WHEREAS, the Governmental Lender is duly created, established and authorized to transact business under the laws of the State of California; and

WHEREAS, the Governmental Lender is empowered pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the “Act”) to: (a) make loans to any person to provide financing for residential rental developments located within the jurisdiction of the Governmental Lender and intended to be occupied in part by persons of low and moderate income; (b) incur indebtedness for the purpose of obtaining moneys to make such loans and provide such financing, to establish any required reserve funds and to pay administrative costs and other costs incurred in connection with the incurrence of such indebtedness of the Governmental Lender; and (c) pledge all or any part of the revenues, receipts or resources of the Governmental Lender, including the revenues and receipts to be received by the Governmental Lender from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Governmental Lender in order to secure the payment of the principal of, prepayment premium, if any, on and interest on such indebtedness of the Governmental Lender; and

WHEREAS, Rose Hill Courts I Housing Partners, L.P., a California limited partnership (the “Borrower”), has requested that the Governmental Lender enter into this Funding Loan Agreement under which the Funding Lender will (i) advance funds (the “Funding Loan”) to or for the account of the Governmental Lender, and (ii) apply the proceeds of the Funding Loan to make a loan (the “Borrower Loan”) to the Borrower to finance the acquisition, construction and equipping of a 88 unit plus 1 manager’s unit multifamily rental housing project located at 4466 Florizel Street in the City of Los Angeles, California 90032, known as Rose Hill Courts Phase I Apartments; and

WHEREAS, simultaneously with the delivery of this Funding Loan Agreement, the Governmental Lender, the Funding Lender and the Borrower will enter into a Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program) of even date herewith (as it may be supplemented or amended, the “Borrower Loan Agreement”), whereby the Borrower agrees to make loan payments to the Governmental Lender in an amount that, when added to other funds available under this Funding Loan Agreement, will be sufficient to enable the Governmental Lender to repay the Funding Loan and to pay all costs and expenses related thereto when due; and

4824-4311-4975.4
WHEREAS, to evidence its payment obligations under the Borrower Loan Agreement, the Borrower will execute and deliver to the Governmental Lender its Borrower Notes (as defined herein) and the obligations of the Borrower under the Borrower Notes will be secured by a lien on and security interest in the Project (as defined herein) pursuant to a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Construction and Permanent Trust Deed) (Multifamily Housing Back to Back Loan Program), of even date herewith (the “Deed of Trust”)

made by the Borrower in favor of the Governmental Lender, as assigned to the Funding Lender to secure the performance by the Governmental Lender of its obligations under the Funding Loan; and

WHEREAS, the Governmental Lender has executed and delivered to the Funding Lender its Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Tax-Exempt Series 2021A (the “Series 2021A Funding Loan Note”), dated as of the Closing Date, its Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Taxable Series 2021B (the “Taxable Series 2021B Funding Loan Note”), and its Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Tax-Exempt Series 2021C (the “Series 2021C Funding Loan Note” and, together with the Series 2021A Funding Loan Note, the “Tax-Exempt Funding Loan Notes”) and, together with the Series 2021A Funding Loan Note and the Taxable Series 2021B Funding Loan Note, the “Funding Loan Notes”), evidencing its obligation to make the payments due to the Funding Lender under the Funding Loan as provided in this Funding Loan Agreement, all things necessary to make the Funding Loan Agreement the valid, binding and legal limited obligation of the Governmental Lender, have been done and performed and the execution and delivery of this Funding Loan Agreement and the execution and delivery of the Funding Loan Notes, subject to the terms hereof, have in all respects been duly authorized.

AGREEMENT:

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and agreements herein contained, the parties hereto do hereby agree as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions. For all purposes of this Funding Loan Agreement, except as otherwise expressly provided or unless the context otherwise clearly requires:

(a) Capitalized terms not defined herein shall have the meanings ascribed thereto in the Borrower Loan Agreement.

(b) The terms “herein,” “hereof” and “hereunder” and other words of similar import refer to this Funding Loan Agreement as a whole and not to any particular Article, Section or other subdivision. The terms “agree” and “agreements” contained herein are intended to include and mean “covenant” and “covenants.”

(c) All references made (i) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (ii) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well. Singular terms shall include the plural as well as the singular, and vice versa.
(d) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with GAAP.

(e) All references in this instrument to designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(f) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(g) References to the Funding Loan Notes as “tax exempt” or to the “tax exempt status” of the Funding Loan Notes are to the exclusion of interest on the Funding Loan Notes (other than any portion of the Funding Loan Notes held by a “substantial user” of the Project or a “related person” within the meaning of Section 147 of the Code) from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

(h) The following terms have the meanings set forth below:

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

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

“Approved Transferee” means (1) a “qualified institutional buyer” (“QIB”) as defined in Rule 144A promulgated under the Securities Act of 1933, as in effect on the date hereof (the “Securities Act”) that is a financial institution or commercial bank having capital and surplus of $5,000,000,000 or more, (2) an Affiliate of the Funding Lender, or (3) a trust or custodial arrangement established by the Funding Lender or one of its Affiliates the beneficial interests in which will be owned only by QIBs; provided, neither the Borrower nor a related party to the Borrower (within the meaning of Section 144(a)(3) of the Code) may be an Approved Transferee.

“Assignment of Deed of Trust” means that certain Assignment of Deed of Trust and Related Documents dated [May] 1, 2021, executed by Governmental Lender in favor of Funding Lender.

“Borrower” means Rose Hill Courts I Housing Partners, L.P., a California limited partnership, and its successors and assigns.

“Borrower Loan” means the mortgage loan originated by the Governmental Lender to the Borrower in the principal amount of $[_____________] pursuant to the terms of the Borrower Loan Agreement.

“Borrower Loan Agreement” means that certain Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program), dated as of [May] 1, 2021,
by and among the Borrower, the Governmental Lender and Funding Lender, as amended and supplemented from time to time, pursuant to which the Borrower Loan is being made.

“Borrower Loan Documents” shall have the meaning ascribed in it in the Borrower Loan Agreement.

“Borrower Notes” means, collectively, the Series 2021A Borrower Note, the Taxable Series 2021B Borrower Note and the Series 2021C Borrower Note.

“Borrower Representative” shall mean a person at the time designated and authorized to act on behalf of the Borrower by a written certificate furnished to the Governmental Lender, the Funding Lender and the Fiscal Agent and containing the specimen signature of such person and signed on behalf of the Borrower by its general partner which certificate may designate one or more alternates.

“Business Day” means a day other than (i) a Saturday or Sunday, (ii) a day on which federally insured depository institutions in New York, New York or the city where the Fiscal Agent is located are authorized or obligated by law, regulation, governmental decree or executive order to be closed, or (iii) a State holiday when the Governmental Lender is authorized or obligated to be closed.

“CDLAC” means the California Debt Limit Allocation Committee or any successor thereto.

“Closing Date” means [May __], 2021, being the date of execution and delivery of the Funding Loan Notes for purposes of the Code.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of execution and delivery of the Funding Loan Notes and (except as otherwise referenced herein) as it may be amended, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

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

“Conversion Date” has the meaning given to such term in the Borrower Loan Agreement.

“County” means the County of Los Angeles, California.

“Deed of Trust” means the Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing Construction Trust Deed (Multifamily Housing Back to Back Loan Program), executed by the Borrower and granting a security interest in the Project to the deed of trust trustee identified therein for the benefit of the Governmental Lender and Funding Lender to secure the Borrower’s obligations under the Borrower Notes to repay the Borrower Loan, and all obligations related thereto under the Borrower Loan Agreement.
“Event of Default” means any of the events described as an event of default in Section 11.1 hereof.

“Fiscal Agent” means U.S. Bank National Association, and its successors and assigns in its capacity as the fiscal agent hereunder.

“Fiscal Agent’s Fees” means the ongoing annual compensation and expenses of the Fiscal Agent payable semi-annually in advance by the Borrower to the Fiscal Agent on each [May 1] and [November 1], commencing on the Closing Date, so long as any portion of the Funding Loan is outstanding, in an amount equal to $[__________] per annum.

“Fitch” shall mean Fitch, Inc., or its successor.

“Funding Lender” means MUFG Union Bank, N.A., and its successors and assigns in its capacity as the funding lender hereunder.

“Funding Loan” means the loan originated hereunder by the Funding Lender to the Governmental Lender in an aggregate principal amount of up to $[____________], evidenced by the Funding Loan Notes, for the purpose of enabling the Governmental Lender to make the Borrower Loan to the Borrower pursuant to the terms of the Borrower Loan Agreement.

“Funding Loan Agreement” means this Funding Loan Agreement, as amended and supplemented from time to time.

“Funding Loan Documents” means this Funding Loan Agreement, the Funding Loan Notes, the Borrower Loan Agreement, the Regulatory Agreement, the Tax Certificate and the Assignment of Deed of Trust.

“Funding Loan Notes” means, collectively, the Tax-Exempt Funding Loan Notes and the Taxable Series 2021B Funding Loan Note.

“Government Obligations” shall mean noncallable, nonprepayable (i) direct, general obligations of the United States of America, or (ii) any obligations unconditionally guaranteed as to the full and timely payment of all amounts due thereunder by the full faith and credit of the United States of America (including obligations held in book entry form), but specifically excluding any mutual funds or unit investment trusts invested in such obligations.

“Governmental Lender” means Housing Authority of the City of Los Angeles and its successors and assigns.

“Highest Rating Category” shall mean, with respect to a Permitted Investment, that the Permitted Investment is rated by S&P or Moody’s in the highest rating category given by that rating agency for that general category of security. By way of example, the Highest Rating Category for tax exempt municipal debt established by S&P is “A 1+” for debt with a term of one year or less and “AAA” for a term greater than one year, with corresponding ratings by Moody’s of “MIG 1” (for fixed rate) or “VMIG 1” (for variable rate) for three months or less and “Aaa” for greater than three months. If at any time (i) both S&P and Moody’s rate a Permitted Investment and (ii) one of those ratings is below the Highest Rating Category, then such Permitted Investment will, nevertheless, be deemed to
be rated in the Highest Rating Category if the lower rating is no more than one rating category below the highest rating category of that rating agency. For example, a Permitted Investment rated “AAA” by S&P and “Aa3” by Moody’s is rated in the Highest Rating Category. If, however, the lower rating is more than one full rating category below the Highest Rating Category of that rating agency, then the Permitted Investment will be deemed to be rated below the Highest Rating Category. For example, a Permitted Investment rated “AAA” by S&P and “A1” by Moody’s is not rated in the Highest Rating Category.

“Ineligible Purchaser” shall mean a party who: is not in compliance with Housing Authority of the City of Los Angeles loan repayments, regulatory agreements for the Housing Authority of the City of Los Angeles or other bond transactions; is debarred by the United States Department of Housing and Urban Development, unacceptable financial statements in the Governmental Lender’s sole judgment; or has unpaid property taxes, lapsed insurance or outstanding cited habitability violations.

“Maximum Rate” shall mean the lesser of (i) 12% per annum or (ii) the maximum interest rate that may be paid on the Funding Loan under State law.

“Minimum Beneficial Ownership Amount” shall mean the greater of (a) $250,000; or (b) 15% of the outstanding principal amount of the Funding Loan.

“Moody’s” shall mean Moody’s Investors Service, Inc., or its successor.

“Ongoing Governmental Lender Fee” means the portion of the Authority Fee (as defined in the Regulatory Agreement) payable after the Closing Date under Section 17 of the Regulatory Agreement.

“Permitted Investments” shall mean, to the extent authorized by law for investment of any moneys held under this Funding Loan Agreement:

(a) Government Obligations.

(b) Direct obligations of, and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by, any agency or instrumentality of the United States of America (other than the Federal Home Loan Mortgage Corporation) or direct obligations of the World Bank, which obligations are rated in the Highest Rating Category.

(c) Obligations, in each case rated in the Highest Rating Category, of (i) any state or territory of the United States of America, (ii) any agency, instrumentality, authority or political subdivision of a state or territory or (iii) any public benefit or municipal corporation the principal of and interest on which are guaranteed by such state or political subdivision.

(d) Any written repurchase agreement entered into with a Qualified Financial Institution whose unsecured short term obligations are rated in the Highest Rating Category.

(e) Commercial paper rated in the Highest Rating Category.

(f) Interest bearing negotiable certificates of deposit, interest bearing time deposits, interest bearing savings accounts and bankers’ acceptances, issued by MUFG Union Bank,
N.A. or a Qualified Financial Institution if either (i) the Qualified Financial Institution’s unsecured short term obligations are rated in the Highest Rating Category or (ii) such deposits, accounts or acceptances are fully collateralized by investments described in clauses (a) or (b) of this definition or fully insured by the Federal Deposit Insurance Corporation.

(g) An agreement held by the Fiscal Agent for the investment of moneys at a guaranteed rate with a Qualified Financial Institution whose unsecured long term obligations are rated in the Highest Rating Category or the Second Highest Rating Category, or whose obligations are unconditionally guaranteed or insured by a Qualified Financial Institution whose unsecured long term obligations are rated in the Highest Rating Category or Second Highest Rating Category; provided that such agreement is in a form acceptable to the Funding Lender and the Fiscal Agent; and provided further that such agreement includes the following restrictions:

(1) the invested funds will be available for withdrawal without penalty or premium, at any time that the Funding Lender is required to pay moneys from the Fund(s) established under this Funding Loan Agreement to which the agreement is applicable;

(2) the agreement, and if applicable the guarantee or insurance, is an unconditional and general obligation of the provider and, if applicable, the guarantor or insurer of the agreement, and ranks pari passu with all other unsecured unsubordinated obligations of the provider, and if applicable, the guarantor or insurer of the agreement;

(3) the Funding Lender and the Fiscal Agent receive an Opinion of Counsel, which may be subject to customary qualifications, that such agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and, if applicable, an Opinion of Counsel that any guaranty or insurance policy provided by a guarantor or insurer is legal, valid, binding and enforceable upon the guarantor or insurer in accordance with its terms; and

(4) the agreement provides that if during its term the rating of the Qualified Financial Institution providing, guaranteeing or insuring, as applicable, the agreement, is withdrawn, suspended by any Rating Agency or falls below the Second Highest Rating Category, the provider must, within ten days, either: (A) collateralize the agreement (if the agreement is not already collateralized) with Permitted Investments described in paragraph (a) or (b) by depositing collateral with the Fiscal Agent or a third party custodian, such collateralization to be effected in a manner and in an amount reasonably satisfactory to the Funding Lender, or, if the agreement is already collateralized, increase the collateral with Permitted Investments described in paragraph (a) or (b) by depositing collateral with the Fiscal Agent or a third party custodian, in an amount reasonably satisfactory to the Funding Lender, (B) at the request of the Funding Lender, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium unless required by law or (C) transfer the agreement, guarantee or insurance, as applicable, to a replacement provider, guarantor or insurer, as applicable, then meeting the requirements of a Qualified Financial Institution and whose unsecured long term obligations are then rated in the Highest Rating Category or the Second Highest Rating Category. The agreement may provide that the downgraded provider may elect which of the remedies to the down grade (other than the remedy set out in (B)) to perform.

Notwithstanding anything else in this Paragraph (g) to the contrary and with respect only to any agreement described in this Paragraph (g) or any guarantee or insurance for any such agreement which is to be in effect for any period after the Conversion Date, any reference in this
Paragraph to the “Second Highest Rating Category” will be deemed deleted so that the only acceptable rating category for such an agreement, guarantee or insurance will be the Highest Rating Category.

(h) Subject to the ratings requirements set forth in this definition, shares in any money market mutual fund (including those of the Funding Lender or the Fiscal Agent or any of their affiliates) registered under the Investment Company Act of 1940, as amended, that have been issued by MUFG Union Bank, N.A. or rated “AAA G” or “AAAm” by S&P or “Aaa” by Moody’s so long as the portfolio of such money market mutual fund is limited to Government Obligations and agreements to repurchase Government Obligations. If approved in writing by the Funding Lender, a money market mutual fund portfolio may also contain obligations and agreements to repurchase obligations described in paragraphs (b) or (c). The money market mutual fund must be rated “AAAm G” or “AAAm” by S&P or “Aaa” by Moody’s. If at any time (i) both S&P and Moody’s rate a money market mutual fund and (ii) one of those ratings is below the level required by this paragraph, then such money market mutual fund will, nevertheless, be deemed to be rated in the Highest Rating Category if the lower rating is no more than one rating category below the highest rating category of that rating agency.

(i) Any other investment authorized by the laws of the State, if such investment is approved in writing by the Funding Lender.

Permitted Investments shall not include any of the following:

(1) Except for any investment described in the next sentence, any investment with a final maturity or any agreement with a term greater than one year from the date of the investment. This exception (1) shall not apply to Permitted Investments listed in paragraphs (g) and (i).

(2) Except for any obligation described in paragraph (a) or (b), any obligation with a purchase price greater or less than the par value of such obligation.

(3) Any asset backed security, including mortgage backed securities, real estate mortgage investment conduits, collateralized mortgage obligations, credit card receivable asset backed securities and auto loan asset backed securities.

(4) Any interest only or principal only stripped security.

(5) Any obligation bearing interest at an inverse floating rate.

(6) Any investment which may be prepaid or called at a price less than its purchase price prior to stated maturity.

(7) Any investment the interest rate on which is variable and is established other than by reference to a single index plus a fixed spread, if any, and which interest rate moves proportionately with that index.

(8) Any investment described in paragraph (d) or (g) with, or guaranteed or insured by, a Qualified Financial Institution described in clause (iv) of the definition of Qualified Financial Institution if such institution does not agree to submit to jurisdiction, venue and service of process in the United States of America in the agreement relating to the investment.
Any investment to which S&P has added an “r” or “t” highlighter.

“Person” shall mean an individual, a corporation, a partnership, a limited liability company, a limited liability partnership, a limited partnership, a trust, an unincorporated organization or a government or any agency or political subdivision thereof.

“Project” means the residential rental facility consisting of 88 units plus 1 manager’s unit multifamily rental housing located at 4466 Florizel Street in the City of Los Angeles, California 90032, on the site described in the Deed of Trust and Exhibit A to the Regulatory Agreement.

“Qualified Financial Institution” shall mean any (i) bank or trust company organized under the laws of any state of the United States of America, (ii) national banking association, (iii) savings bank, savings and loan association, or insurance company or association chartered or organized under the laws of any state of the United States of America, (iv) federal branch or agency pursuant to the International Banking Act of 1978 or any successor provisions of law or a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, (v) government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, (vi) securities dealer approved in writing by the Funding Lender the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation and (vii) other entity which is acceptable to the Funding Lender. With respect to an entity which provides an agreement held by the Fiscal Agent for the investment of moneys at a guaranteed rate as set out in paragraph (g) of the definition of the term “Permitted Investments” or an entity which guarantees or insures, as applicable, the agreement, a “Qualified Financial Institution” may also be a corporation or limited liability company organized under the laws of any state of the United States of America.

“Rating Agency” shall mean any one and each of S&P, Moody’s and Fitch then rating the Permitted Investments or any other nationally recognized statistical rating agency then rating the Permitted Investments which has been approved by the Funding Lender.

“Rebate Amount” shall mean, for any given period, the amount determined by the Rebate Analyst as required to be rebated or paid as a yield reduction payment to the United States of America with respect to the Funding Loan.

“Rebate Analyst” shall mean the rebate analyst selected by the Borrower and acceptable to the Governmental Lender and the Funding Lender within thirty (30) days of the Closing Date. The initial Rebate Analyst shall be Kutak Rock LLP.

“Rebate Analyst’s Fee” shall mean the fee of the Rebate Analyst payable by the Borrower to the Rebate Analyst.

“Regulations” means the tax regulations promulgated by the United States Department of the Treasury from time to time pursuant to the Code.

“Regulatory Agreement” means the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of [May] 1, 2021, by and among the Governmental Lender, Fiscal
Agent and the Borrower, as amended and supplemented from time to time in accordance with its terms.

“Required Transferee Representations” shall mean the representations in substantially the form attached to this Funding Loan Agreement as Exhibit B.

“Reserved Rights” means the Governmental Lender’s rights to enforce the Regulatory Agreement and to receive payments of its fees, costs and expenses and the Rebate Amount under Section 17 of the Regulatory Agreement, and Sections 7.24, 7.27, 7.29 and 11.4 (solely as such Sections relate to the Governmental Lender) of the Borrower Loan Agreement, the Governmental Lender’s rights to inspect and audit the books, records and premises of the Borrower and of the Project, its right to collect attorneys’ fees and related expenses, its right to enforce the Borrower’s covenants to comply with applicable federal tax law and State law (including the Act and the rules and regulations of the Governmental Lender), its rights of access under Section 7.17 of the Borrower Loan Agreement, its right to receive notices and to grant or withhold consents or waivers under the Regulatory Agreement, the Borrower Loan Agreement and this Funding Loan Agreement, its rights to indemnification by the Borrower under Section 7.24 of the Borrower Loan Agreement and Section 7 of the Regulatory Agreement, its rights to amend this Funding Loan Agreement and the Regulatory Agreement in accordance with the provisions hereof and thereof and the Governmental Lender’s rights under the Environmental Compliance Agreement executed by the Borrower, the Loan and Completion Guaranty executed by The Related Companies, L.P. (the “Guarantor”) and that Indemnity Agreement executed by the Guarantor.

“Requisition” shall have the meaning ascribed to it in Section 9.6(c).

“Second Highest Rating Category” shall mean, with respect to a Permitted Investment, that the Permitted Investment is rated by S&P or Moody’s in the second highest rating category given by that rating agency for that general category of security. By way of example, the Second Highest Rating Category for tax exempt municipal debt established by S&P is “AA” for a term greater than one year, with corresponding ratings by Moody’s of “Aa.” If at any time (i) both S&P and Moody’s rate a Permitted Investment and (ii) one of those ratings is below the Second Highest Rating Category, then such Permitted Investment will not be deemed to be rated in the Second Highest Rating Category. For example, an Investment rated “AA” by S&P and “A” by Moody’s is not rated in the Second Highest Rating Category.

“Security” shall have the meaning ascribed to it in Section 7.1.

“Series 2021A Borrower Note” means the Promissory Note A-1 (Tax-Exempt – Construction) (Multifamily Housing Back to Back Loan Program), dated the Closing Date, evidencing a portion of the Borrower Loan in the maximum principal amount of $[PRINCIPAL AMOUNT-A], executed by the Borrower in favor of the Governmental Lender and endorsed by the Governmental Lender to the Funding Lender as provided herein.

“Series 2021A Funding Loan Note” means the promissory note evidencing a portion of the Funding Loan in the maximum principal amount of $[PRINCIPAL AMOUNT-A], designated the “Housing Authority of the City of Los Angeles Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Tax-Exempt Series 2021A,” dated the Closing Date and executed by
the Governmental Lender in favor of the Funding Lender in the form attached hereto as Exhibit A-1.

“Series 2021C Borrower Note” means the Promissory Note A-3 (Tax-Exempt – Permanent) (Multifamily Housing Back to Back Loan Program), dated the Closing Date, evidencing a portion of the Borrower Loan in the maximum principal amount of $[PRINCIPAL AMOUNT-C], executed by the Borrower in favor of the Governmental Lender and endorsed by the Governmental Lender to the Funding Lender as provided herein.

“Series 2021C Funding Loan Note” means the promissory note evidencing a portion of the Funding Loan in the maximum principal amount of $[PRINCIPAL AMOUNT-C], designated the “Housing Authority of the City of Los Angeles Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Tax-Exempt Series 2021C,” dated the Closing Date and executed by the Governmental Lender in favor of the Funding Lender in the form attached hereto as Exhibit A-3.

“Standard & Poor’s” or “S&P” means S & P Global Ratings, a business unit of Standard & Poor’s Ratings Services, or its successors.

“State” means the State of California.

“Taxable Series 2021B Borrower Note” means the Promissory Note A-2 (Taxable – Construction) (Multifamily Housing Back to Back Loan Program), dated the Closing Date, evidencing a portion of the Borrower Loan in the maximum principal amount of $[6,454,481], executed by the Borrower in favor of the Governmental Lender and endorsed by the Governmental Lender to the Funding Lender as provided herein.

“Taxable Series 2021B Funding Loan Note” means the promissory note evidencing a portion of the Funding Loan in the maximum principal amount of $[6,454,481], designated the “Housing Authority of the City of Los Angeles Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Taxable Series 2021B,” dated the Closing Date and executed by the Governmental Lender in favor of the Funding Lender in the form attached hereto as Exhibit A-2.

“Tax Certificate” means, collectively, (a) the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 dated the Closing Date and executed by the Governmental Lender and the Borrower and (b) the Borrower Cost Certificate dated the Closing Date and executed and delivered by the Borrower, in each case including all exhibits and other attachments thereto and in each case as may be amended, modified, supplemented and replaced from time to time.

“Tax Counsel” means Kutak Rock LLP or any attorney at law or other firm of attorneys selected by the Governmental Lender and acceptable to the Funding Lender of nationally recognized standing in matters pertaining to the federal tax status of interest on tax exempt obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America, but shall not include counsel for the Borrower.
“Tax Credit Investor” means Raymond James California Housing Opportunities Fund X L.L.C., as further described in Section 10 of the Regulatory Agreement.

“Tax-Exempt Funding Loan” means the portion of the Funding Loan funded by the proceeds of the Tax-Exempt Funding Loan Notes.

“Tax-Exempt Funding Loan Notes” means, collectively, the Series 2021A Funding Loan Note and the Series 2021C Funding Loan Note.

**Section 1.2 Interpretation.** Unless the context clearly requires otherwise, words of masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Funding Loan Agreement and all the terms and provisions hereof shall be construed to effectuate the purpose set forth herein and to sustain the validity hereof.

**Section 1.3 Recitals, Titles and Headings.** The terms and phrases used in the recitals of this Funding Loan Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all such terms and phrases for purposes of this Funding Loan Agreement shall be determined by references to Section 1.1 hereof. The titles and headings of the articles and sections of this Funding Loan Agreement have been inserted for convenience of reference only and are not to be considered a part hereof, and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Funding Loan Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise.

**ARTICLE II**

**REPRESENTATIONS AND WARRANTIES**

**Section 2.1 Representations and Warranties of the Governmental Lender.** The Governmental Lender makes the following representations and warranties:

(a) The Governmental Lender is a public body, corporate and politic, duly created, established and authorized to transact business under the laws of the State.

(b) Under the provisions of the Act, the Governmental Lender has the power, and has taken all official actions necessary (i) to enter into the Funding Loan Documents to which it is a party, or (ii) to perform its obligations hereunder and thereunder, and (iii) to consummate all other transactions on its part contemplated by this Funding Loan Agreement.

(c) The Funding Loan Documents to which the Governmental Lender is a party have been duly executed and delivered by the Governmental Lender and the Governmental Lender has taken such actions as are necessary to cause the Funding Loan Documents to which it is a party, when executed by the other respective parties thereto, to be valid and binding limited obligations of the Governmental Lender, enforceable against the Governmental Lender in accordance with their respective terms, except as limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally.
(d) The execution and delivery of Funding Loan Documents to which it is a party, the performance by the Governmental Lender of its obligations hereunder and thereunder and the consummation of the transactions on its part contemplated hereby and thereby, will not violate any law, rule, regulation or ordinance or any order, judgment or decree of any federal, state or local court, and do not conflict with, or constitute a breach of, or a default under the terms and conditions of any agreement, instrument or commitment to which the Governmental Lender is a party or by which the Governmental Lender or any of its property is bound.

(e) The Governmental Lender has not been served with any action, suit, proceeding, inquiry or investigation and, to the knowledge of the Governmental Lender, no action, suit, proceeding, inquiry or investigation is threatened against the Governmental Lender by or before any court, governmental agency or public board or body which (i) affects or questions the existence or the territorial jurisdiction of the Governmental Lender or the title to office of any members of the governing board of the Governmental Lender; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of the Funding Loan Documents to which the Governmental Lender is a party, or the loaning of the Funding Loan as herein set forth; (iii) affects or questions the validity or enforceability of the Funding Loan Documents; or (iv) questions the power or authority of the Governmental Lender to carry out the transactions on its part contemplated by the Funding Loan Documents.

(f) The revenues and receipts to be derived from the Borrower Loan Agreement and the Borrower Notes have not been pledged by the Governmental Lender to secure any of its notes or bonds other than the Funding Loan evidenced by the Funding Loan Notes.

(g) The Governmental Lender will not create, authorize or approve any mortgage, pledge, lien, charge or encumbrance of any kind on the Security or any part thereof prior to or on parity with the lien of this Funding Loan Agreement, except as expressly permitted or contemplated by the Funding Loan Documents.

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

THE GOVERNMENTAL LENDER MAKES NO REPRESENTATION, COVENANT OR AGREEMENT AS TO THE FINANCIAL POSITION OR BUSINESS CONDITION OF THE BORROWER OR THE PROJECT AND DOES NOT REPRESENT OR WARRANT AS TO ANY STATEMENTS, MATERIALS, REPRESENTATIONS OR CERTIFICATIONS FURNISHED BY THE BORROWER IN CONNECTION WITH THE FUNDING LOAN OR THE BORROWER LOAN OR AS TO THE CORRECTNESS, COMPLETENESS OR ACCURACY THEREOF.
Nothing in this Funding Loan Agreement shall be construed as requiring the Governmental Lender to provide any financing for the Project other than the proceeds of the Funding Loan, or to provide sufficient moneys for all of the costs of the Project.

**Section 2.2 Representations, Warranties and Covenants of the Funding Lender.** The Funding Lender as of the date hereof, represents, warrants and covenants that:

(a) The Funding Lender is a national banking association, organized and existing under the laws of the United States and has full legal right, power and authority under the laws of the United States (i) to enter into this Funding Loan Agreement, the Borrower Loan Agreement and the Assignment Agreement, (ii) to perform its obligations hereunder, and (iii) to consummate the transactions on its part contemplated by this Funding Loan Agreement and the Borrower Loan Agreement.

(b) This Funding Loan Agreement, the Borrower Loan Agreement and the Assignment Agreement have been duly executed and delivered by the Funding Lender and, when executed by the Governmental Lender and Borrower, as applicable, will constitute valid and binding obligations of the Funding Lender, enforceable against the Funding Lender in accordance with their respective terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws or judicial decisions affecting the rights of creditors generally.

(c) The execution and delivery of this Funding Loan Agreement, the Borrower Loan Agreement and the Assignment Agreement, the performance by the Funding Lender of its obligations hereunder and thereunder and the consummation of the transactions on its part contemplated hereby and thereby will not violate any law, regulation, rule or ordinance or any order, judgment or decree of any federal, state or local court and do not conflict with, or constitute a breach of, or a default under, any document, instrument or commitment to which the Funding Lender is a party or by which the Funding Lender or any of its property is bound.

(d) The Funding Lender has not been served with and, to the knowledge of the Funding Lender, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or threatened against the Funding Lender which (i) affects or seeks to prohibit, restrain or enjoin the loaning of the amounts set forth herein to the Governmental Lender or the execution and delivery of this Funding Loan Agreement, the Borrower Loan Agreement or the Assignment Agreement, (ii) affects or questions the validity or enforceability of this Funding Loan Agreement or the Borrower Loan Agreement, or (iii) questions the power or authority of the Funding Lender to carry out the transactions on its part contemplated by, or to perform its obligations under, this Funding Loan Agreement and the Borrower Loan Agreement.

(e) Any certificate for the benefit of Governmental Lender signed by a representative of the Funding Lender and delivered pursuant to this Funding Loan Agreement, the other Funding Loan Documents or the Borrower Loan Agreement shall be deemed a representation and warranty by the Funding Lender as to the statements made therein.
ARTICLE III
THE FUNDING LOAN

Section 3.1  Closing of the Funding Loan. The closing of the Funding Loan shall not occur until the following conditions are met:

(a) the Funding Lender shall have received an original executed counterpart of this Funding Loan Agreement, the Funding Loan Notes, the Assignment of Deed of Trust, the Regulatory Agreement, the Deed of Trust, the original of the Borrower Notes endorsed by the Governmental Lender to the Funding Lender, and all of the other Borrower Loan Documents;

(b) no Event of Default nor any event which with the passage of time and/or the giving of notice would constitute an Event of Default under this Funding Loan Agreement shall have occurred as evidenced by a certificate received from the Governmental Lender;

(c) the conditions to the closing of the Borrower Loan, the issuance of the Borrower Notes and the initial disbursement of the Borrower Loan as set forth in Sections 4.1, 4.2 (including, but not limited to, Sections 4.2.2, 4.2.3, 4.2.6(b), and 4.2.9), and 5.1.1 of the Borrower Loan Agreement, shall have been satisfied in full;

(d) counsel to the Borrower shall have delivered an opinion in form satisfactory to counsel to the Governmental Lender and counsel to the Funding Lender regarding the enforceability against the Borrower of the Borrower Loan Documents to which the Borrower is a party;

(e) the initial owner of the Funding Loan Notes shall have executed and delivered Required Transferee Representations; and

(f) all legal matters incident to the transactions contemplated by this Funding Loan Agreement shall be concluded to the reasonable satisfaction of Tax Counsel, counsel to the Governmental Lender, counsel to the Funding Lender and counsel to the Fiscal Agent.

Section 3.2  Commitment to Execute the Funding Loan Notes. The Governmental Lender agrees to execute and deliver the Funding Loan Notes simultaneously with the execution of this Funding Loan Agreement, the Borrower Loan Agreement, the Borrower Notes, the Tax Certificate and the Regulatory Agreement.

Section 3.3  Amount and Source of Funding Loan. The Funding Lender hereby makes to the Governmental Lender and agrees to fund, and the Governmental Lender hereby accepts from the Funding Lender, upon the terms and conditions set forth herein, the Funding Loan in an aggregate principal amount of up to $[____________________], and agrees to have the proceeds of the Funding Loan applied and disbursed in accordance with the provisions of this Funding Loan Agreement.

Section 3.4  Disbursement of Funding Loan Proceeds.

(a) The Funding Lender and the Governmental Lender hereby authorize and direct the funding and disbursement by the Funding Lender of the initial principal amount of the
Funding Loan in the amount of $[______________] on the Closing Date, subject to the satisfaction of all the conditions specified in Section 3.1 above. On the date of execution and delivery of the Funding Loan Notes, and the date of execution and delivery of the Borrower Notes, such initial proceeds of the Funding Loan shall be disbursed by the Funding Lender, on behalf of the Governmental Lender, to the escrow agent for the closing of the Borrower Loan to fund the Borrower Loan under and as provided in Section 5.1 of the Borrower Loan Agreement.

(b) The Funding Lender and the Governmental Lender hereby authorize and direct the funding and disbursement of the remaining principal amount of the Funding Loan (not referenced in Section 3.4(a) above) by the Funding Lender, on behalf of the Governmental Lender, after or concurrently with the funding of the initial draw (of more than $50,000 on each of the Tax-Exempt Funding Loan Notes) described in Section 3.4(a) above, from draws on the Series 2021C Funding Loan Note and, after the Series 2021C Funding Loan Note is fully drawn, the Series 2021A Funding Loan Note and, after the Series 2021A Funding Loan Note is fully drawn, the Taxable Series 2021B Funding Loan Note, directly to the Fiscal Agent to fund the remaining principal of the Borrower Loan under and as provided in, and subject to the provisions of, Section 5 of the Borrower Loan Agreement (other than Section 5.1.1).

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

(c) Prior to the Conversion Date, Funding Lender shall disburse directly to Funding Lender on the first Business Day of each month, the accrued interest under the Funding Loan and Funding Lender will provide Fiscal Agent with written notice of the amount disbursed pursuant to this Section 3.4(c).

(d) None of the Funding Lender, the Governmental Lender, or the Fiscal Agent shall be responsible for the application by the Borrower of monies disbursed to the Borrower in accordance with this Section 3.4.

(e) From and after the earlier of (i) the Conversion Date (as defined in the Borrower Loan Agreement), or (ii) December 31 of the year which is three years after the Closing Date), no further advances of the Funding Loan shall occur.

(f) From and after the Conversion Date, monthly payments of principal and interest shall be due and payable under the Series 2021C Funding Loan Note in the same amounts and on the same dates as payments of principal and interest are due and payable under the Series 2021C Borrower Note as provided therein.

ARTICLE IV
LIMITED LIABILITY; NOTE REGISTER

Section 4.1 Limited Liability. All obligations and any liability of the Governmental Lender hereunder, under the Funding Loan Notes, under the other Funding Loan Documents and under the Borrower Loan Documents are limited obligations of the Governmental Lender, payable solely and only from amounts received from the Borrower under the Borrower Loan Agreement,
the Borrower Notes and the other Borrower Loan Documents, as further described in Article V hereof, and not from any other revenues, funds or assets of the Governmental Lender. None of the Governmental Lender, the State, or any political subdivision thereof (except the Governmental Lender, to the limited extent set forth herein) or any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on the Funding Loan or the Funding Loan Notes or for the performance of any pledge, obligation or agreement of any kind whatsoever with respect thereto except as set forth herein, and none of the Funding Loan or the Funding Loan Notes or any of the Governmental Lender’s agreements or obligations with respect to the Funding Loan, the Funding Loan Notes, or hereunder, shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever. The Governmental Lender has no taxing power.

Section 4.2 Note Register. The Funding Loan Notes shall be in fully registered form. The Fiscal Agent shall maintain records (the “Note Register”) as to the owner of the Funding Loan Notes. Any transfer by the Funding Lender of its ownership of the Funding Loan Notes (or by any subsequent transferee of the Funding Loan Notes, in any case only upon compliance with the conditions for registration of transfer imposed on the holder under this Section 4.2 and under Section 4.3 hereof) shall be recorded by the Fiscal Agent in the Note Register.

The Funding Loan Notes shall not be transferred through the services of the Depository Trust Company or any other third-party registrar.

Section 4.3 Transfer of Funding Loan Notes.

(a) The Funding Loan Notes and the Funding Loan may, in accordance with the terms of this Funding Loan Agreement but in any event subject to the provisions of Section 4.3(b) and (c) hereof, be transferred in whole by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of the Funding Loan Notes for cancellation at the office of the Fiscal Agent, provided such Funding Loan Notes (i) are accompanied by evidence of compliance with the provisions of this Section 4.3 hereof, (ii) are duly endorsed or are accompanied by a written instrument or instruments of transfer, in a form satisfactory to the Fiscal Agent, duly executed and with guaranty of signature of the holder thereof or his, her or its attorney duly authorized in writing and (iii) include written instructions as to the details of the transfer of such Funding Loan Notes. Whenever the Funding Loan Notes shall be surrendered for transfer, the Governmental Lender shall execute and deliver to the transferee thereof new Funding Loan Notes in the name of the transferee as beneficiary thereof.

(b) The Funding Lender shall have the right to sell (i) in its entirety, the Funding Loan Notes and the Funding Loan or (ii) a participation interest or other beneficial ownership interest in the Funding Loan Notes and the Funding Loan, to the extent permitted by Section 4.3(c) below, provided that such sale shall be only to Approved Transferees that execute and deliver to the Governmental Lender and the Fiscal Agent the Required Transferee Representations.

(c) Notwithstanding the other provisions of this Section 4.3, no beneficial ownership interest in the Funding Loan Notes and Funding Loan shall be sold in an amount that is less than the Minimum Beneficial Ownership Amount.
(d) In the case of a transfer of the Funding Loan Notes and Funding Loan, subject to the foregoing transfer restrictions, the transferor shall provide to the Governmental Lender written notice of such proposed transfer not less than 10 calendar days prior to such proposed transfer, during which time the Governmental Lender shall determine whether the proposed transferee is an Ineligible Purchaser. If the Governmental Lender fails to deliver written notice to the Fiscal Agent of such determination within 10 calendar days of receipt of notice of proposed transfer, the Fiscal Agent shall conclude that such transferee is not an Ineligible Purchaser.

(e) The Governmental Lender may require the payment by the entity requesting any such transfer of any tax, fee or other governmental charge required to be paid with respect to such transfer. The cost of printing any new Funding Loan Note and any services rendered or any out-of-pocket expenses incurred by the Governmental Lender in connection therewith shall be paid by the transferor of the Funding Loan Notes.

(f) The Funding Lender shall indemnify and defend the Governmental Lender against any claim brought by any transferor or transferee of the Funding Loan Notes in respect of the Borrower Loan Documents in the event that the Funding Lender permits a transfer of the Funding Loan Notes in violation of the restrictions in Sections 4.3(b) and (c) above.

ARTICLE V

REPAYMENT OF THE FUNDING LOAN

Section 5.1 Funding Loan Repayment.

(a) The Funding Loan shall be evidenced by the Funding Loan Notes. The Series 2021A Funding Loan Note shall be executed by the Governmental Lender in the form attached hereto as Exhibit A-1, the Taxable Series 2021B Funding Loan Note shall be executed by the Governmental Lender in the form attached hereto as Exhibit A-2, and the Series 2021C Funding Loan Note shall be executed by the Governmental Lender in the form attached hereto as Exhibit A-3. The Governmental Lender agrees to pay to the Funding Lender, but only from amounts received by the Governmental Lender (or the Funding Lender, in its capacity as agent for the Governmental Lender under this Funding Loan Agreement) from the Borrower pursuant to the Borrower Loan Agreement, the Borrower Notes and the other Borrower Loan Documents, principal of and interest on the Funding Loan at the times, in the manner, in the amounts and at the rates of interest provided in the Funding Loan Notes and this Funding Loan Agreement; provided, however, that in no event shall interest paid on the Funding Loan Notes exceed the Maximum Rate.

(b) Each Funding Loan Note is intended to evidence a pass-through payment obligation, and shall provide for payment terms identical to a corresponding Borrower Note. The Series 2021A Funding Loan Note shall correspond in payment terms identical to the Series 2021A Borrower Note, the Taxable Series 2021B Funding Loan Note shall correspond in payment terms identical to the Taxable Series 2021B Borrower Note, and the Series 2021C Funding Loan Note shall correspond in payment terms identical to the Series 2021C Borrower Note.
(c) The Governmental Lender further agrees to cause the Borrower to pay, solely by the execution of the Borrower Loan Agreement and the assignment thereof to the Funding Lender and appointment of the Funding Lender as agent for the Governmental Lender under this Funding Loan Agreement, all late charges and prepayment penalties as set forth in the Funding Loan Notes, all taxes and assessments, general or special, including, without limitation, all ad valorem taxes, concerning or in any way related to the Project, or any part thereof, and any other governmental charges and impositions whatsoever, foreseen or unforeseen, and all utility and other charges and assessments; provided, however, that the Governmental Lender reserves the right to contest in good faith the legality of any tax or governmental charge concerning or in any way related to the Project and the Governmental Lender’s obligations hereunder will be limited as provided in Sections 4.1, 5.2 and 6.7 hereof.

(d) The Governmental Lender further agrees, subject to Sections 4.2, 5.2 and 6.6 hereof, to cause the Borrower to pay to the Funding Lender, solely by the execution of the Borrower Loan Agreement and the assignment thereof to the Funding Lender and appointment of the Funding Lender as agent for the Governmental Lender under this Funding Loan Agreement, on the Closing Date a loan fee equal to $[____________].

Section 5.2 Nature of the Governmental Lender’s Obligations. The Governmental Lender shall repay each Funding Loan Note, but only from amounts received by the Governmental Lender or the Funding Lender (in its capacity as assignee of the Governmental Lender under this Funding Loan Agreement) from the Borrower pursuant to the Borrower Loan Agreement, the corresponding Borrower Note and the other Borrower Loan Documents, pursuant to the terms of such Funding Loan Note irrespective of any rights of set-off, recoupment or counterclaim the Governmental Lender might otherwise have against the Funding Lender or any other person.

Notwithstanding anything else herein to the contrary, no covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of any present or future officer, director, employee or agent of the Governmental Lender in his individual capacity, and none of the officers, commissioners, directors, attorneys, employees or agents of the Governmental Lender executing the Funding Lender Notes or this Funding Loan Agreement shall be liable personally on any of the Funding Lender Notes, under this Funding Loan Agreement or under any of the other Funding Loan Documents or be subject to any personal liability or accountability by reason of the issuance of the Funding Lender Notes or the execution of this Funding Loan Agreement or any of the other Funding Loan Documents; and the Funding Lender’s remedies in the event of a default under the Funding Loan shall be limited to those remedies set forth in Article XI hereof and, if a default also exists under the Borrower Loan Agreement or any Borrower Note, to commence foreclosure under Deed of Trust and the other Borrower Loan Documents and the exercise of the power of sale or other rights granted thereunder. In the event of a default hereunder or under any of the Funding Loan Notes, the Funding Lender shall not have the right to proceed directly against the Governmental Lender or the right to obtain a deficiency judgment from the Governmental Lender after foreclosure. Nothing contained in the foregoing shall limit any rights or remedies the Governmental Lender or Funding Lender may have against the Borrower.
ARTICLE VI
FURTHER AGREEMENTS

Section 6.1 Successor to the Governmental Lender. The Governmental Lender will at all times use its best efforts to maintain the powers, functions, duties and obligations now reposed in it pursuant to law or assure the assumptions of its obligations hereunder by any public trust or political subdivision succeeding to its powers.

Section 6.2 Additional Instruments. The Governmental Lender hereby covenants to execute and deliver, or cause to be executed and delivered, at the expense of the Borrower, such additional instruments and to perform such additional acts, or cause the performance of such additional acts, as may be necessary, in the written opinion of the Funding Lender, acting in good faith, to carry out the intent of this Funding Loan Agreement and the Funding Loan Notes or to perfect or give further assurances of any of the rights granted, or provided for in this Funding Loan Agreement, the Assignment of Deed of Trust or the other Funding Loan Documents.

Section 6.3 Books and Records. The Governmental Lender shall, solely by the execution of the Borrower Loan Agreement and the assignment thereof to the Funding Lender, and subject to the provisions of Sections 4.1, 5.2 and 6.6 hereof, cause the Borrower to permit the Funding Lender or its duly authorized representatives access during normal business hours to the books and records of the Borrower pertaining to the Borrower Loan and the Project, and to make such books and records available for audit and inspection, at reasonable times and under reasonable conditions to the Governmental Lender, the Funding Lender and their duly authorized representatives, and at the sole expense of the Borrower.

Section 6.4 Notice of Certain Events. The Governmental Lender hereby covenants to advise the Funding Lender promptly in writing of the occurrence of any Event of Default under and as defined in the Borrower Loan Agreement, Regulatory Agreement or the other Funding Loan Documents of which it has received written notice, or any event which, with the passage of time or service of notice, or both, would constitute an Event of Default thereunder of which it has received written notice, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto. In Section 7.23 of the Borrower Loan Agreement, the Borrower has agreed to advise the Governmental Lender and the Funding Lender promptly in writing of the occurrence of any Event of Default (as defined in the Borrower Loan Agreement).

Section 6.5 Compliance with Usury Laws. Notwithstanding any other provision of this Funding Loan Agreement, it is agreed and understood that in no event shall this Funding Loan Agreement, with respect to the Funding Loan Notes, be construed as requiring the Governmental Lender or any other person to pay interest and other costs or considerations that constitute interest under any applicable law which are contracted for, charged or received pursuant to this Funding Loan Agreement in an amount in excess of the maximum amount of interest allowed under any applicable law.

In the event of any acceleration of the payment of the principal amount of the Funding Loan Notes, that portion of any interest payment in excess of the maximum legal rate of interest, if any, provided for in this Funding Loan Agreement or related documents shall be cancelled.
automatically as of the date of such acceleration, or if theretofore paid, credited to the principal amount.

The provisions of this Section prevail over any other provision of this Funding Loan Agreement.

Section 6.6 Tax-Exempt Status of Tax-Exempt Funding Loan. The Governmental Lender covenants to and for the benefit of the Funding Lender that, notwithstanding any other provisions of this Funding Loan Agreement or any other instrument, it will:

(a) not knowingly take or cause to be taken any action or actions, or knowingly fail to take any action or actions, which would cause the interest payable on the Tax-Exempt Funding Loan Notes to be includable in gross income for federal income tax purposes;

(b) whenever and so often as requested by Funding Lender, the Governmental Lender (at the sole cost and expense of the Borrower) shall do and perform all acts and things permitted by law and necessarily desirable in order to assure the interest paid by the Governmental Lender on the Tax-Exempt Funding Loan Notes will be excluded from the gross income of the owner of the Tax-Exempt Funding Loan Notes for federal income tax purposes pursuant to Section 103 of the Code, except in the event where any owner of the Tax-Exempt Funding Loan Notes is a “substantial user” of the facilities financed with the Tax-Exempt Funding Loan or a “related person” within the meaning of Section 147(a) of the Code;

(c) not knowingly take any action nor, solely in reliance of the covenants and representations of the Borrower in the Borrower Loan Agreement, the Regulatory Agreement and the Tax Certificate, knowingly permit or suffer any action to be taken if the result of the same would be to cause the Tax-Exempt Funding Loan Notes to be “federally guaranteed” within the meaning of Section 149(b) of the Code of the Regulations.

For purposes of this Section 6.6 the Governmental Lender’s compliance shall be based solely on matters within the Governmental Lender’s knowledge and control and no acts, omissions or directions of the Borrower, the Funding Lender or any other Persons shall be attributed to the Governmental Lender.

In complying with the foregoing covenants, the Governmental Lender may rely from time to time on an opinion of Tax Counsel.

Section 6.7 Immunities and Limitations of Responsibility of Governmental Lender.

(a) The Governmental Lender shall be entitled to the advice of counsel, and the Governmental Lender shall be wholly protected as to action taken or omitted in reliance on such advice. The Governmental Lender may rely conclusively on any written notice or other document furnished to it hereunder or under the Borrower Loan Agreement and reasonably believed by it to be genuine. The Governmental Lender shall in no event be liable for the application or misapplication of funds or for other acts or defaults by any person, except its own officers and employees. When any payment or consent or other action by it is called for hereby, it may defer such action pending receipt of such evidence (if any) as it may require in support thereof. The
Governmental Lender shall not be required to take any remedial action (other than the giving of notice) hereunder or under any of the other Funding Loan Documents unless indemnity in a form acceptable to the Governmental Lender is furnished for any expense or liability to be incurred in connection with such remedial action. The Governmental Lender shall be entitled to reimbursement from the Borrower for its expenses reasonably incurred or advances reasonably made, with interest at the maximum rate of interest permitted under applicable law, in the exercise of its rights or the performance of its obligations hereunder, to the extent that it acts without previously obtaining indemnity. No permissive right or power to act which the Governmental Lender may have shall be construed as a requirement to act; and no delay in the exercise of a right or power shall affect its subsequent exercise of the right or power.

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

(c) The Borrower has indemnified the Governmental Lender against certain acts and events as set forth in Section 7.24 of the Borrower Loan Agreement and Section 7 of the Regulatory Agreement. Such indemnities shall survive payment of the Funding Loan and discharge of this Funding Loan Agreement.

ARTICLE VII
SECURITY

Section 7.1 Security for the Funding Loan. To secure the payment of the Funding Loan and the Funding Loan Notes, the Governmental Lender hereby grants, bargains, sells, conveys, assigns, transfers, hypothecates, pledges and sets over to the Funding Lender a lien on and security interest in the following described property (excepting, however, in each case, the Reserved Rights) (collectively, the “Security”):

(a) All right, title and interest of the Governmental Lender in, to and under the Borrower Loan Agreement and the Borrower Notes (excluding any and all Reserved Rights), including, without limitation, all rents, revenues and receipts derived by the Governmental Lender from the Borrower relating to the Project and, including, without limitation, all income, revenues, proceeds and other amounts to which Governmental Lender is entitled to derive from or in connection with the Project and the Borrower Loan Documents, including all amounts due under the Borrower Loan Agreement, the Borrower Notes or the other Borrower Loan Documents and all amounts obtained after the exercise of the remedies provided in the Borrower Loan Documents and all receipts credited under the provisions of the Borrower Loan Agreement against said amounts payable;

(b) All, title and interest of the Governmental Lender in, to and under the other Borrower Loan Documents (excluding any and all Reserved Rights), together with all rights, remedies, privileges and options pertaining to, the Borrower Loan Documents, and all other payments, revenues and receipts derived by the Governmental Lender under and pursuant to, and subject to the provisions of, the Borrower Loan Documents;
(c) All right, title and interest of the Governmental Lender in and to (excluding any and all Reserved Rights): (i) the right to collect and receive net proceeds of any policy of insurance maintained pursuant to the Borrower Loan Documents; (ii) any award or payment becoming payable to Governmental Lender under the Borrower Loan Documents by reason of any condemnation of the Project, any improvements located thereon or any conveyance in lieu of condemnation; and (iii) any bankruptcy, insolvency, reorganization or condemnation proceeding involving the Borrower or any Loan Party (as defined in the Borrower Loan Agreement) with respect to the Borrower Loan Documents;

(d) Any and all other real or personal property of every kind and nature or description, which may from time to time hereafter, by delivery or by writing of any kind, be subject to the lien of this Funding Loan Agreement as additional security by Governmental Lender or anyone on its part or with its consent or which pursuant to any of the provisions hereof or the Borrower Loan Documents may come into the possession or control of the Funding Lender; and

(e) Any and all moneys and investments from time to time on deposit in, or forming a part of, all funds and accounts created and held under this Funding Loan Agreement (other than any amounts held in the Expense Fund, the Rebate Fund and any Rebate Amount held hereunder), subject to the provisions of this Funding Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein.

The pledge and assignment of the security interest granted in the Security pursuant to this Section 7.1 for the payment of principal of, premium, if any, and interest on the Funding Loan Notes, in accordance with its terms and provisions and for the payment of all other amounts due hereunder, shall attach and be valid and binding from and after the time of the delivery of the Funding Loan Notes by the Governmental Lender. The Security so pledged and/or thereafter received by Governmental Lender or the Funding Lender shall immediately be subject to the lien of such pledge and security interest without any physical delivery or recording thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind whether in tort, contract or otherwise against Governmental Lender irrespective of whether such parties have notice thereof.

Section 7.2 Delivery of Security. In connection with such pledge, assignment, transfer and conveyance of the Security pursuant to Section 7.1, Governmental Lender shall deliver to Funding Lender the following documents or instruments promptly following the execution and, to the extent applicable, their recordation or filing:

(a) The Borrower Notes endorsed without recourse to the Funding Lender by the Governmental Lender;

(b) The Borrower Loan Agreement, Regulatory Agreement, Deed of Trust and the other Borrower Loan Documents existing on the Closing Date and the Assignment of Deed of Trust assigning for security purposes and without recourse the Deed of Trust and Borrower Loan Documents from the Governmental Lender to the Funding Lender;
(c) Uniform Commercial Code financing statements or other chattel security documents giving notice of Funding Lender’s status as an assignee of the Governmental Lender’s security interest in any personal property forming a part of the Project; and

(d) Uniform Commercial Code financing statements giving notice of the pledge by the Governmental Lender of the Security pledged under this Funding Loan Agreement, in forms provided by the Funding Lender.

The Governmental Lender shall deliver and deposit with the Funding Lender such additional documents, financing statements and instruments as the Funding Lender may reasonably request in writing from time to time for the purpose of better perfecting and assuring to the Funding Lender its lien and security interest in and to the Security in each case in forms provided by the Funding Lender and at the expense of the Borrower.

ARTICLE VIII
FUNDING LENDER

Section 8.1 [Reserved].

Section 8.2 Authority of the Funding Lender. The Funding Lender is authorized and agrees to advance monies on behalf of the Governmental Lender to fund the Borrower Loan upon satisfaction of the conditions set forth in the Borrower Loan Agreement and otherwise to act on behalf of the Governmental Lender under the Borrower Loan Documents, except for the Reserved Rights. Except for the Reserved Rights, the Funding Lender is hereby authorized, directed and empowered to exercise all the rights, powers or remedies of the Governmental Lender under the Borrower Loan Agreement and the other Borrower Loan Documents, and to make all determinations and exercise all options and elections thereunder, without the necessity of further advice or consultation with, or consent or authorization by, the Governmental Lender, and all actions taken by the Funding Lender under the Borrower Loan Agreement or any of the other Borrower Loan Documents shall be valid and shall have the same force and effect, as if taken by the Governmental Lender. The Funding Lender shall have the right to exercise any rights, remedies, conferred on the Governmental Lender pursuant to the Borrower Loan Documents (except for the Reserved Rights) as may be necessary or convenient to (i) enforce the payment of any amounts owing by Borrower under the Borrower Loan Documents and prepayments thereof, or (ii) otherwise to protect the interest of the Governmental Lender or Funding Lender upon a default by Borrower under the Borrower Loan Documents. The Funding Lender agrees to provide the Governmental Lender any notices given by it or delivered to it pursuant to the Borrower Loan Agreement regarding the occurrence of an Event of Default (as defined in the Borrower Loan Agreement), the acceleration of the Borrower Loan or the foreclosure of the Deed of Trust and shall provide written notice to Governmental Lender of any amendment to the Borrower Notes or the Borrower Loan Agreement. The Funding Lender shall have the right to collect all payments and other amounts received by the Governmental Lender from or on behalf of the Borrower pursuant to the Borrower Loan Agreement or the other Borrower Loan Documents,” including prepayments thereof, except for payments of fees owing by the Borrower to the Governmental Lender in respect of the Reserved Rights.
Section 8.3 Successor to Funding Lender. Anything herein to the contrary notwithstanding, but providing that any transfer of the Funding Loan Notes and the Funding Loan is in compliance with all requirements of Section 4.3 herein, any corporation or association into which the Funding Lender may be converted or merged or with which it may be consolidated or to which it may sell or transfer its business and assets as a whole or substantially as a whole or any corporation or association resulting from any conversion, sale, merger, consolidation or transfer to which it is a party will, ipso facto, be and become the Funding Lender hereunder and vested with all of the title to the whole property and all the powers, discretion, immunities, privileges, obligations and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of the parties hereto.

Section 8.4 Consent to Assignment. The Governmental Lender agrees that Funding Lender shall have the right to assign all of its rights under this Funding Loan Agreement, and under all instruments and documents executed by the Governmental Lender pursuant to this Funding Loan Agreement, to an Affiliate of Funding Lender, or to a subsequent owner of all of the Funding Loan Notes and the Funding Loan as permitted under Section 4.3 or an Affiliate thereof. The Funding Lender will advise the Governmental Lender in writing of any such assignment and the Governmental Lender will execute and deliver to Funding Lender any documents (at the expense of the Funding Lender) necessary to effectuate such assignment in forms provided by the Funding Lender, and will not take any action to impair Funding Lender’s right to assign such rights pursuant to this Section.

Section 8.5 Acceptance. The Funding Lender hereby accepts the assignments and pledge made herein for the purpose of securing the payments due pursuant to the Funding Loan Agreement.

Section 8.6 Conditions. This Article VIII shall confer no obligations or impose no duties upon the Funding Lender beyond those expressly provided in this Funding Loan Agreement and the Borrower Loan Agreement. This Article VIII shall confer no obligations or impose no duties upon the Governmental Lender beyond those expressly provided in this Funding Loan Agreement.

ARTICLE IX
FUNDS AND ACCOUNTS

Section 9.1 Authorization to Create Funds and Accounts. Except as provided in Section 9.3 hereof, no funds or accounts shall be established in connection with the Funding Loan at the time of closing and origination of the Funding Loan. The Funding Lender and Fiscal Agent, are authorized to establish and create from time to time such other funds and accounts or subaccounts as may be necessary for the deposit of moneys (including, without limitation, insurance proceeds and/or condemnation awards), if any, received by the Governmental Lender, the Funding Lender or the Fiscal Agent, pursuant to the terms hereof or any of the other Funding Loan Documents and not immediately transferred or disbursed pursuant to the terms of the Funding Loan Documents and/or the Borrower Loan Documents.

Section 9.2 Investment of Funds. Amounts held in any funds or accounts created under this Funding Loan Agreement shall be [invested in Permitted Investments] at the direction
of the Borrower, subject in all cases to the restrictions of Section 6.6 hereof and of the Tax Certificate. In the absence of such written instructions, funds shall be held uninvested. The Governmental Lender, the Funding Lender and the Borrower (by its execution of the Borrower Loan Agreement) acknowledge that the Fiscal Agent is not providing investment supervision, recommendations, or advice.

Section 9.3 Establishment of Funds. There are established with the Fiscal Agent the following funds and accounts:

(a) The Note Payment Fund;

(b) The Project Fund;

(c) The Expense Fund; and

(d) The Rebate Fund.

All money required to be deposited with or paid to the Fiscal Agent for the account of any of the funds or accounts created by this Funding Loan Agreement shall be held by the Fiscal Agent in trust for the benefit of the Funding Lender, and, except for money held in the Expense Fund or the Rebate Fund, shall, while held by the Fiscal Agent, be subject to the lien hereof.

Section 9.4 Note Payment Fund.

(a) The Governmental Lender and the Borrower shall have no interest in the Note Payment Fund or the moneys therein, which shall always be maintained by the Fiscal Agent completely separate and segregated from all other moneys held hereunder and from any other moneys of the Governmental Lender and the Borrower.

(b) The Fiscal Agent shall deposit into the Note Payment Fund any amounts received from the Borrower as payments of principal of or premium or interest on the Borrower Loan and any other amounts received by the Fiscal Agent that are subject to the lien and pledge of this Funding Loan Agreement, funds pledged to Funding Lender hereunder not required to be deposited to the Expense Fund or not otherwise specifically directed in writing to be deposited into other funds created by this Funding Loan Agreement.

(c) The Fiscal Agent shall apply all amounts on deposit in the Note Payment Fund in the following order of priority:

First, to pay or provide for the payment of the interest then due on the Funding Loan;

Second, to pay or provide for the payment or the prepayment of principal on the Funding Loan, provided moneys have been transferred or deposited into the Note Payment Fund for such purpose; and

Third, to pay or provide for the payment of the Funding Loan on the Maturity Date.
Section 9.5 Expense Fund.

(a) The Fiscal Agent shall deposit in the Expense Fund the amounts required by the Regulatory Agreement or the Borrower Loan Agreement to be paid by the Borrower to the Governmental Lender or the Fiscal Agent. Amounts on deposit in the Expense Fund shall be used to pay the fees and expenses of the Governmental Lender and the Fiscal Agent, as and when the same become due. In that regard, moneys in the Expense Fund shall be withdrawn or maintained, as appropriate, by the Fiscal Agent to pay (i) the Ongoing Governmental Lender Fee pursuant to Section 17 of the Regulatory Agreement to the Government Lender as and when due, (ii) the Fiscal Agent amounts due pursuant to the definition of Fiscal Agent’s Fees herein, (iii) upon receipt, to the Fiscal Agent, any amounts due to the Fiscal Agent which have not been paid, other than amounts paid in accordance with clause (ii) hereof, (iv) upon receipt, to, or at the direction of, the Governmental Lender, any amounts owing the Governmental Lender by the Borrower and then due and unpaid, other than amounts paid in accordance with clause (i) hereof, and (v) upon receipt, to the Rebate Analyst, any Rebate Analyst’s Fee which has not been paid.

(b) In the event that the amounts on deposit in the Expense Fund are not equal to the amounts payable from the Expense Fund as provided in Section 9.5(a) on any date on which such amounts are due and payable, the Fiscal Agent shall give notice to the Borrower of such deficiency and of the amount of such deficiency and request payment within two Business Days to the Fiscal Agent of the amount of such deficiency.

(c) Written notice of any insufficiency, which results in the Governmental Lender not receiving the Ongoing Governmental Lender Fee on the applicable due date, shall be provided by the Fiscal Agent to the Governmental Lender (with a copy to the Borrower and the Funding Lender) within 10 days of the respective due date. Upon payment by the Borrower of such deficiency, the amounts for which such deficiency was requested shall be paid by the Fiscal Agent to the Governmental Lender.

(d) Notwithstanding anything herein to the contrary, the Fiscal Agent, on behalf of the Governmental Lender, shall prepare and submit a written invoice to the Borrower for payment of the Ongoing Governmental Lender Fee not later than 30 days prior to the due date for payment of such the Ongoing Governmental Lender Fee, and shall remit moneys received by the Fiscal Agent to the Governmental Lender for payment of such fee.

Section 9.6 Project Fund.

(a) All proceeds of the Funding Loan provided by the Funding Lender shall be deposited to the Project Fund and disbursed as herein provided. The Fiscal Agent shall use moneys in the Project Fund for the acquisition, construction and equipping of the Project, to pay other permitted development costs and to pay other costs related to the Project as provided herein.

(b) Not less than 97% of the moneys deposited in and credited to the Project Fund, representing the proceeds of the Tax-Exempt Funding Loan, including any income earned thereon, will be expended for Qualified Project Costs (as defined in the Regulatory Agreement) (the “97% Requirement”). The amounts on deposit in the Project Fund shall not be applied to the payment of costs of issuance of the Funding Loan Notes.
(c) Before any payment representing Funding Loan Notes proceeds shall be made from the Project Fund, the Regulatory Agreement and the Deed of Trust shall have been executed and recorded in the official records of the County of Los Angeles and there shall be filed with the Fiscal Agent a written requisition of the Borrower substantially in the form attached hereto as Exhibit C ("Requisition") and approved by the Funding Lender pursuant to the terms, conditions and provisions of the Borrower Loan Agreement, with a copy to the Governmental Lender. The Fiscal Agent shall be entitled to conclusively rely upon any Requisition in determining whether to disburse amounts from the Project Fund.

(d) In connection with a Requisition, except for a written request for amounts representing accrued interest due and payable on the Funding Loan Notes:

1. Only the signature of the Funding Lender and acknowledgment of the Governmental Lender shall be required on a Requisition during any period in which an Event of Default by the Borrower has occurred and is then continuing under the Borrower Loan Agreement (notice of which default has been given in writing by the Funding Lender to the Fiscal Agent and the Governmental Lender, and the Fiscal Agent shall be entitled to conclusively rely on any such written notice as to the occurrence and continuation of such a default).

2. The Fiscal Agent shall disburse amounts in the Project Fund upon receipt of a Requisition signed only by the Funding Lender (and without any need for any signature by an Authorized Borrower Representative), so long as the amount to be disbursed is to be used solely to make payments of principal, interest and/or fees due under the Funding Loan Documents.

3. The Fiscal Agent may conclusively rely on all Requisitions, the execution of the Requisitions by the Borrower and the approval of all Requisitions by the Funding Lender, as required by this Section, as conditions of payment from the Project Fund, which Written Requisitions constitute, as to the Fiscal Agent, irrevocable determinations that all conditions to payment of the specified amounts from the Project Fund have been satisfied. These documents shall be retained by the Fiscal Agent, subject at all reasonable times to examination by the Borrower, the Governmental Lender, the Funding Lender and the agents and representatives thereof upon reasonable notice to the Fiscal Agent. The Fiscal Agent is not required to inspect the Project or the work of improvement or to make any independent investigation with respect to the matters set forth in any Requisition or other statements, orders, certifications and approvals received by the Fiscal Agent. The Fiscal Agent is not required to obtain completion bonds, lien releases or otherwise supervise the acquisition, construction, equipping, improvement and installation of the Project.

(e) Upon receipt of each Requisition submitted by the Borrower and approved in writing by the Funding Lender and acknowledged by the Governmental Lender (provided that that if the Governmental Lender has not acknowledged in writing any disbursement within five Business Days of receipt of a request for acknowledgment of such disbursement, the Governmental Lender shall be deemed to have acknowledged such disbursement), the Fiscal Agent shall promptly, but in any case within five Business Days, make payment from the appropriate account within the Project Fund in accordance with such Requisition. The Fiscal Agent shall have no duty to determine whether any requested disbursement from the Project Fund complies with the terms, conditions and provisions of the Funding Loan Documents, constitutes payment of Qualified
Project Costs or complies with the 97% Requirement. The approval in writing of a Requisition by the Funding Lender shall be deemed a certification and, insofar as the Fiscal Agent and the Governmental Lender are concerned, shall constitute conclusive evidence that all of the terms, conditions and requirements of the Funding Loan Documents applicable to such disbursement have been fully satisfied or waived and the Requisition from the Borrower shall, insofar as the Fiscal Agent and the Governmental Lender are concerned, constitute conclusive evidence that the costs described in the Requisition constitute Qualified Project Costs or other permitted Project costs.

(f) The Fiscal Agent shall immediately provide written notice to the Borrower, the Funding Lender and the Governmental Lender if there are not sufficient funds available to or on deposit with the Fiscal Agent to make the transfers as and when required by Section 9.6(e). Except as provided in the next sentence, all such payments shall be made by check or draft payable, or by wire transfer, either (i) directly to the person, firm or corporation to be paid, (ii) to the Borrower and such person, firm or corporation, or (iii) upon receipt by the Funding Lender and the Governmental Lender of evidence that the Borrower has previously paid such amount and written direction to the Fiscal Agent as to such as evidenced by the Funding Lender’s approval of the Requisition, to the Borrower. Upon the occurrence of an Event of Default of the Borrower of which the Fiscal Agent has knowledge as provided herein, which is continuing under the Funding Loan Documents, with the written consent of the Funding Lender, the Fiscal Agent may apply amounts on deposit in the Project Fund to the payment of principal of and interest on the Funding Loan. If a Requisition signed by the Borrower Representative and countersigned by the Funding Lender and acknowledged by the Governmental Lender (provided that if the Governmental Lender has not acknowledged in writing any disbursement within five Business Days of receipt of a request for acknowledgment of such disbursement, the Governmental Lender shall be deemed to have acknowledged such disbursement) is received by the Fiscal Agent, the requested disbursement shall be paid by the Fiscal Agent as soon as practicable, but in no event later than five Business Days following receipt thereof by the Fiscal Agent. Upon final disbursement of all amounts on deposit in the Project Fund, the Fiscal Agent shall close the Project Fund.

(g) Immediately prior to any mandatory prepayment of the Funding Loan pursuant hereto, any amounts then remaining in the Project Fund shall, at the written direction of the Funding Lender, be applied to the prepayment of the Funding Loan pursuant hereto.

(h) Investment income earned on amounts on deposit in the Project Fund shall be retained in and credited to and become a part of the amounts on deposit in that account of the Project Fund.

(i) Prior to the Conversion Date, the Funding Lender shall disburse the Funding Loan directly to the Funding Lender to pay accrued interest due and payable on the Funding Loan Notes and will provide written notice of the amount of such disbursement to the Fiscal Agent within three (3) Business Days of the disbursement.

Section 9.7 Rebate Fund. The Fiscal Agent shall deposit or transfer to the credit of the Rebate Fund each amount delivered to the Fiscal Agent by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto.
(a) Within 15 days after each receipt or transfer of funds to the Rebate Fund, the Fiscal Agent shall withdraw from the Rebate Fund and pay to the United States of America the entire balance of the Rebate Fund.

(b) All payments to the United States of America pursuant to this Section shall be made by the Fiscal Agent for the account and in the name of the Governmental Lender and shall be paid through the United States mail (return receipt requested or overnight delivery), addressed to the appropriate Internal Revenue Service Center and accompanied by the appropriate Internal Revenue Service forms (such forms to be provided to the Fiscal Agent by the Borrower or the Rebate Analyst).

(c) The Fiscal Agent shall preserve all statements, forms and explanations received from the Borrower and delivered to the Fiscal Agent and all records of transactions in the Rebate Fund until six years after the retirement of the Funding Loan Notes.

(d) The Fiscal Agent may conclusively rely on the instructions of the Borrower (based upon the report of the Rebate Analyst) with regard to any actions to be taken by it pursuant to this Section 9.7 and shall have no liability for any consequences of any failure of the Borrower or the Rebate Analyst to perform its duties or obligations or to supply accurate or sufficient instructions. Except as specifically provided in Subsection (b) above, the Fiscal Agent shall have no duty or responsibility with respect to the Rebate Fund or the Borrower’s duties and responsibilities with respect thereto except to follow the Borrower’s specific written instruction related thereto.

(e) If at any time during the term of this Funding Loan Agreement the Governmental Lender, the Fiscal Agent or the Borrower desires to take any action which would otherwise be prohibited by the terms of this Section, such person shall be permitted to take such action if it shall first obtain and provide to the other persons named herein, an opinion of Tax Counsel that such action shall be in compliance with the laws of the State and the terms of this Funding Loan Agreement and will not impair the exclusion of interest on the Tax-Exempt Funding Loan from gross income for purposes of federal income taxation.

(f) Moneys and securities held by the Fiscal Agent in the Rebate Fund shall not be deemed funds of the Governmental Lender and are not pledged or otherwise subject to any security interest in favor of the owners to secure the Funding Loan Notes or any other obligations.

(g) Moneys in the Rebate Fund may be separately invested and reinvested by the Fiscal Agent, at the request of and as directed in writing by the Borrower, in Permitted Investments, subject to the Code. The Fiscal Agent shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in the Rebate Fund is insufficient for its purposes.

(h) Notwithstanding anything to the contrary in this Funding Loan Agreement, no payment shall be made by the Fiscal Agent to the United States if the Borrower shall furnish to the Governmental Lender and the Fiscal Agent, an opinion of Tax Counsel to the effect that such payment is not required under Section 148(d) and (f) of the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Funding Loan.
Notes. In such event the Borrower shall be entitled to withdraw funds from the Rebate Fund to the extent the Borrower shall provide an opinion of Tax Counsel that such action will not impair the exclusion of interest on the Tax-Exempt Funding Loan from gross income for purposes of federal income taxation to the Governmental Lender and the Fiscal Agent with respect to such withdrawal.

(i) The Fiscal Agent shall keep and make available to the Governmental Lender and the Borrower records concerning the investments of all funds held by the Fiscal Agent pursuant to the Funding Loan Agreement including date bought and sold, price and commission paid, and bids taken, if any, and shall keep all such records until six years after the date on which no Tax-Exempt Funding Loan Note is repaid in full in order to enable the Borrower to make the computations required under Section 148(f) of the Code.

(j) Notwithstanding the foregoing, the computations and payments of rebate amounts referred to in this Section 9.7 need not be made to the extent that neither the Governmental Lender nor the Borrower will thereby fail to comply with any requirements of Section 148(f) of the Code based on an opinion of Tax Counsel that such action will not impair the excluding of interest on the Tax-Exempt Funding Loan from gross income for purposes of federal income taxation, a copy of which shall be provided to the Fiscal Agent.

ARTICLE X
THE FISCAL AGENT

Section 10.1 Appointment of Fiscal Agent; Acceptance. The Governmental Lender hereby appoints U.S. Bank National Association as Fiscal Agent hereunder. The Fiscal Agent shall signify its acceptance of the duties and obligations imposed upon it by this Funding Loan Agreement by executing this Funding Loan Agreement.

Section 10.2 Certain Duties and Responsibilities of Fiscal Agent.

(a) The Fiscal Agent undertakes to perform such duties and only such duties as are specifically set forth in this Funding Loan Agreement, and no implied covenants or obligations shall be read into this Funding Loan Agreement against the Fiscal Agent. The Fiscal Agent shall be entitled to request and receive written instructions from the Governmental Lender or the Funding Lender and shall have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by the Fiscal Agent in accordance with the written direction of the Governmental Lender or the Funding Lender.

(b) If an event of default exists hereunder or under any Borrower Loan Document, the Fiscal Agent shall exercise such of the rights and powers vested in it by this Funding Loan Agreement, and subject to Section 10.2(c)(4) hereof, use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of corporate trust business.

(c) No provision of this Funding Loan Agreement shall be construed to relieve the Fiscal Agent from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, in each case, as finally adjudicated by a court of law, except that:
(1) This subsection shall not be construed to limit the effect of Section 10.2(a);

(2) The Fiscal Agent shall not be liable for any actions taken or errors of judgment made in good faith by it or any of its officers, employees or agents, unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts;

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

(4) In no event shall the Fiscal Agent be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Fiscal Agent has been advised of the likelihood of such loss or damage and regardless of the form of action; and

(5) No provision of this Funding Loan Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it in its sole discretion.

(d) Whether or not therein expressly so provided, every provision of this Funding Loan Agreement and the other Funding Loan Documents relating to the conduct or affecting the liability of or affording protection to the Fiscal Agent shall be subject to the provisions of this Section 10.2.

(e) The Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Fiscal Agent and conforming to the requirements of this Funding Loan Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Funding Loan Agreement.

(f) The permissive rights of the Fiscal Agent to do things enumerated in this Funding Loan Agreement shall not be construed as a duty, and, with respect to such permissive rights, the Fiscal Agent shall not be answerable for other than its negligence or willful misconduct.

Section 10.3 Notice of Defaults. Upon the occurrence of any default hereunder or under any Borrower Loan Document, and provided that the Fiscal Agent is aware of or has received written notice of the existence of such default, promptly, and in any event within 15 days, the Fiscal Agent shall transmit to the Governmental Lender, the Borrower, and the Funding Lender, in the manner and at the addresses for notices set forth in Section 12.2 hereof, notice of such default hereunder known to the Fiscal Agent pursuant to Section 10.4(g) hereof, unless such default shall have been cured or waived.
Section 10.4 Certain Rights of Fiscal Agent. Except as otherwise provided in Section 10.1 hereof:

(a) The Fiscal Agent may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, debenture, coupon or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) Any request or direction of the Governmental Lender mentioned herein shall be sufficiently evidenced by a certificate or order executed by an authorized representative of the Governmental Lender;

(c) Whenever in the administration of this Funding Loan Agreement the Fiscal Agent shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Fiscal Agent (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a written certificate of the Governmental Lender, Funding Lender or the Borrower, as appropriate;

(d) The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Funding Loan Agreement at the request or direction of the Funding Lender, pursuant to this Funding Loan Agreement, unless the Funding Lender shall have offered to the Fiscal Agent in writing security or indemnity reasonably satisfactory to the Fiscal Agent against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction, except costs, expenses and liabilities which are adjudicated to have resulted from its own negligence or willful misconduct;

(e) The Fiscal Agent shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, debenture, coupon or other paper or document but the Fiscal Agent, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Fiscal Agent shall determine to make such further inquiry or investigation, it shall be entitled to examine the books and records of the Governmental Lender, if any, and of the Borrower, in either case personally or by agent or attorney after reasonable notice and during normal business hours;

(f) The Fiscal Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and pay reasonable compensation thereto and the Fiscal Agent shall not be responsible for any acts or omission of any such agent or attorney appointed with due care by it hereunder. The Fiscal Agent may request, rely and act in accordance with officer’s certificates, upon the advice and opinions of counsel of its choice concerning all matters hereof and the Fiscal Agent shall not be responsible for any loss or damage resulting from any action or inaction taken in accordance with said certificates, advice and/or opinions;

(g) The Fiscal Agent shall not be required to take notice or be deemed to have notice of any default hereunder or under any Borrower Loan Document except for failure by the Borrower to make payments of principal, interest, premium, if any, or fee owing to the
Governmental Lender pursuant to the Regulatory Agreement when due, unless a responsible officer of the Fiscal Agent shall have actual knowledge of such default by written notice from the Governmental Lender or the Funding Lender, and all notices or other instruments required by this Funding Loan Agreement or under any Borrower Loan Document to be delivered to the Fiscal Agent, must, in order to be effective, be delivered in writing to the Fiscal Agent, and in the absence of such written notice so delivered the Fiscal Agent may conclusively assume there is no default as aforesaid;

(h) Neither the Fiscal Agent nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the Governmental Lender, the Funding Lender, the Borrower, or any of their directors, members, officers, agents, affiliates or employee, nor shall it have any liability in connection with the malfeasance or nonfeasance by such party. The Fiscal Agent may assume performance by all such persons of their respective obligations. The Fiscal Agent shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other person; and

(i) The Fiscal Agent shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility.

Section 10.5 Not Responsible for Recitals.

(a) The recitals contained herein and in the Funding Loan Notes shall be taken as the statements of the Governmental Lender, and the Fiscal Agent assumes no responsibility for their correctness. The Fiscal Agent makes no representations as to the value or condition of the any revenues pledged hereunder, the Security or any part thereof, or as to the title of the Governmental Lender thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Funding Loan Agreement or of the Funding Loan.

(b) The Fiscal Agent shall have no responsibility or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the funding of the Funding Loan.

(c) The Fiscal Agent shall not be required to monitor the financial condition of the Borrower or the physical condition of the Project. Unless otherwise expressly provided, the Fiscal Agent shall be under no obligation to analyze, review or make any credit decisions with respect to any financial statements, reports, notices, certificates or documents received hereunder but shall hold such financial statements reports, notices, certificates and documents solely for the benefit of, and review by, the Funding Lender and such other parties to whom the Fiscal Agent may provide such information pursuant to this Funding Loan Agreement.
Section 10.6  May Hold Funding Loan. The Fiscal Agent in its individual or any other capacity may become the owner or pledgee of the Funding Loan and may otherwise deal with the Governmental Lender, the Funding Lender and the Borrower with the same rights it would have if it were not Fiscal Agent.

Section 10.7  Moneys Held in Trust. Moneys held by the Fiscal Agent in trust hereunder need not be segregated from other funds except to the extent required by law. The Fiscal Agent shall be under no liability for interest on any moneys received by it hereunder except as otherwise provided herein.

Section 10.8  Compensation and Reimbursement.

(a) Under the Borrower Loan Agreement, the Borrower has agreed to, except as otherwise expressly provided herein, reimburse the Fiscal Agent as provided in this Funding Loan Agreement or the Borrower Loan Agreement, upon its request for all reasonable expenses, disbursements and advances incurred or made by the Fiscal Agent in accordance with any provision of this Funding Loan Agreement (including the reasonable fees, expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Fiscal Agent’s negligence or willful misconduct, both as finally adjudicated by a court of law.

(b) When the Fiscal Agent incurs expenses or renders service in connection with any bankruptcy or insolvency proceeding, such expenses (including the fees and expenses of its counsel) and the compensation for such services are intended to constitute expenses of administration under any bankruptcy law or law relating to creditors rights generally.

(c) The Governmental Lender has no obligation to pay the Fiscal Agent for services rendered.

(d) As security for the performance of the obligations of the Borrower under this Section 10.8 and for the payment of such compensation, expenses, reimbursements and indemnity, the Fiscal Agent shall have the right to use and apply any moneys held by it as Pledged Revenues.

(e) The Fiscal Agent’s rights to compensation and reimbursement shall survive its resignation or removal, the payment of the Funding Loan or the Borrower Loan or the release of this Funding Loan Agreement.

Section 10.9  Fiscal Agent Required; Eligibility. Any successor Fiscal Agent shall at all times be a trust company, a state banking corporation or a national banking association with the authority to accept trusts in the State of California approved in writing by the Governmental Lender and either (a) have a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition, (b) be a wholly owned subsidiary of a bank holding company, or a wholly owned subsidiary of a company that is a wholly owned subsidiary
of a bank holding company, having a combined capital surplus of at least $50,000,000 as set forth in its most recent published annual report of condition, have at least $500,000,000 of trust assets under management and have a combined capital surplus of at least $2,000,000 as set forth in its most recent published annual report of condition, or (c) be otherwise acceptable to the Funding Lender in its sole and absolute discretion.

Section 10.10 Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Fiscal Agent hereunder and no appointment of a successor Fiscal Agent pursuant to this Article X shall become effective until the written acceptance by the successor Fiscal Agent of such appointment.

(b) The Fiscal Agent may resign and be discharged from its duties and obligations hereunder at any time by giving 30 days’ written notice thereof to the Governmental Lender, the Borrower, and the Funding Lender. If an instrument of acceptance by a successor Fiscal Agent shall not have been delivered to the Fiscal Agent within 30 days after the giving of such notice of resignation, the resigning Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent.

(c) The Fiscal Agent may be removed at any time with 30 days’ notice by (i) the Governmental Lender, with the written consent of the Funding Lender not to be unreasonably withheld, (ii) the Borrower (unless the Borrower is in default under any of the Borrower Loan Documents), subject to applicable notice and cure periods, with the written consent of the Funding Lender and the Governmental Lender in their sole and absolute discretion, or (iii) the Funding Lender with the written consent of the Governmental Lender and written notice delivered to the Fiscal Agent and the Borrower.

(d) If the Fiscal Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Fiscal Agent for any cause, the Governmental Lender shall promptly appoint a successor Fiscal Agent, with the consent of the Funding Lender not to be unreasonably withheld. In case all or substantially all of the revenues pledged hereunder and Security shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee may similarly appoint a successor to fill such vacancy until a new Fiscal Agent shall be so appointed by the Governmental Lender. If, within 60 days after such resignation, removal or incapability or the occurrence of such vacancy, the Governmental Lender has failed to so appoint a successor Fiscal Agent, then a successor Fiscal Agent shall be appointed by the Funding Lender (from any of the institutions approved by the Governmental Lender to serve as a fiscal agent or trustee) with written notice thereof delivered to the Governmental Lender, the Borrower, and the retiring Fiscal Agent, and the successor Fiscal Agent so appointed shall, forthwith upon its acceptance of such appointment, become the successor Fiscal Agent and supersede the successor Fiscal Agent appointed by such receiver or Fiscal Agent. If no successor Fiscal Agent shall have been appointed by the Governmental Lender or the Funding Lender and accepted appointment in the manner hereinafter provided, the Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent.

(e) The retiring Fiscal Agent shall cause written notice of each resignation and each removal of the Fiscal Agent and each appointment of a successor Fiscal Agent to be provided
to the Funding Lender. Each notice shall include the name of the successor Fiscal Agent and the address of the office of the successor Fiscal Agent.

Section 10.11 Acceptance of Appointment by Successor.

(a) Every successor Fiscal Agent appointed hereunder shall execute, acknowledge and deliver to the Governmental Lender and to the retiring Fiscal Agent an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Fiscal Agent shall become effective and such successor Fiscal Agent, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Fiscal Agent; notwithstanding the foregoing, on request of the Governmental Lender or the successor Fiscal Agent, such retiring Fiscal Agent shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Fiscal Agent upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Fiscal Agent, and shall duly assign, transfer and deliver to such successor Fiscal Agent all property and money held by such retiring Fiscal Agent hereunder. Upon request of any such successor Fiscal Agent, the Governmental Lender shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Fiscal Agent all such estates, properties, rights, powers and trusts.

(b) No successor Fiscal Agent shall accept its appointment unless at the time of such acceptance such successor Fiscal Agent shall be qualified and eligible under this Article X, to the extent operative.

Section 10.12 Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Fiscal Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Fiscal Agent shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Fiscal Agent, shall be the successor of the Fiscal Agent hereunder, provided such corporation shall be otherwise qualified and eligible under this Article X, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto. Notwithstanding the foregoing, any such successor Fiscal Agent shall cause written notice of such succession to be delivered to the Funding Lender within 30 days of such succession.

Section 10.13 Appointment of Co-Fiscal Agent. It is recognized that in case of litigation under this Funding Loan Agreement, the Borrower Loan Agreement, any other Borrower Loan Document or the Regulatory Agreement, and in particular in case of the enforcement of any of them on default, or in case the Fiscal Agent deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Fiscal Agent or hold title to the properties, in trust, as herein provided, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Fiscal Agent appoint an additional individual or institution as a separate or co-fiscal agent. The following provisions of this Section are adopted to these ends.

The Fiscal Agent is hereby authorized to appoint an additional individual or institution as a separate or co-fiscal agent hereunder, upon written notice to the Governmental Lender, the Funding Lender and the Borrower, and with the consent of the Governmental Lender
and the Funding Lender, but without the necessity of further authorization or consent, in which
event each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title,
interest and lien expressed or intended by this Funding Loan Agreement, any Borrower Loan
Document, the Regulatory Agreement or the Borrower Loan Agreement to be exercised by or
vested in or conveyed to the Fiscal Agent with respect thereto shall be exercisable by and vest in
such separate or co-fiscal agent but only to the extent necessary to exercise such powers, rights
and remedies, and every covenant and obligation necessary to the exercise thereof by such separate
or co-fiscal agent shall run to and be enforceable by either of them.

Should any instrument in writing from the Governmental Lender be required by the
separate fiscal agent or co-fiscal agent appointed by the Fiscal Agent for more fully and certainly
vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any
and all such instruments in writing shall, on request of the Fiscal Agent, be executed,
acknowledged and delivered by the Governmental Lender. In case any separate fiscal agent or co-
fiscal agent, or a successor to either, shall die, become incapable of acting, resign or be removed,
all the estates, properties, rights, powers, trusts, duties and obligations of such separate fiscal agent
or co-fiscal agent, so far as permitted by law, shall vest in and be exercised by the Fiscal Agent
until the appointment of a successor to such separate fiscal agent or co-fiscal agent.

Section 10.14 No Recourse Against Officers or Employees of Fiscal Agent. No
recourse with respect to any claim related to any obligation, duty or agreement contained in this
Funding Loan Agreement or any other Funding Loan Document shall be had against any officer
or employee, as such, of the Fiscal Agent, it being expressly understood that the obligations, duties
and agreements of the Fiscal Agent contained in this Funding Loan Agreement and the other
Funding Loan Documents are solely corporate in nature.

Section 10.15 Financing Statements. The Fiscal Agent shall have no obligation to give,
execute, deliver, file, record, authorize or obtain any financing statements, notices, instruments,
documents, agreements, consents or other papers as shall be necessary to (i) create, preserve,
perfect or validate the security interest granted to the Fiscal Agent pursuant to the Funding Loan
Documents or (ii) enable the Fiscal Agent to exercise and enforce its rights under the Funding
Loan Documents with respect to such pledge and security interest. In addition, the Fiscal Agent
shall have no responsibility or liability (i) in connection with the acts or omissions of the
Governmental Lender, the Borrower or the Funding Lender in respect of the foregoing or (ii) for
or with respect to the legality, validity and enforceability of any security interest created in the
Security or the perfection and priority of such security interest.

Section 10.16 LIBOR Rate Cessation or Replacement Rate. The Fiscal Agent shall
not be under any obligation (i) to monitor, determine or verify the unavailability or cessation of
the LIBOR Rate (as defined in the Series 2021A Borrower Note), or any Replacement Rate (as
defined in the Series 2021A Borrower Note), or whether or when there has occurred, or to give
notice to any other transaction party of the occurrence of, any termination of the LIBOR Rate, (ii)
to select, determine or designate any Replacement Rate, or other successor or replacement
benchmark rate or rates or whether any conditions to the designation of such a rate or rates have
been satisfied, or (iii) to select, determine or designate any adjustment or other modifier to any
Replacement Rate, or (iv) to determine whether or what conforming changes are necessary or
advisable, if any, in connection with any of the foregoing.
Section 10.17 Limitation of Liability: Failure to Perform or Delay. The Fiscal Agent shall not be liable for any inability, failure or delay on its part to perform any of its duties set forth in this Agreement as a result of the unavailability of the LIBOR Rate, Replacement Rate (or other applicable interest rate benchmark) and absence of a designated replacement interest rate benchmark, including as a result of any inability, delay, error or inaccuracy on the part of any other transaction party, including without limitation the Funding Lender, in providing any direction, instruction, notice or information required or contemplated by the terms of this Agreement and reasonably required for the performance of such duties.

ARTICLE XI
EVENTS OF DEFAULT AND REMEDIES

Section 11.1 Provisions Regarding any Default and Acceleration. Notwithstanding anything else to the contrary herein, no default by the Borrower under the Borrower Loan Agreement or the Borrower Notes shall constitute an event of default with respect to the Funding Loan (including, without limitation, a failure to make any payment due with respect to the Funding Loan as a consequence of the Borrower’s failure to make any payment due under the Borrower Loan Agreement). The Governmental Lender’s and Funding Lender’s remedies with respect to a default under the Borrower Loan Documents shall be as set forth under the Borrower Loan Documents. In the event of a default by the Borrower under the Borrower Loan Documents, the Funding Lender, in its discretion, may accelerate the amounts due under the Borrower Loan Agreement and take other remedial actions available thereunder in accordance with the terms of the Borrower Loan Agreement without accelerating the amounts due with respect to the Funding Loan. Notwithstanding the foregoing, the Funding Lender may, upon the acceleration of the Borrower’s obligations under the Borrower Loan Documents, simultaneously accelerate the maturity of the Funding Loan and apply any funds available hereunder to the payment of the Funding Loan (after paying the fees and expenses of the Fiscal Agent and the Governmental Lender). Any portion of the Funding Loan remaining outstanding upon such an acceleration of the Funding Loan shall be deemed paid upon transfer, to or at the direction of the Funding Lender, of the Borrower Loan Documents and all security therefor free and clear of the lien of this Funding Loan Agreement.

The Governmental Lender shall cooperate with the Fiscal Agent and the Funding Lender in exercising rights and remedies under the Borrower Loan Documents, but only upon being satisfactorily indemnified by the Borrower for any fees or expenses relating thereto as provided in the Borrower Loan Agreement and Regulatory Agreement.

Section 11.2 Effectiveness of Sections 11.2 through 11.15 at the Direction of Governmental Lender; Events of Default. At the written request of the Funding Lender, the Governmental Lender may authorize, by written notice to the Fiscal Agent, the effectiveness of this Section 11.2 and Sections 11.3 through 11.15. The Governmental Lender’s authorization of such provisions may be granted on such terms as the Governmental Lender may determine in its sole and absolute discretion, including, without limitation, provision by the Funding Lender of indemnification reasonably satisfactory to the Governmental Lender. Upon delivery of the above-referenced authorization the provisions of this Section 11.2 and Sections 11.3 through 11.15 shall be effective. Any one or more of the following shall constitute an event of default (an “Event of Default”) under this Funding Loan Agreement (whatever the reason for such event and whether it
shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) A default in the payment of any interest upon the Funding Loan Notes when such interest becomes due and payable; or

(b) A default in the payment of principal of, or premium on, the Funding Loan Notes when such principal or premium becomes due and payable, whether at its stated maturity, by declaration of acceleration or call for mandatory prepayment or otherwise; or

(c) Default in the performance or breach of any material covenant or warranty of the Governmental Lender in this Funding Loan Agreement (other than a covenant or warranty or default in the performance or breach of which is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 30 days after there has been given written notice, as provided in Section 12.2 hereof, to the Governmental Lender and the Borrower by the Funding Lender, specifying such default or breach and requiring it to be remedied and stating that such notice is a “Notice of Default” under this Funding Loan Agreement; provided that, so long as the Governmental Lender has commenced to cure such failure to observe or perform within the thirty (30) day cure period and the subject matter of the default is not capable of cure within said thirty (30) day period and the Governmental Lender is diligently pursuing such cure to the Funding Lender’s satisfaction, with the Funding Lender’s written direction or written consent, then the Governmental Lender shall have an additional period of time as reasonably necessary (not to exceed 30 days unless extended in writing by the Funding Lender) within which to cure such default; or

(d) A default in the payment of any Additional Borrower Payments; or

(e) Any other “Default” or “Event of Default” under any of the other Funding Loan Documents (taking into account any applicable grace periods therein).

The Tax Credit Investor shall have the right, but not the obligation, to cure any default hereunder and the parties agree to accept such performance as if it were undertaken by the Borrower itself.

Section 11.3 Acceleration of Maturity; Rescission and Annulment.

(a) Subject to the provisions of Section 11.10 hereof, upon the occurrence of an Event of Default under Section 11.2 hereof, then and in every such case, the Funding Lender may declare the principal of the Funding Loan and the Funding Loan Notes and the interest accrued to be immediately due and payable, by notice to the Governmental Lender and the Borrower and upon any such declaration, all principal of and interest on the Funding Loan and the Funding Loan Notes shall become immediately due and payable.

(b) At any time after a declaration of acceleration has been made pursuant to subsection (a) of this Section, the Funding Lender may by written notice to the Governmental Lender, rescind and annul such declaration and its consequences if:
(A) There has been deposited with the Funding Lender a sum sufficient to pay (1) all overdue installments of interest on the Funding Loan Notes, (2) the principal of and Prepayment Premium on the Funding Loan Notes that has become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in the Funding Loan Notes, (3) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates prescribed therefor in the Funding Loan Notes, and (4) all sums paid or advanced by the Funding Lender and the reasonable compensation, expenses, disbursements and advances of the Funding Lender, its agents and counsel (but only to the extent not duplicative with subclauses (1) and (3) above); and

(B) All Events of Default, other than the nonpayment of the principal of the Funding Loan Notes which have become due solely by such declaration of acceleration, have been cured or have been waived in writing as provided in Section 11.10 hereof.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

(c) Notwithstanding the occurrence and continuation of an Event of Default, it is understood that the Funding Lender shall pursue no remedies against the Borrower or the Project if no Borrower Loan Agreement Default has occurred and is continuing. An Event of Default hereunder shall not in and of itself constitute a Borrower Loan Agreement Default.

Section 11.4 Additional Remedies; Funding Lender Enforcement.

(a) Upon the occurrence of an Event of Default, the Funding Lender may, subject to the provisions of this Section 11.4 and Section 11.10 hereof, proceed to protect and enforce its rights by mandamus or other suit, action or proceeding at law or in equity. No remedy conferred by this Funding Loan Agreement upon or remedy reserved to the Funding Lender is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to the Funding Lender hereunder or now or hereafter existing at law or in equity or by statute.

(b) Upon the occurrence and continuation of any Event of Default, the Funding Lender may proceed forthwith to protect and enforce its rights and this Funding Loan Agreement by such suits, actions or proceedings as the Funding Lender, in its sole discretion, shall deem expedient. Funding Lender shall have upon the occurrence and continuation of any Event of Default all rights, powers, and remedies with respect to the Security as are available under the Uniform Commercial Code applicable thereto or as are available under any other applicable law at the time in effect and, without limiting the generality of the foregoing, the Funding Lender may proceed at law or in equity or otherwise, to the extent permitted by applicable law:

(A) to take possession of the Security or any part thereof, with or without legal process, and to hold, service, administer and enforce any rights thereunder or thereto, and otherwise exercise all rights of ownership thereof, including (but not limited to) the sale of all or part of the Security;

(B) to become mortgagee of record for the Borrower Loan including, without limitation, completing the assignment of the Deed of Trust by the
Governmental Lender to the Funding Lender as anticipated by this Funding Loan Agreement, and recording the same in the real estate records of the jurisdiction in which the Project is located, without further act or consent of the Governmental Lender, and to service and administer the same for its own account;

(C) to service and administer the Funding Loan as agent and on behalf of the Governmental Lender or otherwise, and, if applicable, to take such actions necessary to enforce the Borrower Loan Documents and the Funding Loan Documents on its own behalf, and to take such alternative courses of action, as it may deem appropriate; or

(D) to take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Funding Loan Notes, this Funding Loan Agreement or the other Funding Loan Documents, or the Borrower Loan Documents, or in and of the execution of any power herein granted, or for foreclosure hereunder, or for enforcement of any other appropriate legal or equitable remedy or otherwise as the Funding Lender may elect.

(c) Whether or not an Event of Default has occurred, the Funding Lender, in its sole discretion, shall have the sole right to waive or forbear any term, condition, covenant or agreement of the Deed of Trust, the Borrower Loan Agreement, the Borrower Notes or any other Borrower Loan Documents or Funding Loan Documents applicable to the Borrower, or any breach thereof, other than a covenant that would adversely impact the tax exempt status of the interest on the Tax-Exempt Funding Loan Notes, and provided that the Governmental Lender may enforce specific performance with respect to the Reserved Rights.

(d) If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in the Regulatory Agreement, and if such default remains uncured for a period of 30 days after the Borrower and the Funding Lender receive written notice stating that a default under the Regulatory Agreement has occurred and specifying the nature of the default, the Funding Lender shall have the right to seek specific performance of the provisions of the Regulatory Agreement or to exercise its other rights or remedies thereunder.

(e) If the Borrower defaults in the performance of its obligations under the Borrower Loan Agreement to make rebate payments, to comply with any applicable continuing disclosure requirements (subject to all applicable notice and cure periods), or to make payments owed pursuant to Sections 2.5, [5.14 or 5.15] of the Borrower Loan Agreement for fees, expenses or indemnification, the Funding Lender shall have the right to exercise all its rights and remedies thereunder (subject to the last paragraph of Section 11.14 hereof).

Section 11.5 Application of Money Collected. Any money collected by the Funding Lender pursuant to this Article and any other sums then held by the Funding Lender as part of the Security, shall be applied in the following order, at the date or dates fixed by the Funding Lender:

(a) First: To the payment of any and all amounts due under the Funding Loan Documents other than with respect to principal and interest accrued on the Funding Loan, including, without limitation, any amounts due to the Governmental Lender, the Funding Lender and the Rebate Analyst;
(b) Second: To the payment of the whole amount of the Funding Loan, as evidenced by the Funding Loan Notes, then due and unpaid in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Funding Loan) on overdue principal of, and Prepayment Premium and overdue installments of interest on the Funding Loan; provided, however, that partial interests in any portion of the Funding Loan shall be paid in such order of priority as may be prescribed by written direction of the Funding Lender in its sole and absolute discretion; and

(c) Third: The payment of the remainder, if any, to the Borrower or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

If and to the extent this Section 11.5 conflicts with the provisions of the Servicing Agreement, if any, the provisions of the Servicing Agreement shall control. Capitalized terms used in this Section 11.5 but not otherwise defined in this Funding Loan Agreement shall have the meanings given such terms in the Servicing Agreement.

Section 11.6 Remedies Vested in Funding Lender. All rights of action and claims under this Funding Loan Agreement or the Funding Loan Notes may be prosecuted and enforced by the Funding Lender without the possession of the Funding Loan Notes or the production thereof in any proceeding relating thereto.

Section 11.7 Restoration of Positions. If Funding Lender shall have instituted any proceeding to enforce any right or remedy under this Funding Loan Agreement and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Funding Lender, then and in every such case the Governmental Lender and the Funding Lender shall, subject to any determination in such proceeding, be restored to their former positions hereunder, and thereafter all rights and remedies of the Governmental Lender and the Funding Lender shall continue as though no such proceeding had been instituted.

Section 11.8 Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Funding Lender is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 11.9 Delay or Omission Not Waiver. No delay or omission of the Funding Lender to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Funding Lender may be exercised from time to time, and as often as may be deemed expedient, by Funding Lender. No waiver of any default or Event of Default pursuant to Section 11.10 hereof shall extend to or shall affect any subsequent default or Event of Default hereunder or shall impair any rights or remedies consequent thereon.
**Section 11.10 Waiver of Past Defaults.** Before any judgment or decree for payment of money due has been obtained by the Funding Lender, the Funding Lender may, subject to Section 11.7 hereof, by written notice to the Governmental Lender and the Borrower, waive any past default hereunder or under the Borrower Loan Agreement and its consequences except for default in obligations due the Governmental Lender pursuant to or under the Reserved Rights. Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Funding Loan Agreement and the Borrower Loan Agreement; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

**Section 11.11 Remedies Under Borrower Loan Agreement or Borrower Notes.** As set forth in this Section 11.11 but subject to Section 11.10 hereof, the Funding Lender shall have the right, in its own name or on behalf of the Governmental Lender, to declare any default and exercise any remedies under the Borrower Loan Agreement or the Borrower Notes, whether or not the Funding Loan Notes have been accelerated or declared due and payable by reason of an Event of Default.

**Section 11.12 Waiver of Appraisement and Other Laws.**

(a) To the extent permitted by law, the Governmental Lender will not at any time insist upon, plead, claim or take the benefit or advantage of, any appraisement, valuation, stay, extension or redemption law now or hereafter in force, in order to prevent or hinder the enforcement of this Funding Loan Agreement; and the Governmental Lender, for itself and all who may claim under it, so far as it or they now or hereafter may lawfully do so, hereby waives the benefit of all such laws. The Governmental Lender, for itself and all who may claim under it, waives, to the extent that it may lawfully do so, all right to have the property in the Security marshaled upon any enforcement hereof.

(b) If any law now in effect prohibiting the waiver referred to in Section 11.12(a) shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the application of this Section 11.12.

**Section 11.13 Suits to Protect the Security.** The Funding Lender shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Security by any acts that may be unlawful or in violation of this Funding Loan Agreement and to protect its interests in the Security and in the rents, issues, profits, revenues and other income arising therefrom, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any Governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Funding Lender.

**Section 11.14 Remedies Subject to Applicable Law.** All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in

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the premises and to be limited to the extent necessary so that they will not render this Funding Loan Agreement invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

**Section 11.15 Assumption of Obligations.** In the event that the Funding Lender or its assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall succeed to the rights and the obligations of the Borrower under the Borrower Loan Agreement, the Borrower Notes, the Regulatory Agreement and any other Funding Loan Documents to which the Borrower is a party. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower.

It is the intention of the parties hereto that upon the occurrence and continuance of an Event of Default hereunder, rights and remedies may be pursued pursuant to the terms of the Funding Loan Documents.

**ARTICLE XII
MISCELLANEOUS

Section 12.1 Entire Agreement.** This Funding Loan Agreement, the Funding Loan Notes and the other Funding Loan Documents constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, between the Governmental Lender and the Funding Lender with respect to the subject matter hereof.

**Section 12.2 Notices.** All notices, certificates or other communications shall be in writing and shall be sufficiently given and shall be deemed given on the second day following the date on which the same have been personally delivered or mailed by first class mail postage prepaid, addressed as follows:

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

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

If to the Fiscal Agent: U.S. Bank National Association
633 West 5th Street, 24th Floor
Los Angeles, CA 90071
Attention: Global Corporate Trust
Ref: HACLA MF (Rose Hill Courts Phase I)
Telephone: (213) 615-6032
Facsimile: (213) 615-6199
If to the Borrower: Rose Hill Courts I Housing Partners, L.P.
c/o The Related Companies of California, LLC
18201 Von Karman Avenue, Suite 900
Irvine, California 92612
Attention: Frank Cardone
Telephone: (949) 660-7272

with a copy to: Bocarsly Emden Cowan Esmail & Arndt, LLP
633 W. Fifth Street, 64th Floor
Los Angeles, California 90071
Attention: Lance Bocarsly, Esq.

The Tax Credit Investor: Raymond James California Housing Opportunities Fund X L.L.C.
c/o Raymond James Tax Credit Funds, Inc.
880 Carillon Parkway
St. Petersburg, Florida 33716
Email Address: Steve.Kropf@RaymondJames.com
Attention: Steven J. Kropf, President

with a copy to: Nixon Peabody LLP
Exchange Place
53 State Street
Boston, MA 02109
Attention: Nathan Bernard

If to the Funding Lender: MUFG Union Bank, N.A.,
Loan Administration Department
3151 East Imperial Highway, 1st Floor
Brea, California 92821
Attention: Manager

with copy to: MUFG Union Bank, N.A.,
Community Project Finance Department
200 Pringle Avenue, Suite 355
Walnut Creek, California 94596
Attention: ____________________________

Section 12.3 Assignments. Except as provided in Section 4.3, neither this Funding Loan Agreement nor the Borrower Loan Agreement may be assigned by any party hereto or thereto in whole or in part without the prior written consent of the other, which consent shall not be unreasonably withheld; and, in the case of the Governmental Lender, to the extent such assignment is not in contravention of its policies for tax-exempt debt.

Section 12.4 Severability. If any provision of this Funding Loan Agreement shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not
affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 12.5 Counterparts/Electronic Signatures. This Funding Loan Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same document. Delivery of a signature page to, or an executed counterpart of, this document by facsimile, email transmission of a scanned image, or other electronic means, shall be effective as delivery of an originally executed counterpart. The words “execution,” “signed,” “signature,” and words of like import in this document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity, or enforceability as a manually executed signature or the use of a paper-based record keeping system, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, Electronic Signatures in Global and National Commerce Act, any other similar state laws based on the Uniform Electronic Transactions Act or the Uniform Commercial Code, and the parties hereto hereby waive any objection to the contrary.

Section 12.6 Amendments, Changes and Modifications. Except as otherwise provided in this Funding Loan Agreement, this Funding Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the parties hereto. The Funding Lender may require, as a condition to any amendment, change or modification of this Funding Loan Agreement or the other Funding Loan Documents that the Funding Lender shall have received, at the expense of the Borrower, an opinion of Tax Counsel that such amendment shall not adversely affect the exclusion of interest on the Funding Loan Notes from gross income for purposes of federal income tax.

Section 12.7 Governing Law. This Funding Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State, without regard to conflicts of laws principles.

Section 12.8 Term of Agreement. This Funding Loan Agreement shall be in full force and effect until all payment obligations of the Governmental Lender hereunder have been paid in full and the Funding Loan has been retired or the payment thereof has been provided for; except that on and after payment in full of the Funding Loan Notes, this Funding Loan Agreement shall be terminated, without further action by the parties hereto, provided however that the rights of the Governmental Lender to indemnity, non-liability and payment of all reasonable fees and expenses shall survive the cancellation and termination of this Funding Loan Agreement pursuant to this Section, for any liability or fees that arose or were incurred prior to cancellation and termination of this Funding Loan Agreement.

Section 12.9 Survival of Agreement. All agreements, representations and warranties made herein shall survive the making of the Funding Loan.

Section 12.10 Reference Date. This Funding Loan Agreement is dated for reference purposes only as of [May] 1, 2021 and will not be effective and binding upon the parties hereto unless and until the Closing Date occurs.
Section 12.11 Recycling Transactions. Notwithstanding any provision of this Funding Loan Agreement or the Tax-Exempt Funding Loan Notes to the contrary, the Governmental Lender shall be permitted to direct prepayments of the Series 2021A Borrower Note and Series 2021C Borrower Note on or prior to the Conversion Date to be transferred to a custodian or trustee selected by the Governmental Lender, in lieu of application to prepay a like portion of the Tax-Exempt Funding Loan Notes, so long as the Governmental Lender simultaneously causes other funds to be applied to prepay such portion of the Tax-Exempt Funding Loan Notes. The preceding provisions shall apply only for purposes of preserving or “recycling” private activity bond volume cap in accordance with Section 146(i)(6) of the Code.

Section 12.12 Compliance with Americans with Disabilities Act. The Fiscal Agent shall be in full compliance with all federal and state laws, including those of the Americans with Disabilities Act, 42 U.S.C. 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act (ADAAA) Pub. L. 110325 and all subsequent amendments (the “ADA”). Under the ADA, the Fiscal Agent shall provide for reasonable accommodations to allow qualified individuals access to and participation in their programs, services and activities in accordance with the ADA. In addition, the Fiscal Agent shall not discriminate against individuals with disabilities nor against persons due to their relationship or association with a person with a disability. Any subcontract entered into by the Fiscal Agent, relating to this Funding Loan Agreement, to the extent allowed hereunder, shall be subject to the provisions of this Section.
IN WITNESS WHEREOF, the parties hereto have executed this Agreement, all as of the date first above written.

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

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

APPROVED AS TO FORM:

By: ________________________________
   Becky Churchill Clark
   Authority Sr. Staff Attorney
MUFG UNION BANK, N.A., in its capacity as Funding Lender

By: ________________________________
Name: ______________________________
Title: ______________________________

U.S. BANK NATIONAL ASSOCIATION, in its capacity as Fiscal Agent

By: ________________________________
Name: ______________________________
Title: ______________________________
EXHIBIT A-1

FORM OF TAX-EXEMPT SERIES 2021A FUNDING LOAN NOTE

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

$[PRINCIPAL AMOUNT-A]
HOUSING AUTHORITY OF THE CITY OF LOS ANGELES
MULTIFAMILY HOUSING REVENUE NOTE
(ROSE HILL COURTS PHASE I)
TAX-EXEMPT SERIES 2021A

$[PRINCIPAL AMOUNT-A] [CLOSING DATE]

FOR VALUE RECEIVED, HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic, duly created, established and authorized to transact business under the laws of the State of California (the “Governmental Lender”), acknowledges itself indebted hereby promises to pay to the order of MUFG UNION BANK, N.A. (the “Funding Lender”), or its successors and assigns, the sum of up to [_________________________] Dollars ($[PRINCIPAL AMOUNT-A]) (the “Maximum Principal Amount”), together with interest on the advanced and unpaid principal amount of this Funding Loan Note at the same interest rate as the applicable interest rate specified in the Borrower Loan Agreement with respect to the Borrower Notes, until the Governmental Lender’s obligation to pay the Outstanding Balance (as hereinafter defined) shall be discharged. The Outstanding Balance shall mean the principal balance of the Funding Loan which has been advanced by the Funding Lender with respect to this Funding Loan Note under Section 3.4 of the Funding Loan Agreement described below, and that has not been repaid by the Governmental Lender to the Funding Lender as of the date of calculation of the Outstanding Balance. This Funding Loan Note shall be governed by and be payable in accordance with the terms and conditions of the Funding Loan Agreement dated as of [May] 1, 2021 (the “Funding Loan Agreement”), among the Funding Lender, the Governmental Lender and U.S. BANK NATIONAL ASSOCIATION, in its capacity as fiscal agent (“Fiscal Agent”) pursuant to which the Funding Lender has made the Funding Loan to the Governmental Lender.

This Funding Loan Note is one of three Funding Loan Notes issued to evidence obligation of the Governmental Lender to repay the Funding Loan to the Funding Lender. The other Funding Loan Notes are designated (i) the “Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Taxable Series 2021B,” issued in the aggregate principal amount of $[6,454,481], and (ii) Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Tax-Exempt Series 2021C,” issued in the aggregate principal amount of $[PRINCIPAL AMOUNT-C].

This Funding Loan Note is issued to evidence a portion of the Funding Loan in an amount up to the Maximum Principal Amount by the Funding Lender to the Governmental Lender and the obligation of the Governmental Lender to repay the same, but only from amounts received by or
on behalf of the Governmental Lender from Rose Hill Courts I Housing Partners, L.P., a California limited partnership (the "Borrower"), with respect to a corresponding Borrower Note pursuant to a Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program) dated as of [May] 1, 2021, by and among the Governmental Lender, the Funding Lender and the Borrower (the "Borrower Loan Agreement") and the other Borrower Loan Documents (as defined in the Borrower Loan Agreement).

Monthly payments of principal and interest shall be payable under this Funding Loan Note to the same extent as payments of principal and interest are due and payable on the corresponding Borrower Note, as provided in the Borrower Loan Agreement. The Outstanding Balance of this Funding Loan Note shall be due and payable in its entirety on [MATURITY DATE].

The Funding Loan and this Funding Loan Note are pass-through obligations relating to the Borrower Loan made by Governmental Lender from the proceeds of the Funding Loan to the Borrower under the Borrower Loan Agreement. This Funding Loan Note shall correspond in payment terms to a Borrower Note, as provided in the Funding Loan Agreement. Reference is made to the Borrower Loan Agreement and to the Borrower Notes for complete payment and prepayment terms of the Borrower Notes.

If the principal balance of this Funding Loan Note is accelerated following an Event of Default (as defined in the Funding Loan Agreement), the Funding Lender may increase the interest rate on this Funding Loan Note to the Default Rate (as defined in the Borrower Loan Agreement).

The Governmental Lender may, at any time, prepay the principal amount of this Funding Loan Note to the same extent and subject to the terms and conditions set forth in the Borrower Loan Agreement for the prepayment of the corresponding portion of the Borrower Note.

All sums due hereunder shall be paid in lawful money of the United States of America. Interest on this Funding Loan Note shall be computed as provided for in the corresponding Borrower Note. All payments made hereunder shall be credited and applied as provided in the Funding Loan Agreement.

THIS FUNDING LOAN NOTE IS A LIMITED OBLIGATION OF THE GOVERNMENTAL LENDER, PAYABLE SOLELY FROM AND SECURED SOLELY BY THE PLEDGE AND ASSIGNMENT OF CERTAIN PAYMENTS ON THE CORRESPONDING BORROWER NOTE OR FUNDS OTHERWISE PROVIDED UNDER THE BORROWER LOAN DOCUMENTS. NONE OF THE GOVERNMENTAL LENDER, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THIS FUNDING LOAN NOTE, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THIS FUNDING LOAN NOTE. THIS FUNDING LOAN NOTE IS NOT SECURED BY A PLEDGE OF THE FAITH AND CREDIT OF THE GOVERNMENTAL LENDER, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS NOR DOES THE FUNDING LOAN CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY
CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE GOVERNMENTAL LENDER HAS NO TAXING POWER.

THIS FUNDING LOAN NOTE AND THE REPAYMENT PROVISIONS CONTAINED HEREIN ARE SUBJECT TO THE PROVISIONS AND LIMITATIONS CONTAINED IN SECTIONS 4.1, 5.2 AND 6.6 OF THE FUNDING LOAN AGREEMENT.

THIS FUNDING LOAN NOTE HAS BEEN ISSUED PURSUANT TO THE ACT.

This Funding Loan Note is subject to the express condition that at no time shall interest be payable on this Funding Loan Notes or under the Funding Loan Agreement at a rate in excess of the Maximum Rate provided in the Funding Loan Agreement.

Notwithstanding any provision of this Funding Loan Note or the Funding Loan Agreement to the contrary, the Governmental Lender shall be permitted to direct Series 2021-A Borrower Note prepayments to be transferred to a custodian or trustee selected by the Governmental Lender, in lieu of application to prepay a like portion of this Funding Loan Note, so long as the Governmental Lender simultaneously causes other funds to be applied to prepay such portion of this Funding Loan Note. The preceding provisions shall apply only for purposes of preserving or “recycling” private activity bond volume cap in accordance with Section 146(i)(6) of the Code.

No delay or omission on the part of Funding Lender in exercising any remedy, right or option under this Funding Loan Note or the Funding Loan Documents shall operate as a waiver of such remedy, right or option. In any event a waiver on any one occasion shall not be construed as a waiver or bar to any such remedy, right or option on a future occasion. The rights, remedies and options of Funding Lender under this Funding Loan Note and the Funding Loan Documents are and shall be cumulative and are in addition to all the rights, remedies and options of the Funding Lender at law or in equity or under any other agreement.

Presentment for payment, notice of dishonor, protest or notice of protest are hereby waived. The acceptance by Funding Lender of any amount after the same is due shall not constitute a waiver of the right to require prompt payment, when due, of all other amounts due hereunder. The acceptance by the owner hereof any sum and amount less than the amount then due shall be deemed an acceptance on account only and upon condition of the acceptance shall not constitute a waiver of the obligation of Governmental Lender to pay the entire sum then due, and Governmental Lender’s failure to pay such amount then due shall be and continue to be at default notwithstanding such acceptance of such amount on account thereof. Consent by the Funding Lender to any action of Governmental Lender which is subject to approval of the Funding Lender hereunder shall not be deemed a waiver of the right to require such consent or approval to future successive actions, a waiver of the right to assert the defense of any statute of limitations to any debt or obligation hereunder and consent to renewals and extensions of time for payment of any amounts due under this Funding Loan Note.

This Funding Loan Note may only be transferred in accordance with the requirements of Section 4.3 of the Funding Loan Agreement, and any such transfer shall be recorded in the Note Register maintained by the Funding Lender.
BY ITS ACQUISITION HEREOF, THE HOLDER OF THIS FUNDING LOAN NOTE AGREES (A) THAT IT HAS EXECUTED REQUIRED TRANSFEREE REPRESENTATIONS IN SUBSTANTIALLY THE FORM REQUIRED BY THE FUNDING LOAN AGREEMENT AND THAT IT WILL NOT SELL OR OTHERWISE TRANSFER THIS FUNDING LOAN NOTE EXCEPT AS PROVIDED IN THE FUNDING LOAN AGREEMENT, AND (B) THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS FUNDING LOAN NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

Capitalized terms used herein which are not defined herein shall have the meanings ascribed to them in the Funding Loan Agreement.
IN WITNESS WHEREOF, the undersigned has caused this Funding Loan Note to be executed in its name and on its behalf all as of the date first written above.

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

By: ______________________________
Name: Douglas Guthrie
Title: President and Chief Executive Officer
EXHIBIT A-2
FORM OF TAXABLE SERIES 2021B FUNDING LOAN NOTE

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

$[6,454,481]
HOUSING AUTHORITY OF THE CITY OF LOS ANGELES
MULTIFAMILY HOUSING REVENUE NOTE
(ROSE HILL COURTS PHASE I)
TAXABLE SERIES 2021B

$[6,454,481]  [CLOSING DATE]

FOR VALUE RECEIVED, HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic, duly created, established and authorized to transact business under the laws of the State of California (the “Governmental Lender”), acknowledges itself indebted and hereby promises to pay to the order of MUFG Union Funding Lender, N.A. (the “Funding Lender”), or its successors and assigns, the sum of up to [______________________] Dollars ($6,454,481) (the “Maximum Principal Amount”), together with interest on the advanced and unpaid principal amount of this Funding Loan Note at the same interest rate as the applicable interest rate specified in the Borrower Loan Agreement with respect to the Borrower Notes, until the Governmental Lender’s obligation to pay the Outstanding Balance (as hereinafter defined) shall be discharged. The Outstanding Balance shall mean the principal balance of the Funding Loan which has been advanced by the Funding Lender with respect to this Funding Loan Note under Section 3.4 of the Funding Loan Agreement described below, and that has not been repaid by the Governmental Lender to the Funding Lender as of the date of calculation of the Outstanding Balance. This Funding Loan Note shall be governed by and be payable in accordance with the terms and conditions of the Funding Loan Agreement dated as of [May] 1, 2021 (the “Funding Loan Agreement”), between the Funding Lender and the Governmental Lender pursuant to which the Funding Lender has made the Funding Loan to the Governmental Lender.

This Funding Loan Note is one of three Funding Loan Notes issued to evidence obligation of the Governmental Lender to repay the Funding Loan to the Funding Lender. The other Funding Loan Notes are designated (i) the “Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Tax-Exempt Series 2021A,” issued in the aggregate principal amount of $[PRINCIPAL AMOUNT-A], and (ii) Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Tax-Exempt Series 2021C,” issued in the aggregate principal amount of $[PRINCIPAL AMOUNT-C].

This Funding Loan Note is issued to evidence a portion of the Funding Loan in an amount up to the Maximum Principal Amount by the Funding Lender to the Governmental Lender and the obligation of the Governmental Lender to repay the same, but only from amounts received by or on behalf of the Governmental Lender from Rose Hill Courts I Housing Partners, L.P., a California
limited partnership (the “Borrower”), with respect to a corresponding Borrower Note pursuant to a Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program) dated as of [May] 1, 2021, by and among the Governmental Lender, the Funding Lender and the Borrower (the “Borrower Loan Agreement”) and the other Borrower Loan Documents (as defined in the Borrower Loan Agreement).

Monthly payments of principal and interest shall be payable under this Funding Loan Note to the same extent as payments of principal and interest are due and payable on the Borrower Notes, as provided in the Borrower Loan Agreement. The Outstanding Balance of this Funding Loan Note shall be due and payable in its entirety on [MATURITY DATE].

The Funding Loan and this Funding Loan Note are pass-through obligations relating to the Borrower Loan made by Governmental Lender from the proceeds of the Funding Loan to the Borrower under the Borrower Loan Agreement. This Funding Loan Note shall correspond in payment terms to a Borrower Note, as provided in the Funding Loan Agreement. Reference is made to the Borrower Loan Agreement and to the Borrower Notes for complete payment and prepayment terms of the Borrower Notes.

If the principal balance of this Funding Loan Note is accelerated following an Event of Default (as defined in the Funding Loan Agreement), the Funding Lender may increase the interest rate on this Funding Loan Note to the Default Rate (as defined in the Borrower Loan Agreement).

The Governmental Lender may, at any time, prepay the principal amount of this Funding Loan Note to the same extent and subject to the terms and conditions set forth in the Borrower Loan Agreement for the prepayment of the corresponding portion of the Borrower Note.

All sums due hereunder shall be paid in lawful money of the United States of America. Interest on this Funding Loan Note shall be computed as provided for the corresponding Borrower Note. All payments made hereunder shall be credited and applied as provided in the Funding Loan Agreement.

THIS FUNDING LOAN NOTE IS A LIMITED OBLIGATION OF THE GOVERNMENTAL LENDER, PAYABLE SOLELY FROM AND SECURED SOLELY BY THE PLEDGE AND ASSIGNMENT OF THE PLEDGED REVENUES AND CERTAIN PAYMENTS ON THE CORRESPONDING BORROWER NOTE OR FUNDS OTHERWISE PROVIDED UNDER THE BORROWER LOAN DOCUMENTS. NONE OF THE GOVERNMENTAL LENDER, OR THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THIS FUNDING LOAN NOTE, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THIS FUNDING LOAN NOTE. THIS FUNDING LOAN NOTE IS NOT SECURED BY A PLEDGE OF THE FAITH AND CREDIT OF THE GOVERNMENTAL LENDER, OR THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DOES THE FUNDING LOAN CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE GOVERNMENTAL LENDER HAS NO TAXING POWER.
THIS FUNDING LOAN NOTE AND THE REPAYMENT PROVISIONS CONTAINED HEREIN ARE SUBJECT TO THE PROVISIONS AND LIMITATIONS CONTAINED IN SECTIONS 4.1 AND 5.2 OF THE FUNDING LOAN AGREEMENT.

THIS FUNDING LOAN NOTE HAS BEEN ISSUED PURSUANT TO THE ACT.

This Funding Loan Note is subject to the express condition that at no time shall interest be payable on this Funding Loan Notes or under the Funding Loan Agreement at a rate in excess of the Maximum Rate provided in the Funding Loan Agreement.

No delay or omission on the part of Funding Lender in exercising any remedy, right or option under this Funding Loan Note or the Funding Loan Documents shall operate as a waiver of such remedy, right or option. In any event a waiver on any one occasion shall not be construed as a waiver or bar to any such remedy, right or option on a future occasion. The rights, remedies and options of Funding Lender under this Funding Loan Note and the Funding Loan Documents are and shall be cumulative and are in addition to all the rights, remedies and options of the Funding Lender at law or in equity or under any other agreement.

Presentment for payment, notice of dishonor, protest or notice of protest are hereby waived. The acceptance by Funding Lender of any amount after the same is due shall not constitute a waiver of the right to require prompt payment, when due, of all other amounts due hereunder. The acceptance by the owner hereof any sum and amount less than the amount then due shall be deemed an acceptance on account only and upon condition of the acceptance shall not constitute a waiver of the obligation of Governmental Lender to pay the entire sum then due, and Governmental Lender’s failure to pay such amount then due shall be and continue to be at default notwithstanding such acceptance of such amount on account thereof. Consent by the Funding Lender to any action of Governmental Lender which is subject to approval of the Funding Lender hereunder shall not be deemed a waiver of the right to require such consent or approval to future successive actions, a waiver of the right to assert the defense of any statute of limitations to any debt or obligation hereunder and consent to renewals and extensions of time for payment of any amounts due under this Funding Loan Note.

This Funding Loan Note may only be transferred in accordance with the requirements of Section 4.3 of the Funding Loan Agreement, and any such transfer shall be recorded in the Note Register maintained by the Funding Lender.

BY ITS ACQUISITION HEREOF, THE HOLDER OF THIS FUNDING LOAN NOTE AGREES (A) THAT IT HAS EXECUTED REQUIRED TRANSFEREE REPRESENTATIONS IN SUBSTANTIALLY THE FORM REQUIRED BY THE FUNDING LOAN AGREEMENT AND THAT IT WILL NOT SELL OR OTHERWISE TRANSFER THIS FUNDING LOAN NOTE EXCEPT AS PROVIDED IN THE FUNDING LOAN AGREEMENT, AND (B) THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS FUNDING LOAN NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

Capitalized terms used herein which are not defined herein shall have the meanings ascribed to them in the Funding Loan Agreement.

A-3-3
IN WITNESS WHEREOF, the undersigned has caused this Funding Loan Note to be executed in its name and on its behalf all as of the date first written above.

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

By: ________________________________
Name: Douglas Guthrie
Title: President and Chief Executive Officer
EXHIBIT A-3

FORM OF TAX-EXEMPT SERIES 2021C FUNDING LOAN NOTE

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

$[PRINCIPAL AMOUNT-C]
HOUSING AUTHORITY OF THE CITY OF LOS ANGELES
MULTIFAMILY HOUSING REVENUE NOTE
(ROSE HILL COURTS PHASE I)
TAX-EXEMPT SERIES 2021C

$[PRINCIPAL AMOUNT-C] [CLOSING DATE]

FOR VALUE RECEIVED, HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic, duly created, established and authorized to transact business under the laws of the State of California (the “Governmental Lender”), acknowledges itself indebted and hereby promises to pay to the order of MUFG Union Funding Lender, N.A. (the “Funding Lender”), or its successors and assigns, the sum of up to [____________________] Dollars ($[PRINCIPAL AMOUNT-C]) (the “Maximum Principal Amount”), together with interest on the advanced and unpaid principal amount of this Funding Loan Note at the same interest rate as the applicable interest rate specified in the Borrower Loan Agreement with respect to the Borrower Notes, until the Governmental Lender’s obligation to pay the Outstanding Balance (as hereinafter defined) shall be discharged. The Outstanding Balance shall mean the principal balance of the Funding Loan which has been advanced by the Funding Lender with respect to this Funding Loan Note under Section 3.4 of the Funding Loan Agreement described below, and that has not been repaid by the Governmental Lender to the Funding Lender as of the date of calculation of the Outstanding Balance. This Funding Loan Note shall be governed by and be payable in accordance with the terms and conditions of the Funding Loan Agreement dated as of [May] 1, 2021 (the “Funding Loan Agreement”), between the Funding Lender and the Governmental Lender pursuant to which the Funding Lender has made the Funding Loan to the Governmental Lender.

This Funding Loan Note is one of three Funding Loan Notes issued to evidence obligation of the Governmental Lender to repay the Funding Loan to the Funding Lender. The other Funding Loan Notes are designated (i) the “Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Tax-Exempt Series 2021A,” issued in the aggregate principal amount of $[PRINCIPAL AMOUNT-A], and (ii) Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Taxable Series 2021B,” issued in the aggregate principal amount of $[6,454,481].

This Funding Loan Note is issued to evidence a portion of the Funding Loan in an amount up to the Maximum Principal Amount by the Funding Lender to the Governmental Lender and the obligation of the Governmental Lender to repay the same, but only from amounts received by or on behalf of the Governmental Lender from Rose Hill Courts I Housing Partners, L.P., a California
limited partnership (the “Borrower”), with respect to a corresponding Borrower Note pursuant to a Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program) dated as of [May] 1, 2021, by and among the Governmental Lender, the Funding Lender and the Borrower (the “Borrower Loan Agreement”) and the other Borrower Loan Documents (as defined in the Borrower Loan Agreement).

Monthly payments of principal and interest shall be payable under this Funding Loan Note to the same extent as payments of principal and interest are due and payable on the Borrower Notes, as provided in the Borrower Loan Agreement. The Outstanding Balance of this Funding Loan Note shall be due and payable in its entirety on [MATURITY DATE].

The Funding Loan and this Funding Loan Note are pass-through obligations relating to the Borrower Loan made by Governmental Lender from the proceeds of the Funding Loan to the Borrower under the Borrower Loan Agreement. This Funding Loan Note shall correspond in payment terms to a Borrower Note, as provided in the Funding Loan Agreement. Reference is made to the Borrower Loan Agreement and to the Borrower Notes for complete payment and prepayment terms of the Borrower Notes.

If the principal balance of this Funding Loan Note is accelerated following an Event of Default (as defined in the Funding Loan Agreement), the Funding Lender may increase the interest rate on this Funding Loan Note to the Default Rate (as defined in the Borrower Loan Agreement).

The Governmental Lender may, at any time, prepay the principal amount of this Funding Loan Note to the same extent and subject to the terms and conditions set forth in the Borrower Loan Agreement for the prepayment of the corresponding portion of the Borrower Note.

All sums due hereunder shall be paid in lawful money of the United States of America. Interest on this Funding Loan Note shall be computed as provided for the corresponding Borrower Note. All payments made hereunder shall be credited and applied as provided in the Funding Loan Agreement.

THIS FUNDING LOAN NOTE IS A LIMITED OBLIGATION OF THE GOVERNMENTAL LENDER, PAYABLE SOLELY FROM AND SECURED SOLELY BY THE PLEDGE AND ASSIGNMENT OF THE PLEDGED REVENUES AND CERTAIN PAYMENTS ON THE CORRESPONDING BORROWER NOTE OR FUNDS OTHERWISE PROVIDED UNDER THE BORROWER LOAN DOCUMENTS. NONE OF THE GOVERNMENTAL LENDER, OR THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THIS FUNDING LOAN NOTE, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THIS FUNDING LOAN NOTE. THIS FUNDING LOAN NOTE IS NOT SECURED BY A PLEDGE OF THE FAITH AND CREDIT OF THE GOVERNMENTAL LENDER, OR THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DOES THE FUNDING LOAN CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE GOVERNMENTAL LENDER HAS NO TAXING POWER.
THIS FUNDING LOAN NOTE AND THE REPAYMENT PROVISIONS CONTAINED HEREIN ARE SUBJECT TO THE PROVISIONS AND LIMITATIONS CONTAINED IN SECTIONS 4.1, 5.2 AND 6.6 OF THE FUNDING LOAN AGREEMENT.

THIS FUNDING LOAN NOTE HAS BEEN ISSUED PURSUANT TO THE ACT.

This Funding Loan Note is subject to the express condition that at no time shall interest be payable on this Funding Loan Notes or under the Funding Loan Agreement at a rate in excess of the Maximum Rate provided in the Funding Loan Agreement.

Notwithstanding any provision of this Funding Loan Note or the Funding Loan Agreement to the contrary, the Governmental Lender shall be permitted to direct Series 2021-C Borrower Note prepayments to be transferred to a custodian or trustee selected by the Governmental Lender, in lieu of application to prepay a like portion of this Funding Loan Note, so long as the Governmental Lender simultaneously causes other funds to be applied to prepay such portion of this Funding Loan Note. The preceding provisions shall apply only for purposes of preserving or “recycling” private activity bond volume cap in accordance with Section 146(i)(6) of the Code.

No delay or omission on the part of Funding Lender in exercising any remedy, right or option under this Funding Loan Note or the Funding Loan Documents shall operate as a waiver of such remedy, right or option. In any event a waiver on any one occasion shall not be construed as a waiver or bar to any such remedy, right or option on a future occasion. The rights, remedies and options of Funding Lender under this Funding Loan Note and the Funding Loan Documents are and shall be cumulative and are in addition to all the rights, remedies and options of the Funding Lender at law or in equity or under any other agreement.

Presentment for payment, notice of dishonor, protest or notice of protest are hereby waived. The acceptance by Funding Lender of any amount after the same is due shall not constitute a waiver of the right to require prompt payment, when due, of all other amounts due hereunder. The acceptance by the owner hereof any sum and amount less than the amount then due shall be deemed an acceptance on account only and upon condition of the acceptance shall not constitute a waiver of the obligation of Governmental Lender to pay the entire sum then due, and Governmental Lender’s failure to pay such amount then due shall be and continue to be at default notwithstanding such acceptance of such amount on account thereof. Consent by the Funding Lender to any action of Governmental Lender which is subject to approval of the Funding Lender hereunder shall not be deemed a waiver of the right to require such consent or approval to future successive actions, a waiver of the right to assert the defense of any statute of limitations to any debt or obligation hereunder and consent to renewals and extensions of time for payment of any amounts due under this Funding Loan Note.

This Funding Loan Note may only be transferred in accordance with the requirements of Section 4.3 of the Funding Loan Agreement, and any such transfer shall be recorded in the Note Register maintained by the Funding Lender.

BY ITS ACQUISITION HEREOF, THE HOLDER OF THIS FUNDING LOAN NOTE AGREES (A) THAT IT HAS EXECUTED REQUIRED TRANSFEREE REPRESENTATIONS IN SUBSTANTIALLY THE FORM REQUIRED BY THE FUNDING LOAN AGREEMENT.
AND THAT IT WILL NOT SELL OR OTHERWISE TRANSFER THIS FUNDING LOAN NOTE EXCEPT AS PROVIDED IN THE FUNDING LOAN AGREEMENT, AND (B) THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS FUNDING LOAN NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

Capitalized terms used herein which are not defined herein shall have the meanings ascribed to them in the Funding Loan Agreement.
IN WITNESS WHEREOF, the undersigned has caused this Funding Loan Note to be executed in its name and on its behalf all as of the date first written above.

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

By: ________________________________
Name: Douglas Guthrie
Title: President and Chief Executive Officer
EXHIBIT B
FORM OF INVESTOR’S LETTER

Housing Authority of the City of Los Angeles
Los Angeles, California

Kutak Rock LLP
Omaha, Nebraska

U.S. Bank National Association
Los Angeles, California

Re: Housing Authority of the City of Los Angeles Multifamily Housing Revenue Note
(Rose Hill Courts Phase I) Tax-Exempt Series 2021A

Housing Authority of the City of Los Angeles Multifamily Housing Revenue Note
(Rose Hill Courts Phase I) Taxable Series 2021B

Housing Authority of the City of Los Angeles Multifamily Housing Revenue Note
(Rose Hill Courts Phase I) Tax-Exempt Series 2021C

Ladies and Gentlemen:

The undersigned, as holder (the “Holder”) of the [above-referenced notes] (collectively, the “Funding Loan Notes”), evidencing a loan (the “Funding Loan”) in the aggregate maximum principal amount of $[_________] from MUFG UNION BANK, N.A. (the “Funding Lender”) to the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES (the “Governmental Lender”) under a Funding Loan Agreement dated as of [May] 1, 2021 (the “Funding Loan Agreement”) among the Funding Lender, the Governmental Lender and U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”), or an interest therein, hereby represents and warrants to you as follows:

1. The Holder has sufficient knowledge and experience in financial and business matters with respect to the evaluation of residential real estate developments such as the Project to be able to evaluate the risk and merits of the investment represented by the Funding Loan. The Holder is able to bear the economic risks of such investment.

2. The Holder acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable lender would attach significance in making investment decisions, and the Holder has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Governmental Lender, the Project, the Borrower, the use of proceeds of the Funding Loan and the Funding Loan, the Funding Loan Notes and the security therefor so that, as a reasonable investor, the Holder has been able to make its decision to extend the Funding Loan and purchase the Funding Loan Notes. In entering into this transaction the Holder acknowledges that it has not relied upon any representations or opinions of the Governmental Lender relating to the legal consequences to the Funding Lender or other aspects of its making the Funding Loan and acquiring the Funding Loan Notes, nor has it looked to, nor expected the Governmental Lender to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business.
operations, the Project (including the financing or management thereof), or any other matter pertaining
to the merits or risks of the transactions contemplated by the Funding Loan Agreement and the
Borrower Loan Agreement, or the adequacy of the funds pledged to the Funding Lender to secure
repayment of the Funding Loan Notes.

3. The Holder is an Approved Transferee (as defined in the Funding Loan Agreement).

4. The Holder acknowledges that it is purchasing the Funding Loan Notes for investment
for its own account and not with a present view toward resale or the distribution thereof, in that it does
not now intend to resell or otherwise dispose of all or any part of its interests in the Funding Loan
Notes; provided, however, that the Holder may sell or transfer the Funding Loan Notes in whole or
any participation interests in the Funding Loan Notes, to an Approved Transferee, subject to delivery
to the Governmental Lender and the Fiscal Agent of representations from the transferee in substantially
the same substance as these Required Transferee Representations with no revisions except as may be
approved in writing by the Governmental Lender. The Holder shall not sell or transfer the Funding
Loan Notes or any interest therein to a party related to or affiliated with the Borrower or any general
partner, limited partner or member of the Borrower without the prior written consent of the
Governmental Lender.

5. The Holder understands that the Funding Loan Notes are a limited obligation of the
Governmental Lender, payable solely from funds and moneys pledged and assigned under the Funding
Loan Agreement, and that the liabilities and obligations of the Governmental Lender with respect to
the Funding Loan Notes are expressly limited as set forth in the Funding Loan Agreement and related
documents.

6. The Holder hereby waives the requirement of any “due diligence investigation or
inquiry” by the Governmental Lender, by each official of the Governmental Lender, each employee of
the Governmental Lender, each member of the governing board of the Governmental Lender, and by
counsel to the Governmental Lender, the Fiscal Agent, counsel to the Fiscal Agent and Tax Counsel
in connection with the authorization, execution and delivery of the Funding Loan Notes and the
Holder’s purchase of the Funding Loan Notes, other than, in the case of counsel, such professional due
diligence normally and customarily required for such counsel to deliver any opinion delivered by it in
connection with the issuance of the Funding Loan Notes. The Holder recognizes and agrees that the
Governmental Lender, by each official of the Governmental Lender, each employee of the
Governmental Lender, each member of the governing board of the Governmental Lender, counsel to
the Governmental Lender, the Fiscal Agent, counsel to the Fiscal Agent and Tax Counsel have made
no representations or statements (expressed or implied) with respect to the accuracy or completeness
of any of the materials reviewed by the Holder in connection with the Holder’s purchase of the Funding
Loan Notes. In making an investment decision, the Holder is relying upon its own examination of the
Governmental Lender, the Borrower, the Project and the terms of the Funding Loan Notes.

7. The Holder understands that (a) the Funding Loan Notes have not been registered with
any federal or state securities agency or commission, and (b) no credit rating has been sought or
obtained with respect to the Funding Loan Notes, and the Holder acknowledges that the Funding Loan
Notes are a speculative investment and that there is a high degree of risk in such investment.

8. The Holder acknowledges that the Funding Loan Notes are a limited obligation of the
Governmental Lender, payable solely from amounts provided by or at the direction of the Borrower,
and are not an obligation payable from the general revenues or other funds of the Governmental Lender,
the State of California or any political subdivision of the State of California. The Holder acknowledges that the Governmental Lender is issuing the Funding Loan Notes on a conduit, nonrecourse basis, and has no continuing obligations with respect thereto except as expressly set forth in the Funding Loan Agreement.

9. The Holder agrees to indemnify and hold harmless the Governmental Lender, its officials, officers, commissioners, directors, employees, agents, attorneys, accountants, advisors, consultants, servants and the members of the governing board of the Governmental Lender, past, present and future, with respect to any claim asserted against any of them that is based upon the Holder’s sale, transfer or other disposition of its interest in the Funding Loan in violation of the provisions hereof or of the Funding Loan Agreement or any inaccuracy in any statement made by the Holder in these representations.

10. The Holder has the authority to make the Funding Loan and acquire the Funding Loan Notes and to execute this letter and other documents and instruments required by the executed by the Holder in connection with its acquisition of the Funding Loan Notes. The individual who is executing this letter on behalf of the undersigned is a duly appointed, qualified and authorized signatory for the Holder and authorized to cause the Holder to make the certifications, representations and warranties contained herein by the execution of this letter on behalf of the Holder.

11. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Funding Loan Agreement.

[HOLDER]

By: ________________________________
Name: ______________________________
Title: ______________________________
EXHIBIT C
FORM OF WRITTEN REQUISITION OF THE BORROWER

To: U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”) under that certain Funding Loan Agreement, dated as of [May] 1, 2021, among MUFG Union Bank, N.A., in its capacity as the funding lender, Housing Authority of the City of Los Angeles, as Governmental Lender, and the Fiscal Agent (the “Funding Loan Agreement”).

1. You are requested to disburse funds from the Project Fund pursuant to Section 9.6 of the Funding Loan Agreement in the amount(s), to the person(s) and for the purpose(s) set forth on Schedule I attached hereto and incorporated herein by reference. An invoice or other appropriate evidence of the obligations described on Schedule I is attached hereto.

2. The undersigned certifies that:

(i) there has been received no notice (A) of any lien, right to lien or attachment upon, or claim affecting the right of the payee to receive payment of, any of the moneys payable under such requisition to any of the persons, firms or corporations named therein, and (B) that any materials, supplies or equipment covered by such requisition are subject to a lien or security interest, or if any notice of any such lien, attachment, claim or security interest has been received, such lien, attachment, claim or security interest has been released, discharged, insured or bonded over or will be released, discharged, insured or bonded over upon payment of the requisition;

(ii) such requisition contains no items representing payment on account of any percentage entitled to be retained at the date of the certificate;

(iii) the obligation stated on the requisition has been incurred in or about the construction or equipping of the Project, each item is a proper charge against the Project Fund, and the obligation has not been the basis for a prior requisition that has been paid;

(iv) such requisition contains no items representing any Costs of Issuance or any other amount constituting an issuance cost under Section 147(g) of the Code;

(v) not less than 97% of the sum of: (A) the amounts requisitioned by this Requisition to be funded with the proceeds of the Tax-Exempt Funding Loan Notes plus (B) all amounts allocated to the Tax-Exempt Funding Loan Notes previously disbursed from the Project Fund, have been or will be applied by the Borrower to pay Qualified Project Costs;

(vi) as of the date hereof no event or condition has happened or is happening or exists that constitutes, or that with notice or lapse of time or both, would constitute, an Event of Default under the Funding Loan Agreement; and

(vii) attached as Schedule I to this Requisition is an exhibit that allocates the amount requested hereby among the sources for payment.
Dated:________________________

BORROWER:

By:________________________
Name:________________________
Title:________________________

APPROVED:

MUFG UNION BANK, N.A.,
in its capacity as funding lender

By:________________________
Name:________________________
Title:________________________

ACKNOWLEDGED:

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

By:________________________
Name:________________________
Title:________________________
Attachment 6

REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS
REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

by and among

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

U.S. BANK NATIONAL ASSOCIATION

and

ROSE HILL COURTS I HOUSING PARTNERS, L.P.

relating to

$[PRINCIPAL AMOUNT-A]
Housing Authority of the City of Los Angeles
Multifamily Housing Revenue Note
(Rose Hill Courts Phase I)
Tax-Exempt Series 2021A

$[PRINCIPAL AMOUNT-C]
Housing Authority of the City of Los Angeles
Multifamily Housing Revenue Note
(Rose Hill Courts Phase I)
Tax-Exempt Series 2021C

Dated as of [May] 1, 2021
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REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (this “Regulatory Agreement”), dated as of [May] 1, 2021, by and among the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic, duly organized and existing under the laws of the State of California (together with any successor to its rights, duties and obligations, the “Authority”), U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under and by virtue of the laws of the United States of America, as fiscal agent for the Notes defined herein (the “Fiscal Agent”) and ROSE HILL COURTS I HOUSING PARTNERS, L.P., a California limited partnership (the “Borrower”).

W I T N E S S E T H:

WHEREAS, the Authority is a duly created housing authority, established and authorized to transact business and exercise powers under and pursuant to the provisions of the Housing Authorities Law, consisting of Part 2 of Division 24 of the California Health and Safety Code (the “Act”); and

WHEREAS, pursuant to the Act, the Authority is authorized to issue bonds or notes to finance the acquisition, construction and equipping of multifamily rental housing for families and individuals of low income and very low income within the City of Los Angeles, California (the “City”); and

WHEREAS, the Authority is a political subdivision (within the meaning of that term in the Regulations of the Department of Treasury and the rulings of the Internal Revenue Service prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”)); and

WHEREAS, on [_________], 2021, the legislative body of the Authority adopted a resolution (the “Resolution”) authorizing the issuance of revenue notes in connection with financing the acquisition, construction, and equipping of an 89-unit (including a manager’s unit) multifamily rental housing project located in the City; and

WHEREAS, the Authority owns fee simple title to the real property described in Exhibit A hereto and the Borrower owns a leasehold estate pursuant to the Ground Lease (hereinafter defined); and

WHEREAS, in furtherance of the purposes of the Act and the Resolution and as a part of the Authority’s plan of financing residential rental housing, the Authority has issued its Housing Authority of the City of Los Angeles Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Tax-Exempt Series 2021A in the aggregate principal amount of $[PRINCIPAL AMOUNT-A] and its Housing Authority of the City of Los Angeles Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Tax-Exempt Series 2021C in the aggregate principal amount of $[PRINCIPAL AMOUNT-C] (together, the “Notes”) to MUFG Union Bank, N.A. (the “Funding Lender”), proceeds of which will be used by the Governmental Lender to make a loan to the Borrower (the “Borrower Loan”) to enable the Borrower to finance a portion of the acquisition,
construction and equipping of the Project (as defined herein) for the public purpose of providing decent, safe and sanitary housing for families and individuals of low income and very low income; and

WHEREAS, the Authority has also issued its Housing Authority of the City of Los Angeles Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Taxable Series 2021B in the aggregate principal amount of $[6,454,481] (the “Taxable Note”) to the Funding Lender, proceeds of which will be used by the Governmental Lender to make a taxable loan to the Borrower; and

WHEREAS, the Authority and Borrower have entered into a Borrower Loan Agreement (as defined herein), providing the terms and conditions under which the Authority will make the Borrower Loan and the loan of the proceeds of the Taxable Note to the Borrower to finance the acquisition, construction and equipping of the Project; and

WHEREAS, all things necessary to make the Notes, when issued as provided in the Funding Loan Agreement (defined herein), the valid, binding, and limited obligation of the Authority according to the import thereof, and to constitute the Funding Loan Agreement (as defined below) a valid assignment of the amounts pledged to the payment of the principal of, and premium, if any, and interest on the Notes, have been done and performed, and the creation, execution, and delivery of the Funding Loan Agreement, and the execution and issuance of the Notes, subject to the terms thereof, in all respects have been duly authorized; and

WHEREAS, the Authority has obtained an allocation for the Project of a portion of the State of California’s private activity bond volume cap, within the meaning of Section 146 of the Code, in accordance with the procedures established by the California Debt Limit Allocation Committee; and

WHEREAS, the Code and the regulations and rulings promulgated with respect thereto and the Act prescribe that the use and operation of the Project be restricted in certain respects, and in order to ensure that the Project will be owned and operated in accordance with the Code and the Act, the Authority and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, construction, equipping and operation of the Project;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Authority, the Fiscal Agent and the Borrower hereby agree as follows:

Section 1. Definitions and Interpretation. The following terms shall have the respective meanings assigned to them in this Section 1, unless the context in which they are used clearly requires otherwise:

“Adjusted Income” means the adjusted income of all persons who intend to reside in one residential unit, calculated in the manner determined by the Secretary of the Treasury pursuant to Section 142(d)(2)(B) of the Code.

“Affiliate” means (i) a Person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, (ii) a Person who together with
the Borrower are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that “more than 50 percent” shall be substituted for “at least 80 percent” each place it appears therein), (iii) a partnership and each of its partners (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code or (iv) an S Corporation and each of its shareholders (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code.

“Area” means the Los Angeles County, California, Primary Metropolitan Statistical Area.

“Authority Fee” means the administrative fee of the Authority payable on the Closing Date in the amount of $[_____] (0.25% of maximum principal amount of Notes and the Taxable Note) and the ongoing administrative fee payable in advance on the Closing Date and every [May] 1 thereafter, commencing [May] 1, 2022, in the amount of $[_____] (0.125% of maximum principal amount of the Notes) until the Conversion Date and, on the first [May] 1 following the Conversion Date and thereafter, the ongoing administrative fee payable in an amount equal to 0.125% of the principal amount of the Notes outstanding immediately following the Conversion Date with a minimum annual fee of $4,000.

“Borrower Cost Certificate” means the Borrower Cost Certificate executed by the Borrower dated as of the Closing Date.

“Borrower Loan” has the meaning given to it in the recitals hereto.

“Borrower Loan Agreement” means that Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program) dated as of [May] 1, 2021, by and among the Borrower, the Governmental Lender and Funding Lender, as amended, supplemented or restated from time to time.

“Borrower Loan Documents” shall have the meaning ascribed in it in the Borrower Loan Agreement.

“CDLAC” means the California Debt Limit Allocation Committee.

“CDLAC Conditions” has the meaning given such term in Section 27(a).

“CDLAC Resolution” means Resolution No. 20-194 adopted by CDLAC on December 21, 2020, awarding an allocation of $31,843,632 to the Project and the Notes.

“Certificate of Continuing Program Compliance” means the certificate with respect to the Project to be filed by the Borrower with the Authority and the Fiscal Agent, which shall be substantially in the form attached hereto as Appendix B.

“Closing Date” means the date of delivery of the Notes.

“Code” has the meaning given to it in the recitals hereto.
[“Completion Date” means the date when the acquisition, construction and equipping of the Project has been completed in accordance with the plans and specifications approved by the Funding Lender.]

“Construction Completion Certificate” means the certificate of completion of construction of the Project required to be delivered to the Authority, CDLAC and the Fiscal Agent by the Borrower substantially in the form of Appendix F hereof or such other form required or otherwise provided by CDLAC from time to time.

“Conversion Date” has the meaning given to it in the Borrower Loan Agreement.

“Event of Default” has the meaning given to it in Section 15 hereof.

“Funding Lender” means MUFG Union Bank, N.A.

“Funding Loan Agreement” means the Funding Loan Agreement, dated as of [May] 1, 2021, among the Authority, the Funding Lender, and U.S. Bank National Association, as Fiscal Agent, pursuant to which the Notes and the Taxable Note have been issued, as amended or supplemented from time to time.

“Ground Lease” means the Ground Lease Agreement between the Authority and the Borrower dated as of [______________], 2021.

“Hazardous Materials” means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials; radioactive materials; polychlorinated biphenyls (“PCBs”) and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; any substance the presence of which on the Project is prohibited by any federal, state or local authority; any substance that requires special handling and any other material or substance now or in the future that (i) is defined as a “hazardous substance,” “hazardous material,” “hazardous waste,” “toxic substance,” “toxic pollutant,” “contaminant,” or “pollutant” by or within the meaning of any Hazardous Materials Law, or (ii) is regulated in any way by or within the meaning of any Hazardous Materials Law.


“Income Certification” means the Income Computation and Certification Form in substantially the form attached hereto as Appendix C.
“Inducement Date” means June 25, 2020, with respect to the Authority’s declaration of intent to issue multifamily housing revenue obligations in an aggregate principal amount not to exceed $55,000,000, in connection with the Project.

“Low Income Tenants” means individuals or families with an Adjusted Income that does not exceed 60% of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937 and adjusted for household size. In no event, however, will the occupants of a residential unit be considered to be Low Income Tenants if all the occupants are students, as defined in Section 152(f)(2) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 152(f)(2) defines a student as an individual enrolled as a full-time student during each of five calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

“Low Income Units” means the dwelling units in the Project designated for occupancy by Low Income Tenants pursuant to Section 4(a) of this Regulatory Agreement.

“Median Income for the Area” means the median gross income for the Area as most recently determined by the Secretary of Treasury pursuant to Section 142(d)(2)(B) of the Code.

“Notes” has the meaning given to it in the recitals hereto.

“Partnership Agreement” shall mean that certain Amended and Restated Agreement of Limited Partnership of the Borrower dated as the date hereof and any amendment and restatement of the Partnership Agreement as either may be amended, restated or modified in accordance with its terms.

“Project” means the Project Facilities and the Project Site.

“Project Costs” mean to the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Borrower with respect to the acquisition, construction and equipping of the Project, whether paid or incurred prior to or after the sixtieth day preceding the Inducement Date, including, without limitation, costs for site preparation, the planning of housing and related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the construction of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the costs of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or entity for expenditures made for the Project) and all other costs approved by Tax Counsel.

“Project Facilities” mean the buildings, structures and other improvements on the Project Site that are being financed with proceeds of the Notes, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements. Project Facilities do not include retail sales facilities, leased office space,
commercial facilities or recreational, fitness, parking or business facilities available to members of the general public.

“Project Site” means the parcel or parcels of real property described in Appendix A, which is attached hereto and by this reference incorporated herein, in which the Borrower holds a leasehold interest under the Ground Lease, and all rights and appurtenances thereunto appertaining.

“Qualified Project Costs” means costs paid with respect to the Project that meet each of the following requirements: (i) the costs are properly chargeable to a capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general Federal income tax principles and in accordance with Regulations § 1.103-8(a)(1), provided, however, that only such portion of interest accrued during construction of the Project shall be eligible to be a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing after the date of completion of the Project shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed or rehabilitated by an Affiliate (within the meaning of the Code) (whether as a general contractor or a subcontractor), Qualified Project Costs shall include only (A) the actual out-of-pocket costs incurred by such Affiliate in constructing or rehabilitating the Project (or any portion thereof), (B) any reasonable fees for supervisory services actually rendered by the Affiliate, and (C) any overhead expenses incurred by the Affiliate that are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the construction or rehabilitation of the Project or payments received by such Affiliate due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of 60 days prior to the Inducement Date to reimburse costs paid with respect to the Project (within the meaning of § 1.150-2 of the Regulations) or the date of issue of the Notes, and (iv) if the Project Costs were previously paid and are to be reimbursed with proceeds of the Notes such costs were (A) costs of issuance of the Notes, (B) preliminary capital expenditures (within the meaning of Regulations § 1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than 18 months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three years after the expenditure is paid).

“Qualified Project Period” means the period beginning on the first day on which at least 10% of the dwelling units in the Project are first occupied and ending on the later of (a) the date that is 55 years after the date on which 50% of the dwelling units in the Project are occupied, (b) the first day on which no tax exempt bonds or notes with respect to the Project are Outstanding; (c) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates; or (d) such later date contained in the CDLAC Conditions.
“Regulations” means the Income Tax Regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time.

“Taxable Note” means the Authority’s Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Taxable Series 2021B in the aggregate principal amount of $[6,454,481].

“Tax Credit Investor” means Raymond James California Housing Opportunities Fund X L.L.C., or its successors and assigns.

“Tax-Exempt” means with respect to interest on any obligations of a state or local government, including the Notes, that such interest is excluded from gross income for federal income tax purposes; provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

“Very Low Income Tenants” means individuals or families with an Adjusted Income that does not exceed 50% of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937 and adjusted for household size. In no event, however, will the occupants of a residential unit be considered to be Very Low Income Tenants if all the occupants are students, as defined in Section 152(f)(2) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return.

“Very Low Income Units” means the dwelling units in the Project designated for occupancy by Very Low Income Tenants pursuant to Section 4(j) of this Regulatory Agreement.

Capitalized terms that are not defined herein shall have the meanings assigned to them in the Funding Loan Agreement.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1 notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

In the event of any conflict between this Regulatory Agreement and the CDLAC Conditions, the most restrictive requirement shall govern.
Section 2. Acquisition, Construction and Equipping of the Project. The Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Borrower has incurred a substantial binding obligation to acquire a leasehold interest in and construct and equip the Project, pursuant to which the Borrower is obligated to expend at least 5% of the aggregate net sale proceeds of the Notes.

(b) The Borrower’s reasonable expectations respecting the total cost of the acquisition, construction and equipping of the Project and the disbursement of proceeds of the Notes are accurately set forth in the Borrower Cost Certificate.

(c) The Borrower will proceed with due diligence to complete the acquisition, construction and equipping of the Project and expects to expend the full amount of the proceeds of the Borrower Loan for Project Costs prior to the date that is 36 months after the Closing Date.

(d) The statements made in the various certificates delivered by the Borrower to the Authority or Funding Lender are true and correct as of the Closing Date.

(e) The Borrower (and any person related to it within the meaning of Section 147(a)(2) of the Code) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds from the sale of the Notes to be applied in a manner contrary to the requirements of the Funding Loan Agreement, the Borrower Loan Agreement or this Regulatory Agreement.

(f) The Borrower shall comply with all applicable requirements of Section 65863.10 of the California Government Code, including, if applicable, the requirements for providing notices in Sections (b), (c), (d) and (e) thereof.

(g) [reserved].

(h) The Borrower shall, on the Completion Date, evidence the Completion Date by providing a Construction Completion Certificate to CDLAC, the Fiscal Agent and the Authority, signed by the Borrower, stating the total cost of the Project and identifying the total acquisition cost (which shall specify the costs attributable to land and the costs attributable to buildings) and the total Qualified Project Costs and further stating that (A) construction of the Project has been completed substantially in accordance with the plans, specifications and work orders therefor, and all labor, services, materials and supplies used in construction or rehabilitation have been paid for, and (B) all other facilities necessary in connection with the Project have been acquired, constructed and installed substantially in accordance with the plans, specifications, work write up and work orders therefor and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights of the Borrower against third parties for the payment of any amount not then due and payable which exist at the date of such certificate or which may subsequently exist.

(i) The foregoing certificate evidencing the Completion Date shall be delivered to the Fiscal Agent no later than the date 36 months from the Closing Date unless the
Borrower delivers to the Fiscal Agent a certificate of the Authority consenting to an extension of such date, accompanied by an opinion of Tax Counsel to the effect that such extension will not result in interest on the Notes being included in gross income for federal income tax purposes. The Borrower agrees to spend additional moneys for payment of any costs of the Project sufficient to reduce the portion of proceeds of the Notes (A) spent on land by the Borrower relative to the Project Site to an amount that is less than 25% of the amount of proceeds of the Notes spent by the Borrower relative to the Project Site for all purposes and (B) spent on costs of the Project paid or incurred by or on account of the Borrower or any related person (as such term is used in Section 147(a)(2) of the Code) on or after the date 60 days prior to the Inducement Date and chargeable to the capital account of the Project (or so chargeable either with a proper election by the Borrower to deduct such amounts, within the meaning of Treasury Regulation Section 1.103-8(a)(1)) so that the amount of proceeds of the Notes expended on such Qualified Project Costs is at least 97% of the amount of proceeds of the Notes spent for all purposes related to the Project, except that, upon receipt by the Borrower, the Fiscal Agent and the Authority of an approving opinion of Tax Counsel indicating no adverse effect to the tax-exempt status of the Notes, the percentage of such amounts so used may be 95%.

(j) [Reserved].

(k) All workers performing construction work for the Project employed by the Borrower or by any contractor or subcontractor shall be compensated in an amount no less than the greater of (i) the general prevailing rate of per diem wages ("Prevailing Wages") as determined pursuant to Labor Code Sections 1770-1781 and implementing regulations of the Department of Industrial Relations and (ii) the general prevailing rate of per diem wages as determined by the U.S. Labor Department pursuant to the Davis–Bacon Act under 40 U.S.C.S. 3141–3148 and implementing regulations ("Davis-Bacon Wages"), if applicable.

(l) The Borrower shall comply with all applicable requirements of the Ground Lease and shall provide prompt written notice to the Authority and the Fiscal Agent of any default thereunder.

Section 3. Residential Rental Property. The Borrower hereby acknowledges and agrees that the Project will be owned, managed and operated as a “qualified residential rental project” (within the meaning of Section 142(d) of the Code) until the expiration of the Qualified Project Period. To that end, and for the term of this Regulatory Agreement, the Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Project is being acquired, constructed and equipped for the purpose of providing multifamily residential rental property, and the Borrower shall own, manage and operate the Project as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with applicable provisions of Section 142(d) of the Code and Section 1.103-8(b) of the Regulations, and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.
(b) All of the dwelling units in the Project will be similarly constructed units, and, to the extent required by the Code and the Regulations, each dwelling unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink; provided that any tenant may, but shall not be obligated to, provide a refrigerator for the unit to be occupied.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis, or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home, retirement house or trailer court or park.

(d) No part of the Project will at any time be owned or used as a condominium or by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or uses. Other than obtaining a final subdivision map on the Project and a Final Subdivision Public Report from the California Department of Real Estate, the Borrower has not and shall not take any steps in connection with a conversion of the Project to a condominium or cooperative ownership except with the prior written approving opinion of Tax Counsel that by reason of any such action the interest on the Notes (if any is outstanding) will not become includable in gross income for federal income tax purposes.

(e) All of the dwelling units (except for the manager’s unit described in (g) below) will be available for rental on a continuous basis to members of the general public, and the Borrower has not and will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent that dwelling units are required to be leased or rented to Low Income Tenants, Very Low Income Tenants, or holders of Section 8 certificates or vouchers or any preference the Borrower gives to a class of persons permitted to be given preference pursuant to the Code, State law and other applicable federal law or pursuant to the Ground Lease or RAD Use Agreement (as defined in the Ground Lease).

(f) The Project Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Project Facilities will comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in any building in the Project shall be occupied by the Borrower unless the building contains five or more dwelling units, in which case one unit may be occupied by the Borrower or by persons related to or affiliated with the Borrower such as a resident manager or maintenance personnel. Subject to the foregoing limitation, up to a total of one unit in the Project may be occupied by a resident manager or maintenance personnel.

(h) Should involuntary noncompliance with the provisions of Section 1.103-8(b) of the Regulations be caused by fire, seizure, requisition, foreclosure,
transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date that prevents the Authority from enforcing the requirements of the Regulations, or condemnation or similar event, the Borrower covenants that, within a “reasonable period” determined in accordance with the Regulations, it will either prepay the Borrower Loan and cause the Notes to be redeemed or apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the Regulations.

(i) The Borrower shall not discriminate on the basis of race, religion, creed, color, ethnic group identification, sex, sexual preference, source of income (e.g. TANF, SSI), mental or physical disability, age, national origin or marital status in the rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

(j) Following the expiration or termination of the Qualified Project Period, Low Income Units and Very Low Income Units shall remain available to the Low Income Tenants and Very Low Income Tenants, respectively, then occupying such units at the date of expiration or termination of the Qualified Project Period at a rent not greater than the rent determined pursuant to Sections 4(a) and 4(j) below, as applicable, until the earliest of any of the following occurs:

(i) The household’s income exceeds 140% of the income at which such household would qualify as a Low Income Tenant or a Very Low Income Tenant.

(ii) The household voluntarily moves or is evicted for “good cause.” For these purposes, “good cause” means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the lease agreement that detrimentally affect the health and safety of other persons or the structure, the fiscal integrity of the Project, or the purposes or special programs of the Project.

(iii) Fifty-five years after the date on which 50% occupancy is achieved.

(iv) The Borrower pays the relocation assistance and benefits to such Low Income Tenants or Very Low Income Tenants, as provided in Section 7264(b) of the Government Code of the State of California.

(k) The Authority may but shall not be required to monitor the Borrower’s compliance with the provisions of subparagraph (j) above.

(l) The Borrower shall file with the Internal Revenue Service on or before each March 31 as long as the Notes remains outstanding, a completed IRS Form 8703, or successor form, and deliver to the Authority a written copy thereof.

Section 4. Low Income Units and Very Low Income Units. Pursuant to the requirements of Section 142(d) of the Code and applicable provisions of the Act, the Borrower hereby represents, as of the date hereof, and warrants, covenants and agrees as follows:
(a) During the Qualified Project Period, not less than 40% of the units in the Project shall be designated as Low Income Units and shall be continuously occupied by or held available for occupancy by Low Income Tenants at monthly rents that do not exceed one-twelfth of the amount obtained by multiplying 30% times 60% of the Median Income for the Area, as adjusted for household size. Household size is determined under Section 34312.3(c)(1)(B) and (c)(2)(B) of the California Health and Safety Code consistent with Section 42(g)(2)(C) of the Code, with the more restrictive limits being applicable. Such Low Income Units shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those units that are available to other tenants and shall be distributed throughout the Project.

A unit occupied by a Low Income Tenant who, at the commencement of the occupancy, is a Low Income Tenant shall be treated as occupied by a Low Income Tenant until a recertification of such tenant’s income in accordance with Section 4(c) below demonstrates that such tenant no longer qualifies as a Low Income Tenant and thereafter such unit shall be treated as any residential unit of comparable or smaller size in the Project occupied by a new resident other than a Low Income Tenant. Moreover, a unit previously occupied by a Low Income Tenant and then vacated shall be considered occupied by a Low Income Tenant until reoccupied, other than for a temporary period, at which time the character of the unit shall be redetermined. In no event shall such temporary period exceed 31 days.

(b) Immediately prior to a Low Income Tenant’s occupancy of a Low Income Unit, the Borrower will obtain and maintain on file an Income Certification from each Low Income Tenant occupying a Low Income Unit, dated immediately prior to the initial occupancy of such Low Income Tenant in the Project. In addition, the Borrower will provide such further information as may be required in the future by the State of California, the Authority, the Act, Section 142(d) of the Code and the Regulations, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d) of the Code. The Borrower shall verify that the income provided by an applicant is accurate by taking one or more of the following steps as a part of the verification process: (i) obtain a federal income tax return for the most recent tax year, (ii) obtain a written verification of income and employment from the applicant’s current employer, (iii) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other verification of such applicant’s income satisfactory to the Authority or (iv) such other information as may be reasonably requested by the Authority.

Copies of the most recent Income Certifications for Low Income Tenants shall be attached to the quarterly report to be filed with the Authority and the Fiscal Agent as required in (d) below.

(c) Immediately prior to the first anniversary date of the occupancy of a Low Income Unit by one or more Low Income Tenants, and on each anniversary date thereafter, the Borrower shall recertify the income of the occupants of each Low Income Unit by
obtaining a completed Income Certification based upon the current income of each occupant of the unit. In the event the recertification demonstrates that such household’s income exceeds 140% of the income at which such household would qualify as Low Income Tenants, such household will no longer qualify as Low Income Tenants and, to the extent necessary to comply with the requirements of Section 4(a) above, the Borrower will rent the next available unit of comparable or smaller size to one or more Low Income Tenants.

(d) Upon commencement of the Qualified Project Period, and within 15 days of the last day of each quarter thereafter during the term of this Regulatory Agreement, the Borrower shall advise the Authority and the Fiscal Agent of the status of the occupancy of the Project by delivering to the Authority and the Fiscal Agent a Certificate of Continuing Program Compliance.

(e) The Borrower shall maintain complete and accurate records pertaining to the Low Income Units, and shall permit any duly authorized representative of the Authority, Funding Lender, the Fiscal Agent, Department of the Treasury or Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project, including those records pertaining to the occupancy of the Low Income Units.

(f) The Borrower shall submit to the Secretary of the Treasury annually on the anniversary date of the start of the Qualified Project Period, or such other date as is required by the Secretary, a certification that the Project continues to meet the requirements of Section 142(d) of the Code, and shall provide a copy of such certification to the Authority.

(g) The Borrower shall accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, or its successor. The Borrower shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants. The Borrower shall not collect any additional fees or payments from a Low Income Tenant except security deposits or other deposits required of all tenants. The Borrower shall not collect security deposits or other deposits from a Section 8 certificate or voucher holder in excess of those allowed under the Section 8 Program. The Borrower shall not discriminate against applicants for Low Income Units on the basis of source of income (i.e., TANF or SSI), and the Borrower shall consider a prospective tenant’s previous rent history of at least one year as evidence of the ability to pay the applicable rent (ability to pay shall be demonstrated if an applicant can show that the same percentage or more of the applicant’s income has been paid for rent in the past as will be required to be paid for the rent applicable to the Low Income Unit to be occupied, provided that such Low Income Tenant’s expenses have not materially increased).

(h) Each lease pertaining to a Low Income Unit shall contain a provision to the effect that the Borrower has relied on the Income Certification and supporting information supplied by the applicant in determining qualification for occupancy of the Low Income Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease. Each lease will also contain a
provision that failure to cooperate with the annual recertification process reasonably instituted by the Borrower pursuant to Section 4(c) above may, at the option of the Borrower, disqualify the unit as a Low Income Unit, or provide grounds for termination of the lease.

(i) Prior to the Closing Date, the Borrower agrees to provide to the Authority a copy of the form of application and lease to be provided to prospective Low Income Tenants. The term of the lease shall be not less than 30 days.

(j) In addition to the requirements set forth in Section 4(a), the Borrower shall satisfy the following requirements:

(i) As required by the Authority, not less than 43 of the units in the Project shall be Very Low Income Units and shall be rented to, or made available for rental to, Very Low Income Tenants on the same terms and conditions, and subject to the same requirements, as are set forth in this Section 4 with respect to the Low Income Units, except that monthly rents shall not exceed one-twelfth of the amount obtained by multiplying 30% times 50% of the Median Income for the Area, adjusted as provided in Section 4(a) above (but without regard to the final paragraph thereof).

(ii) Pursuant to the CDLAC Conditions and for the entire term of the Regulatory Agreement, the Project shall consist of 88 units plus 1 manager’s unit of which at least: 43 units shall be rented or held vacant for Very Low Income Tenants; and 9 units shall be rented or held vacant for rental for Low Income Tenants subject to the rent restrictions in Section 4(a).

(k) The Borrower shall ensure the Project complies with the provisions of Section 52080(g) of the California Health and Safety Code.

Section 5. Tax Status of the Notes. The Borrower and the Authority each hereby represents, as of the date hereof, and warrants, covenants and agrees that:

(a) It will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the exclusion from gross income for federal income tax purposes or the exemption from California personal income taxation of the interest on the Notes and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof;

(b) It will take such action or actions as may be necessary, in the written opinion of Tax Counsel filed with the Authority and Funding Lender, to comply fully with the Act and all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations issued under Section 142(d) of the Code to the extent necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Notes; and
(c) The Borrower, at the Borrower’s expense, will file of record such documents and take such other steps as are necessary, in the written opinion of Tax Counsel filed with the Authority, the Fiscal Agent and Funding Lender, in order to ensure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County of Los Angeles.

(d) The Borrower will not enter into any agreements that would result in the payment of principal of or interest on the Notes being “federally guaranteed” within the meaning of Section 149(b) of the Code.

(e) The Borrower hereby reaffirms the arbitrage certifications made by it in the Tax Certificate, and such certifications are hereby incorporated herein as covenants of the Borrower by this reference.

(f) The Borrower hereby agrees to comply with the requirements of Section 148(f) of the Code and to rebate excess investment earnings to the federal government.

(g) The Borrower hereby covenants to include the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project to another person to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

(h) The Borrower shall assure that the proceeds of the Notes are used in a manner such that the Notes will satisfy the requirements of Section 142(d) of the Code relating to qualified residential rental projects.

(i) The Notes upon issuance and delivery shall be considered “private activity bonds” within the meaning of the Code with respect to which CDLAC has transferred a portion of the State of California’s private activity bond allocation (within the meaning of Section 146 of the Code) equal to the principal amount of the Notes.

(j) The Authority and the Borrower covenant that not less than 97% of the net proceeds of the Notes (within the meaning of Section 150(a)(3) of the Code) will be paid for Qualified Project Costs.

(k) The Authority and the Borrower covenant that less than 25% of the proceeds of the Notes shall be used, directly or indirectly, for the acquisition of land.

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

(m) The Borrower shall not take, or permit or suffer to be taken by the Funding Lender, Fiscal Agent or otherwise, any action with respect to the proceeds of the Notes that, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Notes would have caused any Note to be an “arbitrage bond” within the meaning of Section 148 of the Code.

(n) In accordance with Section 147(b) of the Code, the average maturity of the Notes do not exceed 120% of the average reasonably expected economic life of the facilities being financed by the Notes.

(o) The Authority and the Borrower covenant that, from the proceeds of the Notes and investment earnings thereon, an amount not in excess of 2% of the proceeds of the Notes, will be used for costs of issuance of the Notes, all within the meaning of Section 147(g)(1) of the Code. For this purpose, if the fees of the Agent and the Holder are retained as a discount on the purchase of the Notes, such retention shall be deemed to be an expenditure of proceeds of the Notes for said fees.

(p) The proceeds of the Notes will be allocated to expenses actually paid with proceeds of the Notes unless, prior to the date that is the later of 18 months (i) after the expenditure is paid, or (ii) after the Project financed with proceeds of the Notes is placed in service, the Borrower makes a different allocation of such expenditures to different contemporaneous purposes. In any event, such alternative allocation must occur no later than 60 days after the fifth anniversary of the Closing Date (or 60 days after the retirement of the Notes if earlier).

(q) [Reserved].

(r) [Reserved].

The Borrower hereby covenants to notify any subsequent owner of the Project of the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project to another person to the end that such transferee has notice of such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement; provided that the covenants contained in this paragraph shall not apply to the Funding Lender or its designee should the Funding Lender or its designee become the owner of the Project by foreclosure, deed in lieu of foreclosure or comparable conversion of the Borrower Loan Documents.

Section 6. Modification of Special Tax Covenants. The Borrower, the Fiscal Agent and the Authority hereby agree as follows:

(a) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Tax Counsel filed with the Authority, the Fiscal Agent and Funding Lender, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement that must be complied with
in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Notes, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements.

(b) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Tax Counsel filed with the Authority, the Fiscal Agent, Funding Lender and Borrower, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment approved and signed by the Authority, the Fiscal Agent and Borrower, approved by the Funding Lender, and approved by the written opinion of Tax Counsel that such amendment will not affect the exclusion from gross income for federal income tax purposes of interest on the Notes.

(c) The Borrower, the Authority and, if applicable, the Fiscal Agent, shall execute, deliver and, if applicable, the Borrower or the Authority shall file of record any and all documents and instruments necessary to effectuate the intent of this Section 6, and each of the Borrower and the Authority hereby appoints the Fiscal Agent as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record (it being understood that the Fiscal Agent has no duty or obligation to take such action) on behalf of the Borrower or the Authority, as is applicable, any such document or instrument (in such form as may be approved in writing by Tax Counsel) if either the Borrower or the Authority defaults in the performance of its obligations under this subsection (c); provided, however, that unless directed in writing by the Authority or the Borrower, the Fiscal Agent shall take no action under this subsection without first notifying the Borrower or the Authority, or both of them, as is applicable, and without first providing the Borrower or the Authority, or both of them, as is applicable, an opportunity to comply with the requirements of this Section 6. Nothing in this subsection (c) shall be construed to allow the Fiscal Agent to execute an amendment to this Regulatory Agreement on behalf of the Authority or the Borrower.

Section 7. Indemnification. The Borrower hereby releases the Authority, Funding Lender and Fiscal Agent and their respective officers and employees, past, present and future, from, and covenants and agrees to indemnify, hold harmless and defend the Authority, Funding Lender and Fiscal Agent and their respective officers, members, commissioners, directors, officials, agents and employees and each of them, past, present and future (collectively, the “Indemnified Parties” and individually, an “Indemnified Party”) from and against, any and all claims, losses, costs, damages, demands, expenses, taxes, suits, judgments, actions and liabilities of whatever nature, joint or several (including, without limitation, actual out-of-pocket costs of investigation, reasonable attorneys’ fees, actual out-of-pocket litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments), made directly or indirectly (a) by or on behalf of any person arising from any cause whatsoever in connection with transactions contemplated hereby or otherwise in connection with the Project, Notes, Taxable Note or execution or amendment of any document relating thereto; (b) arising from any cause whatsoever in connection with the approval of financing for the Project, the making of the Borrower Loan or otherwise; (c) arising from any act or omission of the Borrower or any of its agents, servants, employees or licensees, in connection with the Borrower Loan or the Project; (d) arising in
connection with the issuance and sale, resale or reissuance of the Notes or any certifications or representations made by any person (other than the Authority or the party seeking indemnification in connection therewith) or the carrying out by the Borrower of any of the transactions contemplated by the Notes, the Funding Loan Agreement, the Borrower Loan Agreement or this Regulatory Agreement; (e) arising in connection with the operation of the Project, or the conditions, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, construction or equipping of, the Project or any part thereof; (f) arising out of or in connection with the Funding Lender’s or Fiscal Agent’s exercise of their respective powers or duties under the Borrower Loan Agreement, this Regulatory Agreement or the Funding Loan Agreement, as applicable, or any other related agreements to which the Funding Lender, or Fiscal Agent are a party; and (g) any actual or alleged violation of any Hazardous Materials Law or with respect to the presence of Hazardous Materials on or under the Project or in any of improvements or on or under any property of the Borrower that is adjacent to the Project (whether before or after the date of this Agreement and whether or not the Borrower knew of the same), except (i) in the case of the foregoing indemnification of the Funding Lender or Fiscal Agent or any of their respective officers, members, directors, agents and employees, to the extent such damages are caused by the negligence or willful misconduct of such person and (ii) in the case of the foregoing indemnification of the Authority or any of its officers, members, commissioners, directors, officials, agents and employees, to the extent such damages are caused by the willful misconduct of such person.

This indemnification shall extend to and include, without limitation, all reasonable costs, counsel fees, expenses and liabilities incurred in connection with any such claim, or proceeding brought with respect to such claim, except (i) in the case of the foregoing indemnification of the Funding Lender or Fiscal Agent or any of their respective Indemnified Parties to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party, and (ii) in the case of the foregoing indemnification of the Authority or any of its Indemnified Parties to the extent such damages are caused by the willful misconduct of such Indemnified Party.

In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party and approved by the Borrower (which approval shall not be unreasonably withheld); and the Borrower shall assume the payment of all reasonable fees and expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Authority shall have the right to review and approve or disapprove any such compromise or settlement. The Borrower specifically acknowledges and agrees that it has an immediate and independent obligation to defend each Indemnified Party from any claim that actually or potentially falls within this Section 7 even if such claim is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to the Borrower by any Indemnified Party and continues at all times thereafter. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that unless such separate counsel is employed with the approval of the Borrower, which approval shall not be unreasonably withheld, the Borrower shall not be required to pay the fees and expenses of such separate counsel unless the Indemnified Party reasonably determines that a conflict exists between the interests of the Borrower and such
Indemnified Party, in which case the Borrower shall pay the reasonable fees and expenses of such separate counsel.

The Borrower also shall pay and discharge and shall indemnify and hold harmless the Authority, Funding Lender and Fiscal Agent from (i) any lien or charge upon payments by the Borrower to the Authority, Funding Lender and Fiscal Agent hereunder arising out of Borrower’s actions or inactions and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the Authority shall give prompt notice to the Borrower, and the Borrower shall have the sole right and duty to assume, and will assume, the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of Section 10 of this Regulatory Agreement, the Borrower shall remain obligated to indemnify the Indemnified Parties pursuant to this Section 7 for all claims arising from events occurring prior to such transfer, unless at the time of transfer the Authority has consented to indemnification under this Section 7 from such subsequent owner for all claims arising from events occurring prior to such transfer. If the Authority has consented to any transfer of the Project in accordance with the provisions of Section 10 of this Regulatory Agreement, the Borrower shall not be obligated to indemnify the Indemnified Parties pursuant to this Section 7 for actions or inactions of the transferee arising after such transfer, but shall remain obligated to provide indemnity for claims related to actions or inactions occurring prior to such transfer.

In addition to the foregoing, the Borrower will pay upon demand all of the fees and expenses paid or incurred by the Funding Lender, Fiscal Agent or Authority in enforcing the provisions hereof.

The provisions of this Section 7 shall survive the term of the Notes and this Regulatory Agreement and the earlier removal or resignation of the Fiscal Agent.

The obligations of the Borrower under this Section are independent of any other contractual obligation of the Borrower to provide indemnity to the Indemnified Parties, and the obligation of the Borrower to provide indemnity hereunder shall not be interpreted, construed or limited in light of any other separate indemnification obligation of the Borrower. The Indemnified Parties shall be entitled simultaneously to seek indemnity under this Section and any other provision under which they are entitled to indemnity.

All obligations of the Borrower under this Regulatory Agreement for the payment of money, including claims for indemnification and damages, shall not be secured by or in any manner constitute a lien on the Project, and neither the Authority nor the Funding Lender shall have the right to enforce such obligations other than directly against the Borrower pursuant to Section 15 of this Regulatory Agreement.

Nothing in this Section 7 is intended to release the General Partner or the Developer (as defined in the below-defined Partnership Agreement) from their respective obligations as a Partner.
Section 8. Consideration. The Authority has issued the Notes to make the Borrower Loan, to finance the Project, all for the purpose, among others, of inducing the Borrower to acquire, construct, equip and operate the Project. In consideration of the issuance of the Notes by the Authority, the Borrower has entered into this Regulatory Agreement and has agreed to restrict the uses to which the Project can be put on the terms and conditions set forth herein.

Section 9. Reliance. The Authority and the Borrower hereby recognize and agree that the representations, warranties, covenants and agreements set forth herein may be relied upon by all persons, including but not limited to the Fiscal Agent, interested in the legality and validity of the Notes, and in the exclusion from gross income for federal income tax purposes of interest on the Notes and the exemption from California personal income taxation of the interest on the Notes. In performing its duties and obligations hereunder, the Authority and the Fiscal Agent may rely upon statements and certificates of the Borrower, the Low Income Tenants and Very Low Income Tenants, and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the Authority and the Fiscal Agent may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Authority, Funding Lender and Fiscal Agent under this Regulatory Agreement in good faith and in conformity with such opinion; provided, however, if there are conflicting opinions among the counsel selected by such parties, the opinion of Tax Counsel shall govern the interpretation and enforcement of this Regulatory Agreement.

Section 10. Sale or Transfer of the Project; Syndication. The Borrower intends to hold the Project for its own account, has no current plans to sell, transfer or otherwise dispose of the Project, and hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project, or any portion thereof (other than for individual tenant use as contemplated hereunder) including equity interests in the Borrower aggregating more than 50% of the equity interest in the Borrower; or any general partner interests in the Borrower, without obtaining the prior written consent of the Authority (except as provided in the next succeeding paragraph) and receipt by the Authority (except as provided in the next succeeding paragraph) of (i) such certifications as deemed necessary by the Authority to establish that the Borrower shall not be in default under this Regulatory Agreement or under the Borrower Loan Agreement or, if any such defaults exist, the purchaser or assignee undertakes to cure such defaults to the satisfaction of the Authority, (ii) a written instrument by which the Borrower’s purchaser or transferee has assumed in writing and in full the Borrower’s duties and obligations under this Regulatory Agreement, (iii) an opinion of counsel for the transferee that the transferee has duly assumed the obligations of the Borrower under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee, (iv) documentation from the transferee reflecting the transferee’s experience or, should the transferee choose to have a property manager run the Project, a property manager’s experience with owning and/or operating multifamily housing projects such as the Project and with use and occupancy restrictions similar to those contained in this Regulatory Agreement, which experience shall be for a period of not less than 3 years, (v) evidence of satisfaction of compliance with the provisions of Section 27(d)(i) related to notice to CDLAC of transfer of the Project and (vi) an opinion of Tax Counsel addressed to the Authority to the effect

(as defined in the Partnership Agreement) under the Partnership Agreement or the Developer under the Development Agreement (as defined in the Partnership Agreement).
that such transfer will not cause interest on the Notes to become includable in the gross income of
the recipients thereof for federal income tax purposes.

No transfer of the Project shall operate to release the Borrower from its obligations under
this Regulatory Agreement with respect to any action or inaction taken prior to such transfer.
Nothing contained in this Section 10 shall affect any provision of the Borrower Loan Documents
to which the Borrower is a party that requires the Borrower to obtain the consent of the Funding
Lender as a precondition to sale, transfer or other disposition of, or any direct or indirect interest
in, the Project or of any direct or indirect interest in the Borrower or that gives the Funding Lender
the right to accelerate the maturity of the Borrower Loan under the Borrower Loan Agreement, or
to take some other similar action with respect to the Borrower Loan, upon the sale, transfer or other
disposition of the Project. Notwithstanding anything contained in this Section 10 to the contrary,
neither the consent of the Authority nor the delivery of items (i) through (vi) of the preceding
paragraph shall be required in the case of a foreclosure or deed in lieu of foreclosure (including,
without limitation, a foreclosure or transfer of title by deed in lieu thereof pursuant to the Security)
or comparable conversion of the Borrower Loan made pursuant to the Borrower Loan Agreement
and other Borrower Loan Documents, whereby the Funding Lender or any of its designees, or a
third-party purchaser from the Funding Lender or any of its designees becomes the owner of the
Project, and nothing contained in this Section 10 shall otherwise affect the right of the Funding
Lender or any of its designees, or any such third-party purchaser, to foreclose on the Project or to
accept a deed in lieu of foreclosure or to effect a comparable conversion of the Borrower Loan
made pursuant to the Borrower Loan Agreement. Consent of the Authority and delivery of
items (i) through (vi) (or, if the Notes are no longer outstanding, (i) through (v)) of the preceding
paragraph shall be required for any future transfer of the Project to be made subsequent to any
transfer described in the preceding sentence.

It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of
the Project in violation of this Section 10 shall be null, void and without effect, shall cause a
reversion of title to the Borrower, and shall be ineffective to relieve the Borrower of its obligations
under this Regulatory Agreement. Not less than 30 days prior to consummating any sale, transfer
or disposition of any interest in the Project, the Borrower shall deliver to the Authority, Funding
Lender and Fiscal Agent a notice in writing explaining the nature of the proposed transfer.

Notwithstanding the above, the following transfers will be permitted without the consent
of the Authority: (a) a transfer of the limited partner interests in the Borrower of the Tax Credit
Investor to an entity controlled directly or indirectly by either an affiliate of the Tax Credit Investor
or Raymond James Tax Credit Funds, Inc. and (b) the removal of a general partner in the Borrower
by the Tax Credit Investor for cause in accordance with the terms of the Partnership Agreement
and the replacement of such removed general partner with an entity controlled directly or indirectly
by either an affiliate of the Tax Credit Investor or Raymond James Tax Credit Funds, Inc. as an
interim general partner so long as the ultimate replacement general partner is approved by the
Authority in its reasonable discretion.

Section 11. Term. Except as provided in Section 3(j) and Section 7 above, which
provisions shall continue beyond the Qualified Project Period, and, except as provided in the
second paragraph of this Section 11, this Regulatory Agreement and all and several of the terms
hereof shall become effective upon its execution and delivery and shall remain in full force and
effect during the Qualified Project Period, or for such longer period as is provided in Sections 3(j) and 7 above, and in the CDLAC Resolution referred to in Section 27 below, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Notes and expiration of the Funding Loan Agreement, Borrower Loan Agreement and Borrower Loan. Notwithstanding any other provisions of this Regulatory Agreement to the contrary, this entire Regulatory Agreement, or any of the provisions or sections hereof, may be terminated prior to the expiration of the Qualified Project Period upon agreement by the Authority, Funding Lender (if any Notes are outstanding) and Borrower only if there shall have been received by the Authority and the Funding Lender an opinion of Tax Counsel that such termination will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Notes or the exemption from State personal income taxation of the interest on the Notes and the Taxable Note.

The terms of this Regulatory Agreement to the contrary notwithstanding (except as to the provisions of Section 7), this Regulatory Agreement, and each and all of the terms hereof, shall automatically terminate and be of no further force or effect in the event of an involuntary noncompliance by the Borrower with the provisions of this Regulatory Agreement caused by (i) fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date that prevents the Authority or the Fiscal Agent from enforcing the provisions of this Regulatory Agreement, or (ii) foreclosure on the Project or delivery of a deed in lieu of foreclosure (including, without limitation, a foreclosure or transfer of title by deed in lieu thereof pursuant to the Security) or condemnation or a similar event, but only if within a reasonable period thereafter the Notes are redeemed or retired or amounts received as a consequence of such event are used to provide a project that meets the requirements of the Code set forth in this Regulatory Agreement; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure on the Project or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any Affiliate obtains an ownership interest in the Project for federal income tax purposes. Assuming that the Notes are redeemed as described in the preceding sentence and otherwise notwithstanding the foregoing, in the event that a senior lender holding a first priority deed of trust encumbering the Project elects to foreclose, or accept a deed in lieu of foreclosure, after the occurrence of a default under its loan that is secured by a first priority deed of trust, such senior lender shall have the option to either (a) require that the Authority terminate this Regulatory Agreement, or (b) enter into an agreement with the Authority that this Regulatory Agreement will remain on the title to the Project and the senior lender or its affiliated entity will comply with the provisions of this Regulatory Agreement, except that the senior lender or its affiliated entity will be permitted to increase the rents applicable to all the dwelling units in the Project to a level that is the lower of market or those rents that may be charged to lower income households, as defined in Section 50079.5 of the California Health and Safety Code. Notwithstanding any other provision of this Regulatory Agreement, this Regulatory Agreement may be terminated upon agreement by the Authority and the Borrower, with the consent of CDLAC, upon receipt by the Authority of an opinion of Tax Counsel (with a copy to the Funding Lender) to the effect that such termination will not adversely affect the exclusion from gross income of interest on the Notes for federal income tax purposes. Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms. Borrower agrees that the reasonable fees and
costs of the Authority, Funding Lender and Fiscal Agent and their respective legal counsel in connection with the termination of this Regulatory Agreement shall be paid by the Borrower.

Section 12. Covenants To Run With the Land. The Borrower hereby subjects its leasehold interest in the Project (including the Project Site) to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Authority and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower’s successors in title to the Project; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

Section 13. Burden and Benefit. The Authority and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower’s legal interest in the Project is rendered less valuable thereby. The Authority and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants and Very Low Income Tenants and by furthering the public purposes for which the Notes were issued.

Section 14. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Project Site.

Section 15. Enforcement. If the Borrower defaults in the performance or observance of any of its covenants, agreements or obligations set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after notice thereof shall have been given (a) by the Authority to the Borrower, Funding Lender, the Fiscal Agent and Tax Credit Investor or (b) by the Funding Lender to the Authority, the Fiscal Agent, Tax Credit Investor and Borrower (provided, however, that the Authority may at its sole option extend such period if the Borrower provides the Authority and Funding Lender with an opinion of Tax Counsel to the effect that such extension will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Notes (if outstanding)), then the Authority or the Fiscal Agent may declare an “Event of Default” to have occurred hereunder and shall provide written notice thereof to the Borrower and Funding Lender, as applicable, and, at the Authority’s option, may take any one or more of the following steps:

(i) by mandamus or other suit, action or proceeding at law or in equity, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Authority or the Fiscal Agent hereunder;

(ii) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project; or
(iii) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder.

The Borrower hereby agrees that specific enforcement of the Borrower’s agreements contained herein is the only means by which the Authority may fully obtain the benefits of such agreements made by the Borrower herein, and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Borrower.

The Tax Credit Investor shall have the right, but not the obligation, to cure any default hereunder and the parties agree to accept such performance as if it were undertaken by the Borrower itself.

The Funding Lender shall have the right, in accordance with this Section 15 and subject to the applicable provisions of the Funding Loan Agreement, to exercise any or all of the rights or remedies of the Authority or Fiscal Agent hereunder; provided that prior to taking any such act, the Funding Lender shall give the Authority and the Fiscal Agent written notice of its intended action. All fees, costs and expenses of the Funding Lender (including, without limitation, reasonable attorneys’ fees and expenses) incurred in taking any action pursuant to this Section 15 shall be the sole responsibility of the Borrower.

Notwithstanding anything contained in this Regulatory Agreement, the Funding Loan Agreement or the Borrower Loan Agreement to the contrary, the occurrence of an Event of Default shall not be deemed, under any circumstances whatsoever, to be a default under the Borrower Loan Documents except as may be otherwise specified, as applicable, in the Borrower Loan Documents.

The Authority or Fiscal Agent may not, upon the occurrence of an Event of Default, seek, in any manner, to foreclose on the Project, to cause the Funding Lender to redeem the Notes, or to declare the principal of the Notes and the interest accrued on the Notes to be immediately due and payable or to cause the Funding Lender to take any action under any of Borrower Loan Documents or any other documents if such action would or could have the effect of achieving any one or more of the actions, events or results described above. The occurrence of an Event of Default shall not impair, defeat or render invalid the lien of the Security.

The rights of the Funding Lender under this Section are in addition to all rights conferred upon the Funding Lender under the Funding Loan Agreement and other Funding Loan Documents, and in no way limit those rights.

Section 16. Recording and Filing. The Borrower shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto to be recorded and filed in the real property records of the County of Los Angeles and in such other places as the Authority and Funding Lender may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording.

Section 17. Payment of Fees. The Borrower shall pay to the Authority the issuance and annual ongoing Authority Fee on the dates and in the amounts set forth in the definition thereof. Notwithstanding any prepayment of the Borrower Loan or any discharge of the Funding Loan Agreement, except as set forth in the following paragraph, throughout the term of this Regulatory Agreement, the Borrower shall continue to pay to the Authority the Authority Fee, and, following
the occurrence of an Event of Default, to the Authority and Funding Lender reasonable compensation for any services rendered by any of them hereunder and reimbursement for all expenses reasonably incurred by any of them as a result of such Event of Default. The Authority Fee referenced in this section shall in no way limit amounts payable by the Borrower under Section 7 hereof, or arising after an Event of Default in connection with the Authority’s or Funding Lender’s enforcement of the provisions of this Regulatory Agreement.

In the event that the Notes are prepaid in part or in full prior to the end of the term of this Regulatory Agreement, the Authority Fee shall be paid by the Borrower at the time of the prepayment of the Notes and shall be a lump sum amount equal to the present value (based on a discount rate equal to the yield on a U.S. treasury security maturing nearest the end date of the Qualified Project Period, as determined by the Authority at the time of prepayment) of the Authority Fee, calculated based on the amount of the Notes outstanding immediately preceding such prepayment, for the number of years remaining in the Qualified Project Period under this Regulatory Agreement.

The Borrower shall also pay the Authority a processing fee equal to the greater of $5,000 or 0.125% of the permanent principal amount of the Notes (as amortized, if applicable), plus all related expenses, for any consent, approval, transfer, amendment, or waiver requested of the Authority.

During any period that the Funding Lender or any of its respective agents owns the Project, it shall be responsible to make payments under this Section 17 accruing during such period. The Funding Lender shall not be liable for the payment of any compensation or any fees, costs, expenses or penalties otherwise payable for any period of time that it was not or is not the owner of the Project.

Section 18. Governing Law. This Regulatory Agreement shall be governed by the internal laws of the State of California, without resort to conflicts of laws principles.

Section 19. Amendments. This Regulatory Agreement shall be amended (i) except as provided in Section 6(a), only with the prior written consent of the Funding Lender and (ii) by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of Los Angeles. The parties hereto acknowledge that for so long as the Notes are outstanding, the Funding Lender is a third-party beneficiary to this Regulatory Agreement. Any amendment to this Regulatory Agreement shall be accompanied by an opinion of Tax Counsel to the effect that such amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Notes.

Section 20. Notice. All notices, certificates or other communications shall be sufficiently given and shall be deemed given on the date personally delivered or on the third business day following the date on which the same have been mailed by certified mail, return receipt requested, postage prepaid and addressed as follows:
The Fiscal Agent: U.S. Bank National Association
633 West 5th Street, 24th Floor
Los Angeles, CA  90071
Attention: Global Corporate Trust
Ref: HACLA MF (Rose Hill Courts Phase I)
Telephone:  (213) 615-6032
Facsimile:  (213) 615-6199

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

The Borrower: Rose Hill Courts I Housing Partners, L.P.
c/o The Related Companies of California, LLC
18201 Von Karman Avenue, Suite 900
Irvine, California 92612
Attention: Frank Cardone
Telephone:  (949) 660-7272
with a copy to: Bocarsly Emden Cowan Esmail & Arndt, LLP
633 W. Fifth Street, 64th Floor
Los Angeles, California 90071
Attention: Lance Bocarsly, Esq.

The Tax Credit Investor: Raymond James California Housing Opportunities Fund X L.L.C.
c/o Raymond James Tax Credit Funds, Inc.
880 Carillon Parkway
St. Petersburg, Florida  33716
Email Address:  Steve.Kropf@RaymondJames.com
Attention: Steven J. Kropf, President
with a copy to: Nixon Peabody LLP
Exchange Place
53 State Street
Boston, MA 02109
Attention:  Nathan Bernard
If to CDLAC: California Debt Limit Allocation Committee
Room 311
915 Capitol Mall
Sacramento, CA 95814
Attention: Executive Director

Any of the foregoing parties may, by notice given hereunder, designate any further or
different addresses to which subsequent notices, certificates, documents or other communications
shall be sent. Copies of notices sent by any party hereto shall be sent concurrently to the Fiscal
Agent.

Section 21. Severability. If any provision of this Regulatory Agreement shall be invalid,
illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof
shall not in any way be affected or impaired thereby.

Section 22. Multiple Counterparts. This Regulatory Agreement may be executed in
multiple counterparts, all of which shall constitute one and the same instrument, and each of which
shall be deemed to be an original.

Section 23. Compliance by Borrower. The Fiscal Agent shall not be responsible for
monitoring or verifying compliance by the Borrower with its obligations under this Regulatory
Agreement. The Borrower acknowledges and agrees to all provisions of the Funding Loan
Agreement applicable to it.

Section 24. General Obligation of Borrower; Limitations on Recourse to Borrower.
Except as provided in Section 7 of this Regulatory Agreement, no subsequent owner of the Project
shall be liable or obligated to pay damages for the breach or default of any obligation of or covenant
by any prior owner (including the Borrower) under this Regulatory Agreement. Such obligations
are the obligations of the person who was the owner at the time the default or breach was alleged
to have occurred, and such owner shall remain liable for any and all damages occasioned thereby
even after such person ceases to be the owner of the Project, and no person seeking such damages
shall have recourse against the Project.

Section 25. Third-party Beneficiaries. The parties to this Regulatory Agreement
recognize and agree that the terms of this Regulatory Agreement and the enforcement of those
terms are essential to the security of the owners of the Notes and are entered into for their benefit.
The Funding Lender, on behalf of the owners of the Notes, shall have contractual rights in this
Regulatory Agreement and shall be entitled (but not obligated) to enforce, separately or jointly
with the Authority, or to cause the Authority to enforce, the terms of this Regulatory Agreement.
The Funding Lender is intended to be and shall be a third-party beneficiary of this Regulatory
Agreement, and the Funding Lender shall have the right (but not the obligation) to enforce the
terms of this Regulatory Agreement insofar as this Regulatory Agreement sets forth obligations of
the Borrower.

CDLAC is also intended to be and shall be a third-party beneficiary of this Regulatory
Agreement to the limited extent that it shall be entitled to enforce, in accordance with Section 15
hereof, the terms of the CDLAC Resolution.
**Section 26. Damage, Destruction or Condemnation of the Project.** In the event that the Project is damaged or destroyed or title to the property, or any part thereof, is taken through the exercise or the threat of the exercise of the power of eminent domain, the Borrower shall comply with all applicable requirements of the other Borrower Loan Documents.

**Section 27. CDLAC Requirements.** In addition to other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 4 and 5 hereof, the Borrower hereby agrees to comply with each of the requirements of CDLAC set forth in this Section 27, as follows:

(a) The Borrower shall comply with the CDLAC Resolution, which is attached hereto as Appendix D, and the CDLAC Conditions set forth in Exhibit A thereto (collectively, the “CDLAC Conditions”), which conditions are incorporated herein by reference and made a part hereof. The Borrower will prepare and submit to the Authority:

(i) not later than February 1 of each year, until the Project is completed, and on February 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three-year period) until the end of the Qualified Project Period, a Certification of Compliance II for Qualified Residential Rental Projects, in substantially the form attached hereto as Appendix E or otherwise required or provided by CDLAC from time to time after the date hereof (“CDLAC Compliance Certificate”), executed by an authorized representative of the Borrower; such CDLAC Compliance Certificate shall be prepared pursuant to the terms of the CDLAC Conditions;

(ii) a Certificate of Completion, in substantially the form attached hereto as Appendix F or otherwise required or provided by CDLAC from time to time after the date hereof, executed by an authorized representative of the Borrower certifying among other things to the substantial completion of the Project; and

(iii) not later than February 1 of every third year following the submission of the Certificate of Completion, until the later of the end of the Qualified Project Period or the period described in paragraph (c), below, a project status report, as required or provided by the California Tax Credit Allocation Committee or equivalent documentation required or otherwise provided by CDLAC from time to time after the date hereof, executed by an authorized representative of the Borrower.

Compliance with the terms of the CDLAC Conditions not contained within this Regulatory Agreement, but referred to in the CDLAC Conditions, are the responsibility of the Borrower to report to the Authority.

(b) The Borrower acknowledges that the Authority shall monitor the Borrower’s compliance with the terms of the CDLAC Conditions. The Borrower acknowledges that the Authority will prepare and submit to CDLAC, not later than March 1 of each year, until the Project is completed, and on March 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three-year period)
until the end of the Qualified Project Period, a Self-Certification Certificate in the form provided by CDLAC. The Borrower will cooperate fully with the Authority in connection with such monitoring and reporting requirements.

(c) Except as otherwise provided in Section 11 of this Regulatory Agreement, this Regulatory Agreement shall terminate on the date 55 years after the date on which at least 50% of the units in the Project are first occupied or otherwise after the commencement of the Qualified Project Period.

(d) The Borrower shall notify CDLAC in writing of: (i) any change in ownership of the Project; (ii) any change in the issuer of the Notes; (iii) any change in the name of the Project or the property manager; (iv) any default under the Funding Loan Agreement, the Borrower Loan Agreement or this Regulatory Agreement, including, but not limited to, such defaults associated with the Tax-Exempt status of the Notes, and the income and rental requirements as provided in Sections 4 and 5 hereof and the CDLAC Conditions; or (v) termination of this Regulatory Agreement.

(e) CDLAC shall have the right, but not the obligation, to deliver revised CDLAC Conditions to the Borrower after the Closing Date, at any time, that are not more restrictive than the original CDLAC Conditions; provided however, that: (i) any changes in the terms and conditions of the CDLAC Conditions prior to the recordation against the Project in the real property records of the County of Los Angeles of a regulatory agreement between Borrower and the California Tax Credit Allocation Committee (“TCAC Regulatory Agreement”) shall be limited to such changes as are necessary to correct any factual errors or to otherwise conform the CDLAC Conditions to any change in facts or circumstances applicable to the Borrower or the Project; and (ii) after recordation of the TCAC Regulatory Agreement, any changes in the terms and conditions of the CDLAC Conditions shall be limited to such changes as are necessary to conform Items 1, 6, 7, 10, 11, 12, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26 and/or 37 of Exhibit A to the CDLAC Conditions to any change in terms and conditions requested by Borrower and approved by CDLAC. The Authority may, in its sole and absolute discretion, require the Borrower to enter into an amendment to this Regulatory Agreement reflecting the revised CDLAC Conditions, which amendment shall be executed by the parties hereto or their successor in title and duly recorded in the official real estate records of the County of Los Angeles. The Borrower shall pay any costs and expenses in connection therewith and provide CDLAC with a copy of that recorded amendment reflecting the revised CDLAC Conditions.

Any of the foregoing requirements of the CDLAC Conditions contained in this Section 27 may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver by CDLAC of any requirement of this Section 27 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the Authority has received an opinion of Tax Counsel that any such provision is not required by the Act and may be waived without adversely affecting the exclusion from gross income of interest on the Notes for federal income tax purposes; and (ii) any requirement of this Section 27 shall be void and of no force and effect if the Authority and the Borrower receive a written opinion of Tax Counsel to the effect that compliance with any such requirement would cause interest on the Notes to cease to be Tax-Exempt or to
the effect that compliance with such requirement would be in conflict with the Act or any other state or federal law.

**Section 28. Annual Reporting Covenant.** No later than January 31 of each calendar year (commencing January 31, 2022), the Borrower, on behalf of the Authority, agrees to provide to the California Debt and Investment Advisory Commission, by any method approved by the California Debt and Investment Advisory Commission, with a copy to the Authority, the annual report information required by Section 8855(k)(1) of the California Government Code. This covenant shall remain in effect until the later of the date (i) the Notes are no longer Outstanding or (ii) the proceeds of the Notes have been fully spent.

**Section 29. The Fiscal Agent.** The Fiscal Agent shall act as specifically provided herein and in the Funding Loan Agreement and may exercise such additional powers as are reasonably incidental hereto and thereto. The Fiscal Agent shall have no duty to act with respect to enforcement of the Borrower’s performance hereunder as described in Section 15 unless it shall have actual knowledge of any such default as provided in Section 15 and the Fiscal Agent has received written direction from the Funding Lender and has been indemnified to its satisfaction. The Fiscal Agent may act as the agent of and on behalf of the Authority, and any act required to be performed by the Authority as herein provided shall be deemed taken if such act is performed by the Fiscal Agent. In connection with any such performance, the Fiscal Agent is acting solely as Fiscal Agent under the Funding Loan Agreement and not in its individual capacity, and, except as expressly provided herein, all provisions of the Funding Loan Agreement relating to the rights, privileges, powers, indemnities and protections of the Fiscal Agent shall apply with equal force and effect to all actions taken (or omitted to be taken) by the Fiscal Agent in connection with this Regulatory Agreement. Neither the Fiscal Agent nor any of its officers, directors or employees shall be liable for any action taken or omitted to be taken by it or them hereunder or in connection herewith except for its or their own gross negligence or willful misconduct.

No provision of this Regulatory Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it.

The Authority shall be responsible for the monitoring of the Borrower’s compliance with the terms of this Regulatory Agreement. The Fiscal Agent shall not be responsible for such monitoring.

After the date on which no Notes remains Outstanding, as provided in the Funding Loan Agreement, the Fiscal Agent shall no longer have any duties or responsibilities under this Regulatory Agreement and all references to the Fiscal Agent in this Regulatory Agreement shall be deemed references to the Authority.

**Section 30. Americans with Disabilities Act.** The Borrower and the Fiscal Agent each hereby certifies that it and any contractor and subcontractor will comply with the Accessibility Laws (as defined in Appendix G). The Borrower and any contractor and subcontractor will provide reasonable accommodations to allow qualified individuals with disabilities to have access
to and to participate in its programs, services, and activities in accordance with the applicable provisions of the ADA, the ADAAG, Section 504, the UFAS, the FHA (each as defined in Appendix G) and all subsequent amendments. The Borrower, the Fiscal Agent and each and any contractor and subcontractor will not discriminate against persons with disabilities or against persons due to their relationship to or association with a person with a disability. Any contract and subcontract entered into by the Borrower or the Fiscal Agent, relating to this Regulatory Agreement and the Project, to the extent allowed hereunder, shall be subject to the provisions of this paragraph. The Borrower hereby agrees to observe all of the covenants contained in Appendix G to this Regulatory Agreement as if contained herein.

[Signature Page to Follow]
IN WITNESS WHEREOF, the Authority, the Fiscal Agent and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first written hereinabove.

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

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

APPROVED AS TO FORM:

By: ________________________________
   Becky Churchill Clark
   Authority Sr. Staff Attorney

[Governmental Lender Signature Page to Rose Hill Courts Phase I Regulatory Agreement]
NOTARY ACKNOWLEDGMENT STATEMENT

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

State of California

County of _____________)

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

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

WITNESS my hand and official seal.

Signature _______________________________ [SEAL]
ROSE HILL COURTS I HOUSING
PARTNERS, L.P., a California limited partnership

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

By: ________________________________
    Frank Cardone, President

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

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

By: ________________________________
    Tina Smith-Booth, President

[Borrower Signature Page to Rose Hill Courts Phase I Regulatory Agreement]
State of California

County of _____________)

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

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

WITNESS my hand and official seal.

Signature _______________________________ [SEAL]
NOTARY ACKNOWLEDGMENT STATEMENT

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

State of California
County of ____________

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

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

WITNESS my hand and official seal.

Signature ________________________________ [SEAL]
U.S. BANK NATIONAL ASSOCIATION, as Fiscal Agent

By ________________________________
Name: Julia Hommel
Title: Vice President

[Fiscal Agent Signature Page to *Rose Hill Courts Phase I* Regulatory Agreement]
NOTARY ACKNOWLEDGMENT STATEMENT

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

State of California
County of _____________

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

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

WITNESS my hand and official seal.

Signature ____________________________________ [SEAL]
APPENDIX A

LEGAL DESCRIPTION

Real property in the City of Los Angeles, County of Los Angeles, State of California, described as follows:

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

BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 1;

THENCE ALONG THE NORTHERLY LINE OF SAID LOT 1, NORTH 89°59'22" WEST, 451.00 FEET;
THENCE SOUTH 00°00'38" WEST, 174.46 FEET;
THENCE SOUTH 89°59'22" EAST, 451.04 FEET TO THE EASTERLY LINE OF SAID LOT 3; THENCE ALONG THE EASTERLY LINE OF SAID LOTS 3 AND 1 NORTH 00°00'15" EAST, 174.46 FEET TO THE POINT OF BEGINNING.
APPENDIX B
CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

The undersigned, ________________, being duly authorized to execute this certificate on behalf of Rose Hill Courts I Housing Partners, L.P., a California limited partnership (the “Borrower”), hereby represents and warrants that:

1. The undersigned has read and is familiar with the provisions of the following documents associated with the Borrower’s participation in the Housing Authority of the City of Los Angeles’s (the “Authority”) Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Tax-Exempt Series 2021A and Multifamily Housing Revenue Note (Rose Hill Courts Phase I) Tax-Exempt Series 2021C, such documents including:

   (a) the Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) dated as of [May] 1, 2021 by and among the Borrower, the Fiscal Agent and the Authority; and

   (b) the Multifamily Notes, dated [__________], 2021, from the Borrower to the Authority, representing the Borrower’s obligation to repay the Borrower Loan.

2. As of the date of this certificate, the following percentages of residential units in the Project (i) are occupied by Very Low Income Tenants or Low Income Tenants (as such terms are defined in the Regulatory Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Very Low Income Tenant or Low Income Tenant vacated such unit:

<table>
<thead>
<tr>
<th>Occupied by Very Low Income Tenants:</th>
<th>Studio</th>
<th>1 Bedroom</th>
<th>2 Bedrooms</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Unit Nos.:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Held vacant for occupancy continuously since last occupied by a Very Low Income Tenant:</td>
<td>% Unit Nos.:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Occupied by Low Income Tenants:</td>
<td>No. of Units:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Held vacant for occupancy continuously since last occupied by a Low Income Tenant:</td>
<td>No. of Units:</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
3. The Borrower hereby certifies that to the best of its knowledge the Borrower is not in default under any of the terms of the above documents and no event has occurred which, with the passage of time, would constitute an event of default thereunder, with the exception of the following [state actions being taken to remedy default].

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

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

By: ________________________________
Frank Cardone, President

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

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

By: ________________________________
Tina Smith-Booth, President
NOTE TO APARTMENT OWNER: This form is designed to assist you in computing Annual Income in accordance with the method set forth in the Department of Housing and Urban Development ("HUD") Regulations (24 CFR 5.609). You should make certain that this form is at all times up to date with the HUD Regulations. All capitalized terms used herein shall have the meaning set forth in the Regulatory Agreement.

Re: Rose Hill Courts Phase I, Los Angeles, CA

I/We, the undersigned state that I/we have read and answered fully, frankly and personally each of the following questions for all persons who are to occupy the unit being applied for in the above apartment project. Listed below are the names of all persons who intend to, reside in the unit:

<table>
<thead>
<tr>
<th>1</th>
<th>Name of Members of the Household</th>
<th>2</th>
<th>Relationship to Head of Household</th>
<th>3</th>
<th>Social Security Number</th>
<th>4</th>
<th>Age</th>
<th>5</th>
<th>Place of Employment</th>
</tr>
</thead>
<tbody>
<tr>
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<td>HEAD</td>
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</table>

Income Computation

6. The total anticipated income, calculated in accordance with this paragraph 6, of all persons (except children under 18 years) listed above for the 12-month period beginning the earlier of the date that I/we plan to move into a unit or sign a lease for a unit is $__________.

Included in the total anticipated income listed above are:

(a) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;

(b) The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;
(c) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (6)(b) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of $5000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by the Department of Housing and Urban Development;

(d) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount except deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts;

(e) Payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation and severance pay except lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker’s compensation), capital gains and settlement for personal or property losses (excluding payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation and severance pay);

(f) Welfare assistance. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:

(1) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus

(2) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family’s welfare assistance is ratably reduced form the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage;

(g) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;

(h) All regular pay, special pay and allowances of a member of the Armed Forces except the special pay to a family member serving in the Armed Forces who is exposed to hostile fire.

Excluded from such anticipated income are:

(a) Income from employment of children (including foster children) under the age of 18 years;

(b) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);

(c) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker’s compensation), capital
gains and settlement for personal or property losses except payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation and severance pay;

(d) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;

(e) Income of a live-in aide, as defined by 24 CFR §5.403;

(f) The full amount of student financial assistance paid directly to the student or to the educational institution;

(g) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;

(h) (1) Amounts received under training programs funded by the Department of Housing and Urban Development;

(2) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);

(3) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;

(4) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed $200 per month) received by a resident for performing a service for the Public Housing Authority or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident initiatives coordination. No resident may receive more than one such stipend during the same period of time;

(5) Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;

(i) Temporary, nonrecurring or sporadic income (including gifts);

(j) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;

(k) Earnings in excess of $480 for each full-time student 18 years old or older (excluding the head of household and spouse);

(l) Adoption assistance payments in excess of $480 per adopted child;

(m) Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.
(n) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;

(o) Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or

(p) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR §5.609(c) apply.

7. Do the persons whose income or contributions are included in item 6 above

(a) have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the values of necessary items of personal property such as furniture and automobiles and interests in Indian trust land)?

   ___ Yes   ___ No

(b) have they disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value?

   ___ Yes   ___ No

(c) If the answer to (a) or (b) above is yes, does the combined total value of all such assets owned or disposed of by all such persons total more than $5,000?

   ___ Yes   ___ No

(d) If the answer to (c) above is yes, state:

   (1) the combined total value of all such assets: $__________;

   (2) the amount of income expected to be derived from such assets in the 12-month period beginning on the date of initial occupancy in the unit that you propose to rent: $__________; and

   (3) the amount of such income, if any, that was included in item 6 above:

       $________________

8. (a) Are all of the individuals who propose to reside in the unit full-time students*?

   ___ Yes   ___ No

* A full-time student is an individual enrolled as a full-time student during each of 5 calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.
(b) If the answer to 8(a) is yes, is at least 2 of the proposed occupants of the unit a husband and wife entitled to file a joint federal income tax return?

_____ Yes    _____ No

9. Neither myself nor any other occupant of the unit I/we propose to rent is the owner of the rental housing project in which the unit is located (hereinafter the “Borrower”), has any family relationship to the Borrower; or owns directly or indirectly any interest in the Borrower. For purposes of this paragraph, indirect ownership by an individual shall mean ownership by a family member, ownership by a corporation, partnership, estate or trust in proportion to the ownership or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member; and ownership, direct or indirect, by a partner of the individual.

10. This certificate is made with the knowledge that it will be relied upon by the Borrower to determine maximum income for eligibility to occupy the unit; and I/we declare that all information set forth herein is true, correct and complete and based upon information I/we deem reliable and that the statement of total anticipated income contained in paragraph 6 is reasonable and based upon such investigation as the undersigned deemed necessary.

11. I/we will assist the Borrower in obtaining any information or documents required to verify the statements made herein, including either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding calendar year.

12. I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Borrower to lease the unit and will entitle the Borrower to prevent or terminate my/our occupancy of the unit by institution of an action for ejection or other appropriate proceedings.

I/we declare under penalty of perjury that the foregoing is true and correct.

Executed this _____day of _____ in the County of Los Angeles, California.

________________________________________
Applicant

________________________________________
Applicant

[Signature of all persons (except children under the age of 18 years) listed in number 2 above required]
FOR COMPLETION BY BORROWER ONLY:

1. Calculation of eligible income:
   a. Enter amount entered for entire household in 6 above: $____
   b. (1) If the answer to 7(c) above is yes, enter the total amount entered in 7(d)(2), subtract from that figure the amount entered in 7(d)(3) and enter the remaining balance ($__________)
   (2) Multiply the amount entered in 7(d)(1) times the current passbook savings rate as determined by HUD to determine what the total annual earnings on the amount in 7(d)(1) would be if invested in passbook savings ($__________), subtract from that figure the amount entered in 7(d)(3) and enter the remaining balance ($__________);
   (3) Enter at right the greater of the amount calculated under (1) or (2) above: $____
   c. TOTAL ELIGIBLE INCOME (Line 1.a plus line 1.b(3)):
      $____

2. The amount entered in line 1.c:
   _____ Qualifies the applicant(s) as a Low Income Tenant(s) ____ or a Very Low Income Tenant(s) ____ [check applicable box, if any]
   _____ Does not qualify the applicant(s) as a Low Income Tenant(s) ____ , or a Very Low Income Tenant(s) ____ [check applicable box, if any].

3. Number of apartment unit assigned: _____
   Bedroom Size _______ Rent: $____

4. This apartment unit [was/was not] last occupied for a period of 31 or more consecutive days by persons whose aggregate anticipated annual income as certified in the above manner upon their initial occupancy of the apartment unit qualified them as Low Income Tenants ____ or Very Low Income Tenants ____ [check applicable box].

5. Method used to verify applicant(s) income:
   _____ Employer income verification.
   _____ Copies of tax returns.
   _____ Other (__________)

Manager
INCOME VERIFICATION  
(for employed persons)

The undersigned employee has applied for a rental unit located in a project financed under the Housing Authority of the City of Los Angeles Multifamily Housing Revenue Bond Program for persons of lower income. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee’s current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

<table>
<thead>
<tr>
<th>Income Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual wages</td>
<td></td>
</tr>
<tr>
<td>Overtime</td>
<td></td>
</tr>
<tr>
<td>Bonuses</td>
<td></td>
</tr>
<tr>
<td>Commissions</td>
<td></td>
</tr>
<tr>
<td>Other Income</td>
<td></td>
</tr>
<tr>
<td>Total current income</td>
<td></td>
</tr>
</tbody>
</table>

I hereby certify that the statements above are true and complete to the best of my knowledge.

Signature ___________________________  Date _______________  Title ___________________________

I hereby grant you permission to disclose my income to ______________ in order that they may determine my income eligibility for rental of an apartment located in their project which has been financed under the Housing Authority of the City of Los Angeles Multifamily Housing Revenue Bond Program.

Signature ___________________________  Date _______________

Please send to:

________________________________________

________________________________________

________________________________________
INCOME VERIFICATION
(for self-employed persons)

I hereby attach copies of my individual federal and state income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

____________________________________  ________________________
Signature                                      Date
APPENDIX D
CDLAC RESOLUTION
APPENDIX E

CDLAC COMPLIANCE CERTIFICATE

CERTIFICATION of COMPLIANCE II
for QUALIFIED RESIDENTIAL RENTAL PROJECT

Project Name: Rose Hill Courts Phase I

Name of Bond Issuer: Housing Authority of the City of Los Angeles

1. Project Name Change: No____ Yes____
   (If project name has changed since the award of allocation please note the original project name as well as the new project name.)

   If yes provide old and new Project Name ________________________________

2. CDLAC Application No.: 20-670

3. Bond Issuer Change: No____ Yes____
   (If Bond Issuer has changed since the award as a result of refinance or refunding of an allocation please note the original Issuer as well as the new Issuer.)

   If yes provide the Name of existing and New Issuer ________________________________
   Contact Information ________________________________

4. Change in Borrower No____ Yes____
   (If Borrower has changed since the award affecting the CDLAC resolution please note the original Borrower as well as the new Borrower.)

   If yes provide the Name of the existing and New Borrower ________________________________
   Contact Information ________________________________

5. Change in Management Company No____ Yes____
   If yes provide the Name of the New Management Company ________________________________

6. Has the Qualified Project Period commenced? No____ Yes____
   No____ Yes____ Already Submitted Certification
   If yes please submit the Certificate of Qualified Project Period (one time only)

7. Has the project been completed and placed in service? No____ Yes____
   Already Submitted Certification
   If yes please submit Completion Certification (one time only)

8. Have any of the following events occurred associated with the bond allocation including but not limited to: defaults associated with rents and income requirements, Bond Default or a Qualified Bond Default. No____ Yes____
If so, please describe and explain?

9. Has a termination of the Regulatory Agreement occurred or is a termination planned in the next year? Has proper noticing occurred?
   No  Yes
   If so, please describe and explain?

<table>
<thead>
<tr>
<th>Federally Bond</th>
<th>Other Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Reflected in PSR)</td>
<td>(Reported in CDLAC Resolution)</td>
<td></td>
</tr>
<tr>
<td>_____ at 50% AMI</td>
<td>_____ at 50% AMI</td>
<td>_____ at 50% AMI</td>
</tr>
<tr>
<td>_____ at 60% AMI</td>
<td>_____ at 60% AMI</td>
<td>_____ at 60% AMI</td>
</tr>
</tbody>
</table>

10. Please indicate the distribution of the CDLAC restricted 10% of the 50% AMI units

<table>
<thead>
<tr>
<th>Bedroom Type</th>
<th># of Units in PSR</th>
<th># of Units in CDLAC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Bedroom</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Bedroom</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Bedroom</td>
<td></td>
<td></td>
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</tbody>
</table>

11. If the Project has committed to and is currently providing the service amenities for a term as specified in the CDLAC resolution, please verify the services are being provided: on a regular and ongoing basis, which are provided free of charge and all hour requirements are being met:

   ___ After-school Programs
   ___ Educational, health and wellness, or skill building classes
   ___ Health and Wellness services and programs (not group classes)
   ___ Licensed Childcare provided for a minimum of 20 hours per week (Monday-Friday)
   ___ Bona-Fide Service Coordinator/ Social Worker

   Is the service being offered on an ongoing basis and provided free of charge (childcare excepted)?
   No  Yes

   Are all hour requirements being met?
   No  Yes

   Attach evidence demonstrating that the above listed services are being provided and have met the requirements in the CDLAC Resolution. Including but not limited to MOUs and or contracts associated with the services rendered, a 12-month schedule (current reporting year) of the services offered, flyers, sign-up sheets, etc.

"Pursuant to Section 13 of Resolution No. __________ (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on ____________, I, ________________, an Officer of the Borrower, hereby certify under penalty of perjury that, as
of the date of this Certification, the above-mentioned Project is in compliance with the terms and conditions set forth in the Resolution as outlined above. I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bond is issued, the terms and conditions set forth in the Resolution Exhibit A, shall be enforceable by the Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

________________________________________
Signature of Officer

________________________________________
Printed Name of Officer

________________________________________
Title of Officer

________________________________________
Date
APPENDIX F

CDLAC COMPLETION CERTIFICATE

CERTIFICATE of COMPLETION
for QUALIFIED RESIDENTIAL RENTAL PROJECTS

1) Project Name: Rose Hill Courts Phase I
   (If project name has changed since the award of allocation please note the original project
    name as well as the new project name.)

2) CDLAC Application No.: 20-670

3) Name of Bond Issuer: Housing Authority of the City of Los Angeles

4) Name of Borrower: Rose Hill Courts I Housing Partners, L.P., a California limited
   partnership
   (If Borrower has changed name since the award please note the original Borrower as well
    as the new Borrower.)

5) The undersigned hereby certifies that all work on the Project was substantially completed
   as of __________, 20__

The undersigned hereby further certifies that:

(a) the aggregate amount disbursed on the Borrower Loan to date is $_________

(b) all amounts disbursed from proceeds of the Notes have been applied to pay or
    reimburse the undersigned for the payment of Project Costs (as that term is used in
    the Regulatory Agreement) and none of the amounts disbursed from the proceeds
    of the Notes have been applied to pay or reimburse any party for the payment of
    costs or expenses other than Project Costs; and

(c) at least 95 percent of the amounts disbursed from the proceeds of the Notes have
    been applied to pay or reimburse the Borrower for the payment of Qualified Project
    Costs (as that term is used in the Regulatory Agreement) and less than 25 percent
    of the amounts disbursed from the proceeds of the Notes, exclusive of amounts
    applied to pay the costs of issuing the Notes, have been applied to pay or reimburse
    the Borrower for the cost of acquiring land.

(d) the cost of the bond issuance was equal to or less than 2% of the bond proceeds
    issued.

6) The undersigned hereby certifies the Project meets the general federal rule for a Qualified
   Project Period.
   _____ Yes  _____ No
(a) 10% of the dwelling units in the Project financed in part from the proceeds of the captioned Notes were first occupied on __________, 20____ and

(b) 50% of the dwelling units in the Project financed in part from the proceeds of the captioned Notes were first occupied on __________, 20____.

7) If no to 6) the undersigned hereby certifies the Project meets the special federal rule for a Qualified Project Period.
   ___ Yes  ___ No

(Project qualifies if it is an acquisition/rehabilitation where no more than 90% of the units were not available for occupancy within 60 days of the earlier of the Project acquisition or the Note Issuance Date.)

   (a) Notes was issued on __________, 20____
   (b) Property was acquired on __________, 20____
   (c) The date 10% of the units were available to occupy (within 60 days of the earlier of the acquisition or bond issuance) __________, 20____

______________________________________________________________
Signature of Officer

______________________________________________________________
Printed Name of Officer

______________________________________________________________
Title of Officer

______________________________________________________________
Phone Number
APPENDIX G

ACCESSIBILITY COVENANTS

The Accessibility Covenants (the “Covenants”) herein are attached to the Regulatory Agreement as an exhibit and incorporated therein and the Borrower hereby agrees to comply with each of the requirements set forth as follows:

Section 1. Definitions. Terms not otherwise defined herein shall have the meanings assigned thereto in the Regulatory Agreement as applicable, provided they do not conflict with the terms defined or referenced herein. The definitions contained in the implementing regulations for Section 504 of the Fair Housing Act (“Section 504”), and the ADA are incorporated by reference. See 24 C.F.R. §§ 8.3, 100.20; 28 C.F.R. § 35.104. The following terms shall have the respective meanings assigned to them in this Section unless the context in which they are used clearly requires otherwise:

“Accessible,” when used with respect to a Housing Unit or a Housing Development, means and refers to full compliance with the requirements of the Accessibility Standards.

“Accessible Housing Development” means a Housing Development that is Accessible, including Accessible public and common use areas, as well as the number and type of Accessible Housing Units that are required to be Accessible by the Covenants.

“Accessible Housing Units” or “Accessible Unit” refers collectively to Housing Units with Mobility Features and Housing Units with Hearing/Vision Features that are Accessible, on an Accessible Route, and in an Accessible Housing Development.

“Accessibility Laws” means Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794 et seq.; the Americans with Disabilities Act (“ADA”), 42 U.S.C. § 12131, et seq.; California Government Code Section 11135 et seq.; the federal Fair Housing Act of 1968, as amended (“FHA”), 42 U.S.C. §§ 3601-3620; implementing regulations and design standards for each of the preceding statutes; and the California Building Code. In all instances, the requirements of the Federal Accessibility Laws shall supersede any state or local requirements, unless the state or local requirements are stricter than the Federal requirements.

“Accessibility Standards” means the following compliance standards:

For purposes of Section 504 and the ADA:

a. For Housing Developments constructed or substantially altered before March 15, 2012:

i. The new construction requirements of 24 C.F.R. pt. 8, including 24 C.F.R. §§ 8.4(d), 8.22, 8.26, and 8.32 as well as the new construction requirements of UFAS, or their successor standards.

b. For Housing Developments constructed or substantially altered on or after March 15, 2012:
i. The Alternative Accessibility Standard; or

ii. Any future accessibility standard and other regulatory requirements applicable to newly constructed facilities in federally-assisted programs that may be adopted in a final rule issued by the U.S. Department of Housing and Urban Development (“HUD”) pursuant to notice and comment rulemaking under Section 504 so long as such accessibility standard and regulatory requirements do not provide for less accessibility for persons with disabilities than either a or b.

For purposes of the FHA:


For purposes of state law:

a. The accessibility provisions of the California Building Code Chapters 11A and 11B, or any future accessibility standard and other regulatory requirements applicable to newly constructed facilities adopted as part of the California Building Code; and

b. All applicable building codes in effect for the City of Los Angeles Building and Safety Department.

“Accessible Route” means and refers to a continuous, unobstructed UFAS-compliant path as prescribed in 24 C.F.R. §§ 8.3 and 8.32 and UFAS § 4.3. As used for purposes of the ADA, an Accessible Route is as described in Chapter 4 of the 2010 Standards for Accessible Design, 28 C.F.R. §§ 35.104, as applied to public entities, except that elevator exceptions do not apply.


“Assistance Animals” means and refers to animals that work, provide assistance, or perform tasks for the benefit of a person with a disability as well as animals that provide emotional support that alleviates one or more identified symptoms or effects of a person’s disability. Assistance Animals are not pets and are not subject to a housing provider’s pet policies. Service animals are one type of Assistance Animal. Assistance Animals include animals that are trained and untrained and include dogs and other animals.
“Borrower” means and refers to an owner of a Housing Development and such owner’s successors and assigns who was, is or will be the owner of a Housing Development designed constructed, altered, operated, administered, or financed, in whole or in part, in connection with a program administered in whole or in part by the State and/or HACLA. A Borrower may also be a Subrecipient.

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

“HACLA Conduit Bond Policy” means HACLA’s Housing Conduit Bond Policy dated September 27, 2018, as amended, which contains HACLA’s policy that all projects financed with HACLA bonds must be developed and maintained in compliance with all applicable federal, State and local requirements for access to individuals with disabilities.

“Housing Development” or “Development” means the whole of one or more residential structures and appurtenant structures, equipment, roads, walks, and parking lots that (1) received or will receive any federal or State financial assistance from or through the State and/or HACLA and/or (2) were, are, or will be designed, constructed, altered, operated, administered, or financed in connection with a program administered by the State and/or HACLA or by its Subrecipients.

“Housing Unit” means a single unit of residence in the Housing Development that provides spaces for living, bathing, and sleeping, provided such definition shall not be construed to exclude Single Room Occupancy Units. A Housing Unit includes a dwelling unit as that term is used in 24 C.F.R. § 8.22.

“Housing Unit with Hearing/Vision Features” means a Housing Unit that complies with 24 C.F.R. §§ 8.22 and 8.23 and all applicable provisions of UFAS, or the comparable provisions of the Alternative Accessibility Standard including but not limited to § 809 and specifically subsection § 809.5 of the 2010 ADA Standards for Accessible Design, and with the California Building Code Chapters 11A & 11B. Hearing/Vision Features include but are not limited to visual alarms (UFAS §§ 4.34.10, 4.28.3), auxiliary alarms (UFAS §§ 4.34.10, 4.28.4), telephone volume controls and hearing aid compatibility (UFAS § 4.31.5), protections against protruding objects (UFAS § 4.4), stairway requirements (UFAS §§ 4.9, 4.26.4), protections against exposed pipes and surfaces (UFAS §§ 4.19.4, 4.24.6, 4.34.6.5(8)), audible alarms (UFAS § 4.28.2), signage (UFAS § 4.30), push button controls for telephones (UFAS § 4.31.6), consumer information (UFAS § 4.34.4), and range, cooktop, and oven controls (UFAS §§ 4.34.6.6, 4.34.6.7).

“Housing Unit with Mobility Features” means a Housing Unit that is located on an Accessible Route and complies with 24 C.F.R. §§ 8.22 and 8.23 and all applicable provisions of UFAS, or the comparable provisions of the Alternative Accessibility Standard including but not limited to § 809 and specifically subsections §§ 809.2 through 809.4 of the 2010 ADA Standards, and with the California Building Code Chapter 11 B. A Housing Unit with Mobility Features can be approached, entered and used by persons with mobility disabilities, including people who use wheelchairs.

“Property Management Agent” means and refers to a person or entity that manages one or more Housing Developments subject to these Covenants on behalf of a Borrower.

“Reasonable Accommodation” means changes, modifications, exceptions, alterations, or
adaptations in rules, policies, practices, programs, activities that may be necessary to (1) provide a person with a disability an equal opportunity to use and enjoy a dwelling, including public and common use areas of a development, (2) participate in, or benefit from, a program (housing or non-housing), service or activity; or (3) avoid discrimination against a person with a disability. Such an accommodation must be granted unless it would (i) pose an undue financial and administrative burden, or (ii) fundamentally alter the essential nature of the program, service, or activity. For purposes of these Covenants, a Reasonable Accommodation includes any physical or structural change to a Housing Unit or a public or common use area that would be considered a reasonable modification for purposes of the FHA.

“State” means the State of California.

“Subrecipient” means and refers to any public or private agency, institution, organization, or other entity or person to which federal or State financial assistance or financial assistance, including bond issuance, from or through HACLA is extended. A Subrecipient also means and refers to a non-federal entity that receives a sub-award from a pass-through entity to carry out part of a federal or State program, but does not include an individual who is a beneficiary of such program. A Subrecipient may also be a recipient of other federal awards from a federal awarding agency. 2 C.F.R. § 200.93. A Subrecipient may also be the Borrower.

“UFAS” means the Uniform Federal Accessibility Standards and refers to a set of scoping requirements and standards for the design and construction of buildings and facilities to ensure that they are readily accessible to and usable by persons with disabilities. See Appendix A to 24 C.F.R. subpart 40 for residential structures and Appendix A to 41 C.F.R. subpart 101-19.6 for general-type buildings (UFAS is also available on-line at http://www.access-board.gov).

Section 2. Borrower Obligations. The Borrower represents, warrants, covenants and agrees as follows:

a. A State of California Certified Access Specialist (“CASp”) who is a licensed architect or engineer must be identified as part of the development team. The cost of CASp activities and certifications should be included in the application’s project budget.

b. The Housing Development shall be constructed in accordance with the Accessibility Standards in Section 1 above to ensure accessibility for persons with disabilities. The Borrower must work with their CASp to ensure that the Housing Development complies with those Accessibility Standards.

c. Applicants/developers/Borrowers must list all applicable accessibility standards on title page of plans, including the designated FHA Safe Harbor for the Project, and include the following note: “This is a publicly funded housing project and must comply with federal accessibility standards and California Building Code Chapters 11A & 11B”.

d. If the Development is to be rehabilitated, accessibility retrofits of the Housing Development shall take place concurrently with any project
rehabilitation in compliance with the Accessibility Standards, including federal accessibility standards.

e. The Accessible Units shall be prioritized for persons with disabilities who have a disability-related need for the accessibility features of the Accessible Unit. If an Accessible Unit is occupied by residents without disabilities, Borrower shall require use of a lease addendum to require such residents to relocate to a vacant, non-accessible unit of comparable size, finishes, and amenities, at the same Development at the Development’s expense, within thirty (30) days of notice by the Borrower or Property Management Agent, or the minimum amount of notice required by state law, that there is an eligible applicant or existing resident with a disability who requires the accessibility features of the unit.

f. Ten percent (10%) of the total Housing Units in the Housing Development shall be constructed and maintained by the Borrower as Housing Units with Mobility Features.

g. An additional four percent (4%) of the total Housing Units in the Housing Development shall be constructed and maintained by the Borrower as Housing Units with Hearing/Vision Features.

h. The 4% and 10% calculations shall each be based on the total number of Housing Units in the Housing Development. In determining the number of Accessible Units required, any fractions of units shall be rounded up to the next whole number. Required Accessible Units shall, to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout projects and sites, and shall be available in a sufficient range of sizes and amenities so that a qualified individual with a disability has a choice of living arrangements that is, as a whole, comparable to that of other persons eligible for housing assistance under the same program.

i. The Accessible Units shall be affordable for households pursuant to the terms the Financing Documents and Regulatory Agreement, including any and all amendments, revisions, or modifications.

j. Following reasonable notice to the Borrower, Borrower shall allow HACLA to conduct periodic on-site inspections of the Housing Development in order to verify compliance with the Accessibility Standards.

k. The Housing Development as a whole and all Housing Units shall meet the requirements of the Accessibility Standards as defined in Section 1, above, and any requirements of HACLA, provided such requirements minimally meet and do not diminish the requirements of the Accessibility Standards.

l. The Borrower shall provide a list to HACLA of all Accessible Units with unit number, bedroom size and type of Accessible Unit (‘‘Housing Unit with
Section 3. Occupancy of Accessible Housing Units. The Borrower shall follow the requirements of Section 504 and its implementing regulations at 24 C.F.R. Part 8, to assure that information regarding the availability of Accessible Units reaches eligible individuals with disabilities. The Borrower will take reasonable, nondiscriminatory steps to maximize the utilization of such units by eligible individuals who require the accessibility features of the particular unit. To this end, the Borrower will take the following steps when an Accessible Unit becomes vacant:

a. First, the Borrower will offer the Accessible Unit to a current occupant of the Housing Development who needs the features of an Accessible Unit;

b. Second, the Borrower will offer the Accessible Unit to a current occupant of a Housing Development under common control who needs the features of an Accessible Unit;

c. Third, the Borrower will offer the Accessible Unit to an eligible, qualified applicant on the site based or Section 8 waiting list (whichever is incorporated into the Development management plan) for Accessible Housing Units who needs the features of an Accessible Unit;

d. If there are no eligible current tenants or applicants in need of accessible features, then the Borrower must conduct targeted outreach and marketing to advertise the unit to qualified individuals who need the accessible features, distributing the information about the accessible vacancy in accord with the Borrower’s HACLA approved Development management plan, distributing it to organizations that serve people with disabilities. All such communications shall take appropriate steps to ensure effective communication with individuals with disabilities by utilizing appropriate auxiliary aids and services, such as the use of accessible websites and emails. Outreach efforts to the disability community shall include, but not be limited to, notices and other communications describing the availability of such Accessible Units, specific information regarding the features of Accessible Units, eligibility criteria, and application procedures. In the event more than one household has requested an Accessible Unit, the Borrower shall offer the Accessible Unit to households in order on the appropriate waiting list within each category, including household size, income and other relevant parameters.

For individuals who are required to vacate an Accessible Unit because it is needed by an individual with a disability, the Borrower will pay the costs of the transfer to a comparable conventional unit, including new utility deposit(s), if required, and reasonable moving expenses.

Section 4. Rental Policies. The Borrower shall meet the requirements of Section 504, the ADA, the FHA, FEHA, and other federal and state laws and regulations as applicable. Rental applications will include a section to be filled out by applicants to identify whether they are
requesting an Accessible Unit or a Reasonable Accommodation. Applicants will not be required to disclose a disability under any circumstances, and the Borrower shall seek information to be disclosed limited to only what is necessary to establish the disability-related need for the requested accommodation. If both the disability and disability-related need for the requested accommodation are obvious or already known, no additional information may be sought by the Borrower. Applicants and residents may request a Reasonable Accommodation at any time.

Section 5. Residential Rental Property. The Borrower hereby represents, covenants, warrants and agrees as follows:

All of the Housing Units in the Housing Development will be similarly constructed units, and each income restricted unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities, equipped with a cooking range and oven, a sink and a refrigerator. Each of the Accessible Units shall also comply with these requirements. Notwithstanding the foregoing, a unit shall not fail to be treated as a residential unit merely because such unit is a single room occupancy unit within the meaning of Section 42(i)(3)(B)(iv) of the Code even though such housing may provide eating, cooking and sanitation facilities on a shared basis.

Section 6. Monitoring Requirements. HACLA will monitor the initial production and ongoing occupancy of the Accessible Units and the Housing Development to ensure full compliance with the Accessibility Standards. HACLA shall inspect the construction and/or rehabilitation to verify that the legally required number of Accessible Units have been produced and that the necessary and required design elements have been constructed to make the Housing Units and site accessible for individuals with disabilities; or, in cases where another government agency has completed an inspection, HACLA may, at its discretion, obtain and rely on the inspection report produced by the other agency.

Section 7. Maintenance of Records. With respect to the Covenants, the Borrower agrees to keep and maintain books, accounts, reports, files, records, and other documents pursuant to the terms of the Financing Documents, Regulatory Agreement and the Covenants, including any and all amendments, revisions, or modifications.

Section 8. Notices, Demands, Payments and Communication. Formal notices, demands, payments and communications between HACLA and the Borrower shall be sufficiently given and shall not be given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally pursuant to the Notice provisions in the Funding Loan Agreement.

Section 9. Term of the Covenants. The Covenants shall be recorded with the Regulatory Agreement upon its execution and shall terminate in accordance with the most restrictive provisions of the Financing Documents and Regulatory Agreement, including any and all amendments, revisions, or modifications, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement, redemption or defeasance of any Notes issued by HACLA on behalf of the Borrower.
Section 10. Covenant to Run with the Land. The Borrower hereby subjects the Project to the covenants, reservations, and restrictions set forth in the Covenants. HACLA and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower’s successors in title to the Project. Each and every contract, deed, or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations, and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments. In particular, this Covenant is subject to the requirements of HUD’s Section 504 regulation at 24 C.F.R. § 8.50(c).

Section 11. Default; Enforcement. As part of ensuring compliance with the Accessibility Covenants and the Accessibility Standards, HACLA or its agent, will conduct periodic on-site visits inspecting the Housing Development, which inspections may include inspecting the Housing Units and common areas, tenant files, logs and other records. Should the Borrower fail to comply, HACLA will first issue an Order to Comply (“Order”) stating the element of the Housing Development that is out of compliance, and providing a date by which the Borrower must comply. The Order shall give the Borrower not more than 30 days to correct the violation, or such additional time as HACLA may grant if the Borrower is taking steps to correct the violation (“Compliance Date”), and diligently pursues such action until the default is corrected, which extension is in the HACLA’s sole discretion. HACLA shall re-inspect the Housing Development within 10 days of the Compliance Date specified in the Order or any extension, however failure to inspect or re-inspect within the time frame does not remove the obligation of the Borrower to comply with the Order.

If the Order is issued and the violation continues to exist after the Compliance Date, then HACLA shall declare an “Event of Default” and may take any one or more of the following steps:

a. Inspection Fee for Non-Compliance. In the event the Borrower fails to comply with the Order within the Compliance Date, the Borrower shall be liable for subsequent inspection fees in the amount approved by City Council until compliance has been achieved. Failure to pay the assessed inspection fee within 30 days of the date of invoice, will result in a late charge equal to or two times the fees and a collection fee equal to 50 percent of the original fee shall be imposed if any fee imposed is not paid within 30 days of service of notice of the imposition of the fee.

b. By mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of HACLA hereunder;

c. Filing of a complaint or referral to HUD or other appropriate agencies for further enforcement actions;

d. Have access to and inspect, examine and make copies of all or a portion of the books and records of the Borrower pertaining to the Project, in order to
ensure compliance with all provisions of the Covenants, including records relating to the accessibility of the Accessible Units; and

e. Take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder.

Section 12. Compliance with Accessibility Requirements. The Borrower hereby certifies that it and its property manager and any agent, contractor and subcontractor will comply with the Accessibility Standards as defined, and the policies described in Sections 2-5. The Borrower and any contractor and subcontractor will provide Reasonable Accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services, and activities in accordance with each of the applicable and stricter of the requirements of the ADA, the 2010 ADA Standards for Accessible Design, the ADAAG, Section 504, UFAS, the FHA, the Fair Housing Act Design and Construction Requirements, federal regulations implementing the ADA, Section 504, and the FHA, California Government Code 11135 et seq., the California Building Code Chapters 11A and 11B, and all subsequent amendments to those laws. The Borrower and any contractor and subcontractor will not discriminate against persons with disabilities or against persons due to their relationship or association with a person with a disability. Any contract and subcontract entered into by the Borrower, relating to the Covenants and the Project, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.


Section 14. Parties Bound. The provisions of the Covenants shall be binding upon and inure to the benefit of HACLA and the Borrower and their respective successors and assigns.

Section 15. Severability. Every provision of the Covenants is intended to be severable. If any provision of the Covenants shall be held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

Section 16. Waiver. Any waiver by HACLA of any obligation in the Covenants shall be in writing; however, HACLA cannot waive the requirement to comply with federal and State law. No waiver will be implied from any delay or failure by HACLA to take action on any breach or default of the Borrower or to pursue any remedy allowed under the Covenants or applicable law. Any extension of time granted to the Borrower to perform any obligation under the Covenants shall not operate as a waiver or release from any of its obligations under the Covenants. Consent by HACLA to any act or omission by the Borrower shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for HACLA’s written consent to future waivers.

Section 17. Modifications. There shall be no amendment or modification of the Covenants without the prior written approval of HACLA. Any amendment or modification of the Covenants shall be by a written instrument executed by HACLA and the parties to the Covenants and the Regulatory Agreement or their successors in title, and duly recorded in the real property

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records of the County of Los Angeles, California. Modifications or amendments to the Covenants may occur by operation of law or other agreements binding HACLA and the parties to the Covenants and the Regulatory Agreement.

**Section 18. Conflicts.** If the provisions of the Covenants are inconsistent with the provisions of the Regulatory Agreement, the Financing Documents, or any other documents which affect the Project, the more restrictive covenants or restrictions shall control.

**Section 19. Recording and Filing.** The Borrower shall cause the Covenants to be recorded and filed in the real property records of the County of Los Angeles and in such other places as HACLA may reasonably request. However, failure to record the Covenants by the Borrower shall not relieve Borrower of any of the obligations specified herein.