RESOLUTION AUTHORIZING AN AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT FOR THE RESYNDICATION AND REHABILITATION OF PUEBLO DEL SOL PHASE I WITH PUEBLO DEL SOL I HOUSING PARTNERS, L.P., AUTHORIZING THE HOUSING AUTHORITY TO ACT THROUGH HACLA PDS LLC, A LIMITED LIABILITY COMPANY WITH THE HOUSING AUTHORITY AS ITS SOLE MEMBER AND MANAGER, AND AUTHORIZING THE ENTRY INTO ALL DOCUMENTS NECESSARY TO COMPLETE THE INTERIM TRANSFER OF THE PROJECT TO HACLA PDS LLC AS A MIXED-FINANCE PROJECT AND THE SUBSEQUENT SALE OF THE PROJECT BY HACLA PDS LLC TO PUEBLO DEL SOL I HOUSING PARTNERS, L.P. TO IMPLEMENT THE RAD CONVERSION AND FINANCIAL CLOSING OF THE RESYNDICATION AND REHABILITATION, AND FURTHER AUTHORIZING THE EXCHANGE OF CERTAIN SUBSTITUTE REAL PROPERTY WITH THE LOS ANGELES UNIFIED SCHOOL DISTRICT (LAUSD) IN ACCORDANCE WITH CALIFORNIA HEALTH AND SAFETY CODE SECTION 34312.3, AND THE UNDERTAKING OF RELATED ACTIONS, IN THE EVENT THE HOUSING AUTHORITY IS UNABLE TO TIMELY EXCHANGE PORTIONS OF REAL PROPERTY IDENTIFIED IN A LAND SWAP EXCHANGE WITH LAUSD PURSUANT TO THE TERMS OF AN AMENDMENT TO THAT CERTAIN MAY 2005 MENDEZ CENTER GROUND LEASE WITH LAUSD, AS NECESSARY TO ENSURE THE TIMELY AND SUCCESSFUL RESYNDICATION OF PUEBLO DEL SOL PHASE I.

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

Purpose: Authorize the Housing Authority of the City of Los Angeles (the “Authority” or “HACLA”) to enter into an Amendment to the Disposition and Development Agreements (“DDA”) with Pueblo Del Sol I Housing Partners, LP (the “PDS Partnership”), to act through HACLA PDS LLC, a California limited liability company of which the Authority is the sole member (the “HACLA LLC” or the “LLC”) and authorize entering into any and all conveyance documents for the transfer and distribution of the leasehold interest in the Property and fee interest in the improvements on the Property from AVHP to HACLA LLC (the “Interim Transfer”) for tax structuring purposes and authorize the LLC to execute a purchase and sale agreement and grant deed to sell the improvements on the Property to the PDS I Partnership to resyndicate and rehabilitate Pueblo Del Sol I (“PDS-I” or the “Project”).

Authorize the exchange of certain substitute real property with LAUSD and the undertaking of related actions, in the event HACLA is unable to timely convey portions of the real property identified in a land swap exchange with LAUSD pursuant to the terms of an amendment to that certain Mendez Center ground lease agreement with LAUSD dated May 2005 (“Amendment”), as necessary to ensure the timely and successful resyndication of PDS-I.

Regarding: On December 20, 2018, the Board of Commissioners (“BOC”), by Resolution No. 9469, authorized the enactment of the Authority’s purchase options for PDS-I and Pueblo Del Sol II (“PDS-II”). On August 22, 2019, the BOC took further actions, by Resolution No. 9521, to effectuate its options by authorizing the purchase of the Limited Partnership
Interests of SunAmerica Housing Fund 1007, a Nevada Limited Partnership, and SunAmerica Housing Fund 1083 in the Aliso Village Housing Partners, LP and Aliso Village Housing Partners II, LP the current owners of the Project. The purchase of these partnership interests closed on or about November 15, 2019.

With the completion of the required prerequisites including tenant notifications through the RAD Information Notice/General Information Notice and two meetings with the residents, HACLA on August 22, 2019, by Resolution No. 9523, authorized submission of RAD applications to the U.S. Department of Housing and Urban Development (“HUD”) for the RAD Conversion of up to two hundred twenty-four (224) Public Housing Units at PDS-I and PDS-II. In October 2019, HACLA received the RAD Commitments to Enter into a Housing Assistance Payment (“CHAP”) for both phases. In August 2020, HACLA received the Rental Conversion Commitment (“RCC”) for PDS-I from HUD.

On October 31, 2019, the BOC, by Resolution No. 9536, authorized the involvement of the Authority in the resyndication and rehabilitation of PDS-I (the “Project”) and PDS-II, such involvement including execution of a DDA for PDS-I and acquisition loan documents for PDS-1, including a loan agreement, promissory note, and deed of trust (the “Acquisition Loan Documents”).

This authorization for the substitute property exchange with LAUSD is sought to supplement authorization provided by the Board of Commissioners (the “Board”) at its August 27, 2020 Board Meeting pursuant to Resolution No. 9622, which authorized the President and CEO, subject to Legal Counsel approval, to negotiate equitable remedies in the event of HACLA’s inability to timely convey the HACLA Parcels and/or any portion of them to LAUSD, including the utilization of non-federal monetary consideration (uncommitted rent subsidy proceeds).

Issues:

**PDS-1 Property Background**

The Project site, is a 10.80 acre property, located at 1400 E Gabriel Garcia Marquez Street, Los Angeles California 90033 in the Boyle Heights neighborhood of East Los Angeles. The general plan designation is Low Medium II Residential. The zoning is RD2-1-RIO-CUGU.

The Project site is located in a highly urbanized setting and is bordered by the US-101 freeway to the north and east, industrial uses along the Los Angeles River to the west, and the LA Metro Gold Line tracks to the south. The Project site is currently built out with 201 affordable housing units in townhome configurations, with small courtyards, shared open spaces and tuck under as well as street parking. The Project Site has a number of mature trees. All existing buildings and mature landscaping is anticipated to remain in place under the proposed scope of rehabilitation.

**Project Background**

Pueblo Del Sol was originally developed by The Related Companies of California (“Related CA”) and McCormack Baron & Associates, Inc., on a 34.3-acre former public housing site, known as Aliso Village Public Housing Community which was originally home to 685 public housing units. The redevelopment of the Property consisted of the construction of 377 rental units called Pueblo Del Sol developed in two phases: PDS-I comprising 201 units with one hundred twenty (120) public housing units built in 2003;
and PDS-II comprising 176 units with one hundred twenty-two (122) public housing units built in 2003. Phase III included 93 for-sale homes, consisting of 27 affordable and 66 market rate units in a complex called Vista Del Sol and Phase IV was the construction of the Mendez Learning Center by the Los Angeles Unified School District

Pueblo Del Sol was one of two Hope VI projects completed by the Authority. As part of the original transaction, HACLA contributed land through ground lease agreements for de minimis amounts, provided $7.82 million and $5.57 million as AFR loans to PDS-I and PDS-II respectively. Under Sub-grant Agreements between HACLA and an Authority disaffiliated entity, the Aliso Village Housing Corporation (“AVHC”) (now known as Housing Promise Corporation), HACLA granted portions of the HOPE VI funds in order for AVHC to make zero interest loans amounting to $3.69 million and $5.60 million to PDS-I and PDS-II respectively.

As part of its original terms of development, HACLA held the option to purchase the Project at the end of the tax credit compliance period in 2018. HACLA exercised that option, and in November 2019 purchased the limited partner interest in the PDS-I and PDS II partnerships from affiliates of AIG/SunAmerica, the former investor limited partner in PDS I and PDS II, with the result that PDS I and PDS II are now each owned by limited partnerships, respectively, of which La Cienega LOMOD, Inc. is the managing general partner, an affiliate of Related California is the administrative general partner, and the Authority is the limited partner.

Proposed New Project

In order to ensure long-term affordability and allow for further investment into the Project, HACLA will undertake a Rental Assistance Demonstration (“RAD”) conversion of the existing public housing units and layer non-RAD PBV and RAD PBV on all eligible units in the Project, with 112 public housing units converting to RAD and 8 public housing units converting to non-RAD Section 8 Project Based Vouchers (“PBV”) through de minimis reduction. The de minimis reduction will allow HACLA to apply rents in accordance with the Section 8 Voucher Payment Standard (“VPS”) without adversely affecting the resident’s portion of the rent. HACLA will enter into a RAD Use Agreement with HUD and the partnership at the time of construction closing. 31 Section 8 PBVs will be overlaid onto the existing tax-credit only units at the time of resyndication.

Overlaying PBV units on Tax credit only units will enhance the economic security of eligible families in today’s environment when many families have experienced loss in income. Upon tenant turnover or changes to the tenant circumstance that will cause them to benefit from an income-based rent, the Authority will attach PBVs to additional Tax Credit units for up to a maximum of 80 units.

The following table shows the current and proposed subsidy program at closing for PDS-I.

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Proposed Program

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<tr>
<td><strong>Total Units</strong></td>
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**Affordability**

All 201 apartment units will remain deeply affordable and tenants can expect to receive additional rent relief with the layering of PBVs on the tax-credit only units and preservation of current rent structures with the conversion of the 120 public housing units in PDS I to RAD PBV or non-RAD PBV. The Project is intended to accommodate all existing households on-site and ensure that they are properly right-sized and units are configured for universal accessibility. California Tax Credit Allocation Committee (“CTCAC”) regulations allow existing tenants to be “grandfathered” even if their income has increased since time of initial occupancy. The Project will comply with the new affordability restrictions it committed to for the resyndication that will require 50% of units to be set-aside for households at 30% AMI, 30% of units at 50% AMI and the balance of units set aside at 60% AMI.

**Rehabilitation**

The proposed rehabilitation of the Project will maintain the existing unit configurations but will provide needed renovations to update and upgrade the buildings, improve energy efficiency, and extend the useful lives of the buildings. The rehabilitation work will be done with tenants being temporarily relocated. Each resident household will need to vacate their unit for roughly two and a half weeks while the interior work is completed.

The rehabilitation scope will include updating residential buildings, upgrading the Management Building, and exterior common area amenity spaces.

Exterior work will consist of painting of buildings, replacement of roofing material with a similar roofing material, improved light fixtures, enhancements to trash enclosures and new photovoltaic arrays. Site work will consist of landscaping changes to accommodate additional accessible parking spaces and carports, and improvements to the walkways leading to and from accessible units.

All units will receive new flooring, fixtures, energy star rated appliances, window coverings, light fixtures, hardware, paint, upgraded HVAC units, new water heaters, and cabinetry in the kitchens. Ten percent (10%) of all residential units will be renovated to meet current accessibility requirements which will require shifting some walls in order to reconfigure kitchens and bathrooms to meet current code requirements.

The Management Building will be improved with an expanded fitness room, expanded multipurpose room, improved staff offices and a new breakroom. The building interior as a whole will receive new flooring, paint, light fixtures and furnishings. The leasing office will be reconfigured to increase security and create a separate waiting lobby, which will allow the space to be more functional for the management staff.
COVID Preventative measures
The General contractor, Portrait Homes, has drafted a COVID Action plan whose highlights are discussed below:

Residential Units: After tenants have fully removed their belongings, the entire unit will be disinfected prior to the start of demolition activities. Construction trades will then be staggered and/or will work in different rooms within the unit to ensure social distancing is maintained. All subcontractors will be required to wear masks and gloves while working in the unit. Throughout the day a Portrait Homes personnel will walk through the unit to disinfect and wipe clean frequently touched surfaces and recently completed work. Upon completion of all interior work, the unit will be professionally cleaned and sanitized by a cleaning subcontractor. The unit will then be locked up and the keys turned over to management. Finally, caution tape will be placed over the door to ensure no one enters after it has been sanitized and turned over.

Leasing Offices, Laundry Rooms, Community Rooms and Common Areas: Where construction work occurs within common areas of an occupied residential building or a mixed-use building in use by on-site employees or residents, separate work areas will be sealed off from the rest of the common areas with physical barriers such as plastic sheeting or closed doors sealed with tape to the extent feasible. If possible, workers will access the work area from an alternative building entry/exit door to the building entry/exit door used by residents or other users of the building. Every effort will be taken to minimize contact between worker and building residents and users, including maintaining a minimum of six feet of social distancing at all times.

Construction Schedule
At the close of construction loan financing in October 2020, construction will commence on portions of the building exteriors and common area spaces including the installation of new flat roof overlays, new gutters, downspouts and Wood Awing/Trellis repairs. Site work will commence with sidewalk renovations beginning in December 2020. Tenant relocation and unit renovations will commence in January 2021 on a rolling basis continuing through January 2022. Final Inspections and substantial completion is anticipated in February 2022.

Temporary Relocation Plan
A Relocation Plan was prepared by Overland, Pacific, and Cutler, LLC (OPC) and was adopted by the HACLA board on December 19, 2019. The Relocation Plan identifies special needs of the households that might be impacted by the rehabilitation scope and temporary relocation solutions during rehabilitation. OPC will re-interview residents approximately 90 days prior to the start of relocation to determine the exact needs of the resident. Notices will be sent to relocating residents approximately 60 days prior to relocation. This includes an MOU between the resident and the owner that clearly defines the roles and responsibilities of each party. Relocation is expected to begin in January and will continue on a rolling basis for approximately 12 months. Approximately 6 to 9 households will be relocated at one time. Appropriate COVID-19 prevention measures will be utilized during relocation depending on the recommendations at the time. As of today, COVID-19 prevention measures include relocation and moving staff wearing face masks and observing social distancing requirements. Vacancies at the property will be used for temporary housing units during the rehabilitation to minimize the number of households that will need to be relocated off-site at hotels or apartments. All units used for temporary relocation will be deep cleaned prior to the household’s occupancy.
Most unit renovations are expected to take around 13 business days to complete. Approximately 28 units would need slightly longer renovation time, approximately 3 weeks, to provide additional accessibility upgrades, as required under the California Building Code and the CTCAC Regulations (California Building Code requires 5% of units to be mobility accessible, and CTCAC requires an additional 5%, for a total of 10% of units to be mobility accessible as well as 4% of the units to be accessible for hearing and sight impaired).

The Authority is committed to allowing all residents the right to return to the Project site. There will be no displacement of tenants, and the number of households on site will remain the same but for natural turnover that occurs with or without the Project. Residents are expected to return to the Project after their unit is renovated. Although we anticipate most residents will be moved back into their same unit; some may be moved to a different unit on site in order to address right-sizing and disability needs.

Community Outreach

HACLA began initial outreach efforts with Pueblo Del Sol in July 2019 when General Information Notices (GIN) were sent to all residents. For fiscal year 2020, a pre-meeting with tenants and a Resident Meeting Relocation Plan refresher took place on January 8 & 9. HACLA and Related organized a well-attended design meeting on March 4, to obtain resident input in the building improvements and resident services to the extent possible. Residents voted on design elements such as unit design, finishes, and materials, to indicate priorities for improvements, to pinpoint on a map the areas of concern for safety and make suggestions for improvements. HACLA and Related were able to incorporate many of the suggestions and desires into the plans. On June 23, HACLA and Related provided a virtual Rental Assistance Demonstration (RAD) meeting for residents, as well as a RAD repeat meeting and a meeting on Radon testing which took place on July 7. A total of over 1,400 participants attend the seven (7) in-person resident meetings and the six (6) tele-conferences over the past year. Additionally, 320 of the 376 Pueblo del Sol households responded to the survey which provided resident information and feedback on needs of your community.

HACLA community engagement staff has also been in regular contact with the resident communication committee. HACLA began providing a monthly newsletter in June 2020 at PDS which include important project updates, job opportunities generated by the rehabilitation, as well as vital information on resources and Covid-19 pandemic assistance for PDS residents and community.

Financing Plan

Over the past year, HACLA and Related CA have secured the commitments and financing necessary to accomplish the financial closing, including 4% LIHTC and HUD issued Rental Assistance Demonstration Conversion Commitment for the RAD conversion of PDS-1 (“RAD Conversion”), the construction lender of the Project has been determined to be Citibank, N.A., a national banking association, and the Goldman Sachs Group, Inc. has committed to be the tax credit investor in the Project through its affiliate GSB LIHTC Investor LLC, a Delaware limited liability company.

While the primary deal points were previously approved by the BOC, more specific financing and other details of the Project have become known or negotiated, and the BOC is requested to authorize the updated terms of the Project financing and implementation described below:
Total Development Cost is currently estimated at $64,150,978. The project will be financed with a Seller Carryback Loan, Tax Credit Equity, a Conventional Permanent Loan from Citibank, N.A., Deferred Developer Fee, and Income during Construction (NOI). Attachment # 3 provides details on the final Financial Plan and pro forma.

Purchase & Seller Carryback (Acquisition) Loan:
The New Partnership will purchase the property from HACLA LLC for a purchase price of $29,520,000. This appraised value is higher than what was previously estimated. Pursuant to the terms of the DDA, as amended, HACLA LLC will use a portion of the purchase proceeds to provide a 55-year Seller Carryback Acquisition Loan to the New Partnership in the amount not to exceed $22,808,000 which will be deemed fully funded at the closing of the construction loan. The Seller Carryback Loan will be compounding interest at an annual rate of 3.00% (the “Acquisition Note”). HACLA LLC expects to receive approximately $6.7 million at the financial closing of the Project. The Acquisition Note and other loan documents will be assigned to HACLA at or immediately after the Financial Closing.

Tax–Exempt Bonds/Construction Loan
The New Partnership has applied for and received an allocation of tax-exempt bonds from the California Debt Limit Allocation Committee (“CDLAC”) for $31,700,000.

Tax Credit Equity
The Project applied for and received a reservation of 4% Low Income Housing Tax Credits from the (“CTCAC”) in the annual amount of $2,134,234 for a ten (10) year period as of April 14, 2020. Goldman Sachs Bank will provide for a direct purchase of the tax credits at an anticipated price of $0.925 per tax credit. The equity pay in schedule is as follows: Twenty percent (20%) at construction loan closing, sixty percent (60%) at construction completion, nineteen percent (19%) at permanent loan conversion, and one percent (1%) upon issuance of Form 8609. There has been a significant reduction in pricing and demand from equity investors in 2020 due to the impact of COVID-19 on the current equity market. Investors currently providing equity commitments for projects that received early 2020 allocations are pricing in the range of $0.90 to $0.93.

Permanent Loan
The Permanent Loan, provided in a back-to-back conduit structure by Citibank, N.A. will be in the approximate amount of $17,410,000. The Permanent Loan provides for three (3) years of interest only payments and assumes a 35-year amortization, a 1.15 DSCR, and an annual interest rate of 3.50%.

Deal Structure
Under the previous actions that were approved by the HACLA BOC through Resolution No. 9536, HACLA entered into a DDA with Related CA affiliate to be a development partner and joint developer and owner. The deal structure provides HACLA significant ownership rights and responsibilities but shares in the risk of development and operations. The Organizational Charts attached to this Board Report as Attachment 2 provides a guide to the legal bodies involved in the current ownership and the proposed new ownership structure.

Pursuant to La Cienega LOMOD Board approval, LOMOD has entered into the PDS Partnership as Managing General Partner through LOMOD PDS, LLC a California limited liability company established by La Cienega LOMOD, Inc. for this sole purpose.

Conveyance & Ownership Stake
As noted above, in November 2019, the Authority purchased the limited partner interest in the PDS-I and PDS II partnerships from affiliates of AIG/SunAmerica, the former investor limited partner in PDS I and PDS II, with the result that PDS I and PDS II are now each owned by limited partnerships, respectively, of which La Cienega LOMOD, Inc. is the managing general partner, an affiliate of Related California is the administrative general partner, and the Authority is the limited partner. In addition, AVHC, whose Articles of Incorporations and Bylaws have been amended along with a name change to Housing Promise Corporation, (“HPC”), will act as a Special Limited Partner (“SLP”). The MGP will have a 0.0001% Percentage Interest in the Partnership, the AGP shall have a .0059% Percentage Interest in the Partnership, the SLP shall have .0040% Percentage Interest in the Partnership, and a Related affiliate acting as the placeholder Limited Partner, shall have a 99.9900% Percentage Interest in the Partnership.

Resolution 9536 authorized the transfer and distribution of the leasehold interest in the Property and fee interest in the improvements on the Property from AVHP to the Authority or its affiliate (the “Interim Transfer”) for tax structuring purposes and to ensure that La Cienega LOMOD, Inc. does not need to disaffiliate or change its current managing general partner role in the Project in order to enter into Pueblo del Sol I Housing Partners, L.P. (the “PDS I Partnership”). The Interim Transfer is anticipated to occur approximately one week before the financial closing date for the Project (the “Financial Closing”), and HUD has indicated that accomplishing the Interim Transfer through a private ownership entity such as a limited liability company, rather than through the Authority, will allow for a more streamlined approval process through HUD.

Prior to the resyndication closings for each phase, the Aliso Partnerships, with HACLA as sole limited partner, will distribute the Project to HACLA LLC pursuant to the Distribution Agreement, at no or nominal cost (e.g., $100). After a short duration of approximately less than a week, HACLA LLC will sell the improvements to the new Limited Partnership, the PDS Partnership, at the appraised price and also enter into Ground Leases with the PDS Partnership. This conveyance structure allows HACLA to receive 100% of sales and allows the transaction to qualify for acquisition tax credits. Under the Sub-grant Agreement between HACLA and AVHC by which HACLA granted the HOPE VI funds so AVHC could make zero interest loans to the Aliso Partnerships, AVHC will forgive the loans if the project is acquired by a governmental agency or nonprofit. Therefore, when HACLA acting through HACLA LLC acquires the Project phases, the zero interest loans will be forgiven.

Key Terms
HACLA will assume the Seller Carryback Note for the remaining amounts that will be paid from net cash flow proceeds after deferred developer fee has been paid in full. The Seller Carryback Notes will receive payment from 70% of residual cash flow until paid in full. Terms of the Notes will be 55 years from Permanent Loan conversions.

The Ground Lease term has been increased to 65 years. This change has been proposed to ensure that the interest on the Seller Carryback Note can earn compounding interest at an annual rate of 3.00% and to ensure that the loan can be paid at maturity in order to meet the True Debt Test and not jeopardize the acquisition tax credits. The Authority shall receive annual lease payments under the Ground Leases to be made by the PDS Partnerships to the Authority in the amount of Fifty Thousand Dollars ($50,000) per year, increasing annually by the Consumer Price Index, payable out of Net Cash Flow of the Developer after payment in full of deferred Developer Fee. Any unpaid balance resulting from insufficient cash flow will accumulate and earn interest at the prevailing Applicable
Federal Rate (AFR) determined at the time of closing and be repaid on sale or refinancing of property.

The Authority, as Ground Lessor, shall receive Purchase Options for two years starting at the end of a 15 year tax credit compliance period to acquire all of the PDS Partnerships’ fee and leasehold interests in the land and improvements, or to acquire the investor's limited partner interest in the Project. For at least 2 years following the compliance period, the Authority will also have a right of first refusal ("ROFR") during the 120 day period following any third party offer to the Developer to acquire the Project and will have the right to purchase the LP interest if permitted by tax law and approved by the investor.

Under terms negotiated with Related CA, the following shows the cash flow participation and fees payable to LOMOD PDS, LLC as the MGP or to HPC as the SLP:

a. The MGP or its affiliate shall receive 30% of the Developer Fee and any Deferred Developer Fee, presently estimated to be approximately $2.074 million for PDS-I.
b. The MGP will receive $12,500 annually in Asset Management Fees (increased annually by 3%) from net cash flow.
c. After the Acquisition Seller Carryback Note is paid in full, 70% of the Net Cash flow shall flow to HPC, the SLP.
d. Of the remaining Net Cash flow, the MGP shall receive 1% and the SLP shall receive 30.0075%.
e. In the event of a Capital Event such as a sale or refinancing, the MGP shall receive 10.00% of net sales or refinancing proceeds while the SLP shall receive 57.50% of the net proceeds.

Guarantees

Construction Loan Guarantee: The Guarantors for the Pueblo del Sol – Phase I project will guarantee no more than twenty-five percent (25%) of the construction loan repayment. The Guarantors are, collectively, The Related Companies, L.P. and the HACLA affiliate La Cienega LOMOD, Inc. ("LOMOD"). LOMOD shall provide fifteen percent (15%) of the obligations of the Guarantors, and The Related Companies, L.P. shall provide eighty-five percent (85%) of the obligations of the Guarantors. The obligations of the Guarantors are further defined in a shared liability letter agreement between the parties.

LPA Guarantee: The Related Companies L.P. will be the sole guarantor executing the guaranty in favor of the investor limited partner. However, through the shared liability letter agreement, the responsibilities of the singular guarantor will similarly be shared between The Related Companies, L.P. and LOMOD. LOMOD shall provide fifteen percent (15%) of the obligations of the Guarantors, and the Related Companies, L.P. shall provide eighty-five percent (85%) of the obligations of the Guarantors, except for matter pertaining to the developer fee, in which Related shall provide 70% of the obligations and LOMOD shall provide 30% of the obligations.

Tax Exempt Bond Issuances

Pursuant to the adopted Authority Conduit Bond Policy, HACLA will take on the role of the private activity Bond Issuer for the California Debt Limit Allocation Committee ("CDLAC") transaction. In a separate action, the HACLA BOC will be requested to authorize the President and CEO, or Designated Officers or their designees, to take all
actions necessary to effectuate the issuance of tax-exempt multifamily conduit revenue notes (“Notes”) by HACLA in an amount not to exceed $31,700,000 for the Project.

**Management** McCormack Baron Management, Inc. (“MBM”) will continue to be the property manager after the resyndication of PDS-I. As the MGP, LOMOD PDS will share in oversight of the property manager and will be involved in annual budget review/quarterly updates, audit processes etc. The MGP has been involved in the negotiation of the management contract, the review and approval of the Management Plan and will be involved in any subsequent changes in management policies and procedures. Beginning five years after permanent loan conversion, HACLA or an affiliate will have the option to manage the property with approval from the investor limited partner, lender, and Related CA.

**LAUSD Ground Lease Amendment/Property Exchange**

The Housing Authority (as “Lessor”) and the Los Angeles Unified School District (LAUSD) (as “Lessee”) entered into that certain Ground Lease dated May 26, 2005 (the “Ground Lease”), which contemplates among other things, LAUSD’s assembly of the Ground Lease property with certain LAUSD-owned property to develop a new high school campus and related improvements now more commonly known as the “Mendez Center”. The Mendez Center is adjacent to PDS-I and PDS-II and neighboring Utah Street Elementary School. The Housing Authority and LAUSD are also parties to a July 2002 lease under which LAUSD, as “Lessor,” leased certain property adjacent to Utah Street Elementary School (the “Utah Street Property”) to the Housing Authority, who subsequently subleased the Utah Street Property to Aliso Village Housing Partners I (current PDS-I owner), which property has since been improved with the project’s management office and community swimming pool.

As noted above, PDS-I is in the process of being resyndicated, refinanced and rehabilitated with a scheduled HUD signing date of October 8, 2020 and closing of the interim transfer of the Project to HACLA PDS LLC on October 15, 2020. Securing immediate unfettered control of the Utah Street Property through fee simple ownership is essential for the resyndication and long term operations of PDS-I and II as an affordable housing community.

LAUSD’s development of the Mendez Center to date has led to a number of issues which the parties sought to resolve under the terms of an amendment to the Ground Lease. By Resolution No. 9604 adopted at the June 25, 2020, the Board approved the terms of an amendment to the Ground Lease (the “Amendment”), which among other things, authorized the exchange of certain Housing Authority property encumbered under the Ground Lease the “HACLA Parcels” (primarily comprised of and more commonly referred to as portions of Via Las Vegas, Lots 6 and 8) with LAUSD’s Utah Street Property, in conformity with the requirements of California Health and Safety Code Section 34312.3. LAUSD’s Board of Education adopted a Resolution of Intention to exchange the Utah Street Property for the HACLA Parcels on June 9, 2020. Subsequent to said approvals, further due diligence activities led to the discovery of property encumbrance and title issues that needed to be addressed prior to the Housing Authority’s conveyance of the portions of the HACLA Parcels to LAUSD. While LAUSD has communicated a willingness to convey the Utah Street Property to the Housing Authority upon execution of the Amendment, it does require an appropriate remedy in the event the Housing Authority is unable to timely transfer the HACLA Parcels, which remedy has been under discussion and must retain the equity of the property exchanges.
In August the Board of Commissioners approved a number of possible monetary remedies if HACLA was unable to timely exchange all property making up the land swap due to HUD encumbrances. Those possible equitable remedies did not include the substitution of real property, which such substitution requires the identification of such property and Board’s express authorization to convey in conformity with the requirements of California Health and Safety Code Section 34312.3.

LAUSD has recently communicated that it is not interested in the receipt of monetary consideration but instead requires a “property for property” exchange remedy. LAUSD has identified the balance of the Via Las Vegas public right of way (as depicted on Attachments 5-1 and 5-2), which comprises a portion of the Ground Lease Property, as suitable and equitable substitute property, having concluded that this property is of similar value to the HACLA Parcels the Housing Authority may be unable to timely convey. Below is a table identifying those properties and actual or appraisal extrapolated valuations:

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<th>Parcel Description</th>
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<th>LAUSD Owned Land</th>
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<td>Appraised/Imputed Value per SF</td>
<td>$22</td>
<td>$44</td>
</tr>
<tr>
<td>Estimated Value</td>
<td>$613,300</td>
<td>$299,100</td>
</tr>
</tbody>
</table>

Note:
1. Approximate areas subject to survey

Staff have reviewed this proposal and support this remedy under the following terms and conditions:

- The balance of Via Las Vegas (“Remainder of VLV”) would need to be conveyed under the terms of a quitclaim deed which excluded any portion of the property subject to HUD Declarations of Trust (“DOT’s”) with such a determination to be made through an appropriate title search; and

- The quitclaim deed and any accompanying or included restrictive provisions would need to make clear that HACLA is only conveying its underlying reversionary interest in the Remainder of VLV and subject to its present use and encumbrance as a public right-of-way with associated easements and encumbrances, and further, that should the property eventually be conveyed, it would be accepted by LAUSD subject to the above, and all subsequent City of Los Angeles street vacation terms, conditions and requirements; and

- The quitclaim deed would be held with a mutually acceptable escrow or similar arrangement under which its recording in the Official Records of Los Angeles County would not be authorized until such time as HACLA was unable to timely complete transfer of Lots 6 and 8 as agreed to among the parties unless otherwise agreed to by General Counsel.

Next Steps A summary of key documents is attached to this memorandum as Attachment #4 and the drafts of the documents summarized are attached as Attachment #5. These documents referenced and attached are expected to require finalization of non-key provisions, which
the CEO and other Designated Officers, as listed in the attached Resolution, with the support of legal counsel and staff, will finalize prior to the Financial Closing. Examples of such non-key provisions include compilation and insertion of various supporting exhibits and documents, selection of specific terminology to appropriately refer to and identify parties, events and periods and clarification of other references and concepts. The final language of such non-key provisions will not materially impact the legal terms of the negotiated DDA, as amended. The CEO seeks BOC authorization to enter into the transaction documents described in and attached to this Board Report, and subject to legal counsel approval. The Board of Commissioners still holds authority to review and approve the transaction and any related documents if there appear to be any significant changes to the Financing Plan in the future that may materially affect the risk status or return of investment proceeds to HACLA or any changes to the business terms that are incorporated in the attached documents or described in this memorandum or the Resolution.

We believe these transactions will have a positive impact on the Pueblo Del Sol community, enhance the quality of the property and improvements, increase the term of affordability of this Project, and be a successful venture for both the residents and the Authority going forward.

**Vision Plan:**

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

In analyzing the ongoing financial stability of the Pueblo Del Sol properties it was determined that a conversion to a Section 8 platform would reduce the levels of annual capital needed to maintain the property by financing a larger investment upfront in the proposed rehabilitation. Additionally, by layering Project Based Vouchers on the tax credit units, we are reducing the cost to tenants of their monthly rent and providing increased funding for management, services and mission support.

**PLACE Strategy #2: Increase functionality and effectiveness of Asset Management Portfolio.** **Action 2.2: 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.**

Using the resyndication proceeds, the property will be rehabilitated with energy efficient fixtures and appliances as well as accessibility improvements. HACLA will take a larger role as owner of the improvements and the underlying land and hopes to have more opportunity to influence site management, resident services and community engagement.

**PATHWAY Strategy #1: Build and scale HACLA’s internal real estate development team into a capable, adequately staffed community revitalizer and public developer and business line comparable to other large, regionally oriented development/redevelopment authorities.**

HACLA, through its instrumentality, La Cienega LOMOD, will be taking on a co-development role and long-term ownership position in Pueblo Del Sol I. This will allow HACLA staff acting on behalf of the partnership to participate in the deal structuring, competitive financing, construction management and all decision-making matters in the rehabilitation project as well as the long-term ownership and management. La Cienega
LOMOD will be acting as a partial guarantor on this deal, which will demonstrate capacity to equity investors and lenders.

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

*Source of Funds:* No additional funds are requested under this Board action. The New Partnership will acquire the property from HACLA LLC for a purchase price of $29,520,000. HACLA LLC expects to receive approximately $6.7 million in cash payment at the financial closing of the Project. The remaining amount not to exceed $22,808,000 will be funded through a 55-year Seller Carryback Acquisition Loan to the PDS Partnership. At the Financial Closing, HACLA LLC as the Seller will be responsible for paying the transfer tax on this conveyance expected to range around $165,312 and this amount will paid from proceeds due to HACLA.

*Budget and Program Impact:* Expenses funded from the previously BOC approved predevelopment loan will be reimbursed by the PDS Partnership, together with interest at a rate of AGP's cost of funds, not later than the date of funding of the first draw under the construction loan. Third party expenses will be reimbursed at the financial closing.

**CEQA:** The Authority determined in November 2019 that the Project is exempt from the requirements of CEQA pursuant to the following Categorical Exemptions found in the Guidelines for CEQA, California Code of Regulations Title 14, and Chapter 3, each of which is independently sufficient to exempt the entire Project from CEQA. No further environmental review is required for the Authority's recommended actions because based on the project record there has been no change to the proposed rehabilitation or substantial changes in circumstances or new information that would warrant subsequent environmental analysis in accordance with CEQA, including but not limited to Public Resources Code section 21166 and State CEQA Guidelines sections 15162, 15163 and 15164.

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

**Section 3:** The Pueblo del Sol I Housing Partners, L.P. will comply with Section 3 requirements and ensure that employment and other economic opportunities generated by the HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed toward qualified low and very low-income persons, and to business concerns which provide economic opportunities to low and very low-income persons and will comply with the implementing regulations at 24 CFR Part 135 as well as the terms negotiated in the operative agreements herein. The Pueblo del Sol I Housing Partners, L.P. will set aside at least thirty percent (30%) of all new predevelopment, construction and post-construction jobs generated by the re-syndication firstly for current residents of Pueblo del Sol, second to qualified Section 3 residents of the East Los Angeles neighborhood, third to participants in HUD’s Youthbuild programs in the City of Los Angeles; and fourth to residents of the City of Los Angeles (the “City”) who meet Section 3 eligibility requirements. Furthermore, the Partnerships will strive to provide at least ten percent (10%) of all construction work hours to Section 3 Residents according to the hiring priorities set forth above. A Construction Section 3 Hiring Plan has already been submitted to HACLA and was approved. Furthermore, Portrait has already engaged the Authority in efforts to hire a Section 3 Administrator.
They are currently assessing the referred candidates for hiring. A Post-Construction Section 3 Hiring Plan will be submitted at a later time which will discuss strategies and investments that will provide employment and other opportunities to Section 3 residents during the post-construction stage.

Attachments:

1. Resolution
2. Organizational Charts (current and proposed ownership structure)
3. Final Financing Plan
4. List and description of Key Financing Documents
5. Maps depicting Remainder of Via Las Vegas Property
6. Draft documents
   a. Amendment to DDA Interim Transfer
   b. Distribution agreement (AVHP to HACLA PDS LLC)
   c. Amendment to Mixed Finance Amendment to Consolidated Annual Contributions Contract (HACLA w/ HUD)
   d. Assignment, Assumption, and Amendment Agreements (AVHP to HACLA PDS LLC w/ HACLA consent):
   e. Assignment, assumption, and amendment of TCAC regulatory agreement (AVHP to HACLA PDS LLC)
   f. Termination of mixed-finance documents
   g. Grant deed (to PDS LP)
   h. Ground lease and memo of lease (to PDS LP)
   i. Acquisition loan documents
   j. Option/ROFR and memo of option
ATTACHMENT 1

RESOLUTION
RESOLUTION NO.______________

RESOLUTION AUTHORIZING AN AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT FOR THE RESYNDICATION AND REHABILITATION OF PUEBLO DEL SOL PHASE I WITH PUEBLO DEL SOL I HOUSING PARTNERS, L.P., AUTHORIZING THE HOUSING AUTHORITY TO ACT THROUGH HACLA PDS LLC, A LIMITED LIABILITY COMPANY WITH THE HOUSING AUTHORITY AS ITS SOLE MEMBER AND MANAGER, AND AUTHORIZING THE ENTRY INTO ALL DOCUMENTS NECESSARY TO COMPLETE THE INTERIM TRANSFER OF THE PROJECT TO HACLA PDS LLC AS A MIXED-FINANCE PROJECT AND THE SUBSEQUENT SALE OF THE PROJECT BY HACLA PDS LLC TO PUEBLO DEL SOL I HOUSING PARTNERS, L.P. TO IMPLEMENT THE RAD CONVERSION AND FINANCIAL CLOSING OF THE RESYNDICATION AND REHABILITATION, AND FURTHER AUTHORIZING THE EXCHANGE OF CERTAIN SUBSTITUTE REAL PROPERTY WITH THE LOS ANGELES UNIFIED SCHOOL DISTRICT (LAUSD) IN ACCORDANCE WITH CALIFORNIA HEALTH AND SAFETY CODE SECTION 34312.3, AND THE UNDERTAKING OF RELATED ACTIONS, IN THE EVENT THE HOUSING AUTHORITY IS UNABLE TO TIMELY EXCHANGE PORTIONS OF REAL PROPERTY IDENTIFIED IN A LAND SWAP EXCHANGE WITH LAUSD PURSUANT TO THE TERMS OF AN AMENDMENT TO THAT CERTAIN MAY 2005 MENDEZ CENTER GROUND LEASE WITH LAUSD, AS NECESSARY TO ENSURE THE TIMELY AND SUCCESSFUL RESYNDICATION OF PUEBLO DEL SOL PHASE I.

WHEREAS, the Housing Authority of the City of Los Angeles (the “Authority”) is a public body, corporate and politic, duly created, established and authorized to transact business and exercise powers under and pursuant to the provisions of the Housing Authorities Law, Sections 34200 et seq. of the California Health and Safety Code (the “Act”), including the power to provide financing for the acquisition, construction, rehabilitation and equipping of multifamily rental housing for persons and families of low to moderate income;

WHEREAS, the Authority is further authorized under the Act to issue bonds, notes, interim certificates, debentures, or other obligations for any of its corporate purposes and to make and execute contracts and other instruments necessary or convenient for the exercise of its powers;

WHEREAS, the Pueblo Del Sol Apartments, Phase I (“PDS-I”) was developed as one of a four-phased development on a 35 acre former public housing site, known as the Aliso Village public housing community, located in the Boyle Heights community east of downtown Los Angeles (the real property underlying PDS-I is referred to herein as the “Property”), with 201 low income rental units in PDS-I along with parks, open space and a management office and community facility, and was placed into service in 2002, after being developed by the current tax credit partnership owners;

WHEREAS, development of PDS-I was partially financed with HOPE VI funds and syndicated in a mixed finance transaction in 2002 involving the execution of a mixed finance amendment to consolidated annual contributions contract, a declaration of trust and partial release of declaration of trust, amended and restated ground lease, a memorandum of ground lease, a regulatory and operating agreement, AFR loan documents, zero interest loan documents, and CTCAC regulatory agreement (collectively, the “Mixed Finance Documents”);

WHEREAS, on August 22, 2019, the BOC, by Resolution No. 9523, authorized submission of Rental Assistance Demonstration (“RAD”) applications to the U.S. Department of Housing and Urban Development (“HUD”) for the RAD conversion of up to two hundred twenty-four (224) Public Housing Units at PDS-I and PDS-II;
WHEREAS, on October 31, 2019, the Authority Board of Commissioners ("BOC"), by Resolution No. 9536, authorized the involvement of the Authority in the resyndication and rehabilitation of PDS-I (the "Project"), such involvement including execution of a Disposition and Development Agreement for PDS-I ("DDA") and acquisition loan documents for PDS-1, including a loan agreement, promissory note, and deed of trust (the “Acquisition Loan Documents”);

WHEREAS, in November 2019, the Authority purchased the limited partner interest in the PDS-I partnership from affiliates of AIG/SunAmerica, the former investor limited partner in PDS I, with the result that PDS I is now owned by a limited partnership, of which La Cienega LOMOD, Inc. is the managing general partner, an affiliate of Related California is the administrative general partner, and the Authority is the limited partner (each, an "Existing Owner");

WHEREAS, as described below, the Project will be transferred for a brief interim period from the Existing Owner of PDS I, Aliso Village Housing Partners, L.P., a California limited partnership ("AVHP"), to an affiliate of the Authority before the Project is sold to the new limited partnership as part of the Financial Closing;

WHEREAS, the commitments and financing necessary to accomplish the financial closing have been obtained and identified, including that HUD has issued a Rental Assistance Demonstration Conversion Commitment for the RAD conversion of PDS-I ("RAD Conversion"), the construction lender of the Project has been determined to be Citibank, N.A., a national banking association, and the Goldman Sachs Group, Inc. has committed to be the tax credit investor in the Project through its affiliate GSB LIHTC Investor LLC, a Delaware limited liability company;

WHEREAS, as such financing and other such details of the Project have become known or negotiated, the Authority desires to authorize updated and more specific terms of the Project financing and implementation;

WHEREAS, the Authority desires to enter into an amendment to DDA to adjust the ground lease term to 65 years, the interest rate on the Acquisition Loan at 3% compounding and a 55 year term evidenced by the Acquisition Loan Documents, and the schedule of performance, and the terms of the Interim Transfer, along with other updates, and the Authority desires to enter into any and all agreements as contemplated in the DDA, as amended (collectively with the amendment to DDA, the “DDA Documents”);

WHEREAS, Resolution 9536 also authorized the transfer and distribution of the leasehold interest in the Property and fee interest in the improvements on the Property from AVHP to the Authority or its affiliate (the “Interim Transfer”) for tax structuring purposes and to ensure that La Cienega LOMOD, Inc. does not need to disaffiliate or change its current managing general partner role in the Project in order to enter into Pueblo del Sol I Housing Partners, L.P. (the “PDS I Partnership”);

WHEREAS, the Interim Transfer is anticipated to occur approximately one week before the financial closing date for the Project (the "Financial Closing"), and HUD has indicated that accomplishing the Interim Transfer through a private ownership entity such as a limited liability company, rather than through the Authority, will allow for a more streamlined approval process through HUD;

WHEREAS, for purposes of the Interim Transfer, the Authority desires, where applicable, to act through HACLA PDS LLC, a California limited liability company of which the Authority is the sole member (the “HACLA LLC” or the “LLC”);
WHEREAS, due to the timing of the recordation of a subdivision map and other factors, the legal description attached to the Mixed Finance Documents no longer completely describes the Property and the Authority desires in the Interim Transfer to amend the Mixed Finance Documents to completely describe the Property;

WHEREAS, acting on behalf of the HACLA LLC, the Authority desires that at the Interim Transfer the LLC enter into any and all conveyance documents necessary to acquire a leasehold interest in the Property and fee interest in the improvements on the Property from AVHP at the Interim Transfer and enter into any and all agreements necessary to assume all rights, interests, and obligations related to the Project, including but not limited to an amendment to mixed finance amendment to consolidated annual contributions contract, and assignments, assumptions, and/or amendments of declaration of trust and partial release of declaration of trust, amended and restated ground lease, memorandum of ground lease, regulatory and operating agreement, AFR loan documents, zero interest loan documents, TCAC regulatory agreement assignment, and project documents such as the management contract, management plan, services agreements, and tenant lease (collectively, the “LLC Interim Transfer Documents”);

WHEREAS, acting on its own behalf, the Authority desires at the Interim Transfer to enter into an amendment to mixed finance amendment to consolidated annual contributions contract and to enter or consent to assignments, assumptions, and amendments of one or more of the Mixed Finance Documents in which the Authority has a right, interest, or obligation, including but not limited to the regulatory and operating agreement, declaration of trust and partial release of prior declaration of trust. AFR loan documents, amended and restated ground lease and memorandum of lease, (collectively, the “Authority Interim Transfer Documents”);

WHEREAS, acting on behalf of the HACLA LLC, the Authority desires at the Financial Closing that the LLC execute a purchase and sale agreement and grant deed to sell the improvements on the Property to the PDS I Partnership for the appraised value of $29,520,000, take back a promissory note in a principal amount not to exceed $22,808,000 at 3% interest, and enter into the Acquisition Loan Documents and any subordination agreements required for financing of the Project, which Acquisition Loan Documents will be assigned to the Authority and assumed by the Authority at or shortly after the Financial Closing by execution of an assignment and assumption of loan documents by and between the Authority and the LLC (collectively, the “LLC Conveyance Documents”);

WHEREAS, acting on behalf of the HACLA LLC, the Authority further desires that on or immediately before the Financial Closing, the LLC enter into any and all agreements necessary to terminate the Mixed Finance Documents or assign the Mixed Finance Documents to the PDS I Partnership, as applicable, including a termination of deed of trust and partial release of declaration of trust, amended and restated ground lease and memo of lease, and regulatory and operating agreement, and an assignment of tenant leases and any other applicable Project documents and assignment, assumption, and amendment of TCAC regulatory agreement (collectively, the “LLC Financing Closing Documents”);

WHEREAS, acting on behalf of the HACLA LLC, the Authority desires at the Financial Closing, to enter into any and all agreements necessary to terminate or release from the Project all Mixed Finance Documents in which the Authority has a right, obligation, or interest, including but not limited to by entering into a termination of amended mixed finance amendment to consolidated annual contributions contract, termination of AFR loan documents and cancellation of indebtedness, termination and release of amended and restated ground lease and memorandum of lease, termination of regulatory and operating agreement, and substitution of trustee and full reconveyance of AFR loan deed of trust, and to enter into such documents as may be necessary to accomplish the Financial Closing and subsequent conversion to permanent financing with
Citibank, including but not limited to a new ground lease, an assumption of the Acquisition Loan Documents from the HACLA LLC, all documents required in connection with the RAD Conversion, including but not limited to a RAD Use Agreement, RAD and non-RAD PBV HAP contracts and other RAD documents, an option and right of first refusal agreement and memorandum of option, a TCAC ground lease rider, subordination agreements, assignment agreements, and estoppels and certifications, and title company documents (collectively, the “Authority Financing Closing Documents”);

WHEREAS, after the transfer of the Project from AVHP to the HACLA LLC and the subsequent transfer to the PDS I Partnership upon the conclusion of the Financial Closing, La Cienega LOMOD, Inc., as the managing general partner of AVHP, with the assistance of The Related Companies of California as the sole member of the former administrative general partner, will wind up and dissolve AVHP, whose purpose as owner of the Project as a mixed-finance project shall have been completed;

WHEREAS, acting on its own behalf, the Authority desires to permit such winding up and dissolution of AVHP and the execution of all such documents as may be necessary to complete such dissolution (the "AVHP Dissolution Documents"); and

WHEREAS, for the reasons set forth in the Report of the President and CEO of the same date herewith, the Authority desires to effectuate an equal exchange of real property with the Los Angeles Unified School District and has identified its reversionary interest in certain additional Via Las Vegas right-of-way property as available for exchange if Lots 6 and 8 cannot be delivered to LAUSD in the timeframe agreed to by both Parties, but no less than twelve months from the initial exchange action.

NOW, THEREFORE, BE IT RESOLVED that the BOC hereby authorizes each Designated Officer, as specified below, or his/her designee, to execute the DDA Documents, the LLC Interim Transfer Documents, the Authority Interim Transfer Documents, the LLC Conveyance Documents, the LLC Financial Closing Documents, the Authority Financial Closing Documents, and the AVHP Dissolution Documents, and to enter into any and all documents required to refinance, re-syndicate, and rehabilitate the Project and to obtain HUD approvals as contemplated hereby, including, but not limited to, any additional agreements, documents, instruments or amendments, as approved by legal counsel, whether executed by the Authority or the LLC, and authorizes any Designated Officer or his/her designee to execute such other documents and take any and all other such actions as may be contemplated by this Resolution or any previous resolution of the Authority or to carry out the purpose of the foregoing authorizations in accordance with the Act, as approved by legal counsel, as such Designated Officer may deem necessary or appropriate, whether such documents are executed by the Authority or the LLC, and to address any issues arising with respect to the foregoing subsequent to the Financial Closing.

BE IT FURTHER RESOLVED that the BOC authorizes the President and CEO, or designee, to execute and timely deliver all necessary and reasonable agreements and instruments associated with the real estate exchange and Amendment between the Authority and LAUSD, subject to Legal Counsel approval. With such agreements and instruments including title insurance or other indemnity agreements needed to effectuate the exchanges, as may be needed to ensure the timely and successful completion of the PDS I resyndication on or before October 27, 2020.

BE IT FURTHER RESOLVED that all actions taken by the Designated Officers and the other officers and agents of the Authority with respect to the foregoing are hereby approved, confirmed and ratified.
BE IT FURTHER RESOLVED that the “Designated Officers” of the Authority referred to herein are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ben Besley</td>
<td>Chair Person</td>
</tr>
<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.

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

By: __________________________
Ben Besley, Chairperson

APPROVED AS TO FORM:

BY: __________________________
James Johnson, General Counsel

DATE ADOPTED: __________________________
ATTACHMENT 2

ORGANIZATIONAL CHARTS
PUEBLO DEL SOL-I CURRENT OWNERSHIP STRUCTURE

Aliso Village Housing Partners, LP

La Cienega LOMOD, Inc.
Managing General Partner
0.005% Ownership Interest

Related / Aliso Village Development Co., LLC
Administrative General Partner
0.005% Ownership Interest

Housing Authority of the City of Los Angeles
Limited Partner
99.99% Interest Ownership
PUEBLO DEL SOL-I INTERIM OWNERSHIP

HACLA PDS, LLC

Housing Authority of the City of Los Angeles
Sole Member and Owner
100% Ownership Interest
ORGANIZATIONAL CHART FOR PUEBLO DEL SOL I HOUSING PARTNERS, L.P.

Pueblo del Sol I Housing Partners, L.P.,
a California limited partnership
Tax ID: 84-3624406

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Related/Pueblo del Sol I Development Co., LLC, a California limited liability company
0.0059% Administrative General Partner
Tax ID: 84-3586618

LOMOD PDS LLC, a California limited liability company
0.0001% Managing General Partner
Tax ID: 84-3502144

Housing Promise Corporation, a California nonprofit public benefit corporation
0.004% Special Limited Partner
Tax ID: 45-0468656

GSB LIHTC Investor LLC
99.99% Investor Limited Partner
Tax ID: 13-3571598

The Related Companies of California, LLC, a California limited liability company
83% Member
Tax ID: 33-0851672

Related Futures, LLC, a California limited liability company
17% Member
Tax ID: 84-3548556

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

GSB UIG LLC
100% Owner

Goldman Sachs Bank USA
100% Owner
Pueblo Del Sol Phase I
1400 Gabriel Garcia Marquez Street, Los Angeles, CA 90033
201 Unit Re-Syndication and Renovation
Family Housing Project

Financing Plan
September 2020

RELATED
OVERVIEW

The Pueblo del Sol community (formerly Aliso Village) was constructed in 2003 and consists of 377 affordable rental units and 93 for sale single family homes (the “Community”). The Community is located on 35 acres adjacent to downtown Los Angeles and replaced a distressed 685-unit HOPE VI Aliso Village Public Housing Complex that was constructed in 1942. The revitalized Community was built around a neighborhood elementary school and features two, three, and four bedroom townhomes wrapped around landscaped courtyards and play areas. A Management Building, Community Center, and 1.5-acre park reside within the community. The Community was constructed in three (3) phases. Phase one consisted of 201 residential units and a Management Building; phase two contained 176 residential units, a Community Center and a Community Park, and Phase III included 93 single family homes.

The first phase of the Pueblo del Sol community (referred hereafter as the “Project”) is a 10.80-acre property composed of parcels A, B, and C. Of these three (3) parcels included in the Project, Parcel A is the largest at 9.98 acres improved with 36 apartment buildings containing 201 residential units (shown in Figure 1.1). The second (Parcel B) and third (Parcel C) lie adjacent to one another and are improved with a property management building. They have a combined acreage of 0.82 acres. Parcels B is 0.28 acres and Parcel C is 0.54 acres, as shown in Figure 1.1. The Project is bounded to the northeast by the 101 freeway; to the southeast by single family

Figure 1 – Pueblo del Sol Phase I Regional Location
homes and the Utah Street Elementary School; to the southwest by the Phase II portion of the project, and to the west by North Mission Road.

The Rehabilitation involves the resyndication and renovation of the Project. The Scope of Work will address items including accessibility improvements, energy upgrades, renovation of the property management building, and improvements to building exteriors and trash enclosures/mailbox areas.

EXISTING OWNERSHIP STRUCTURE

The Project is a resyndication of Phase I of the Community, Aliso Village Phase I (CA-2002-003). Under the existing ownership structure the Housing Authority of the City of Los Angeles (“HACLA”) is currently ground leasing the Project to the old partnership, Aliso Village Housing Partners, L.P., a California limited partnership (“AVHP”). The ground lease is handled by two instruments. The first is a Ground Lease pursuant to which HACLA leases to AVHP the portion of the Project composed of Parcels A and B as shown in Figure 1.1 (the “Rental Development Site”). Parcel C within Figure 1.1 (the “Adjacent Site”) is handled by a Sublease Agreement as it is currently owned by the Los Angeles Unified School District (the “LAUSD”) who is leasing the site to HACLA who in turn subleases the site to AVHP as sublessee. HACLA is currently finalizing negotiations with LAUSD to perform a land swap, whereby the Adjacent Site will be deeded to HACLA by the LAUSD prior to Closing. The Phase II resyndication of the Pueblo del Sol community is expected in the near future.

PROPOSED OWNERSHIP STRUCTURE & SITE ACQUISITION

HACLA and Pueblo del Sol I Housing Partners, L.P. (the “New Partnership”) desire to rehabilitate the Rental Development Site and the Adjacent Site (which will likely be incorporated into the Rental Development Site at or prior to Closing) as the first phase of rehabilitating Pueblo del Sol.

HACLA will ground lease the Rental Development Site and sublease the Adjacent Site (if it is not otherwise incorporated into the Rental Development Site) to the New Partnership for a sixty (60) year term and sell the Project to the New Partnership in accordance with a Disposition and Development Agreement (“DDA”), which was executed on November 13, 2019 between HACLA and the New Partnership.

The HACLA ground lease shall provide for an annual lease payment to be made by the New Partnership to HACLA in the amount of Fifty Thousand Dollars ($50,000) per year, increasing annually by the Consumer Price Index, payable out of Net Cash Flow of the New Partnership after payment in full of deferred Developer Fee (including interest at the applicable federal rate accrued thereon) and otherwise in the priority set forth in the Amended and Restated Partnership Agreement.
HACLA commissioned an appraisal to arrive at the value of the Project for purposes of establishing a purchase price for HACLA’s sale of the Project through a ground leasehold estate in the Rental Development Site to the New Partnership pursuant to the DDA. Pursuant to the appraisal (dated January 5, 2020), the purchase price is $29,520,000. This price will be reflected in the Real Estate Purchase Agreement which is currently attached in draft format to the DDA as Exhibit J. As set forth in the DDA, the New Partnership will pay $6,712,000 to HACLA in cash at closing and will pay the balance of $22,808,000 the purchase through a Seller Carryback Note.

**PROPOSED IMPROVEMENTS TO THE PROJECT**

The proposed rehabilitation of the Project will maintain the existing unit configurations but will provide needed renovations to update and upgrade the buildings, improve energy efficiency, and extend the useful lives of the buildings. The rehabilitation work will be done with tenants remaining in place. Each resident household will need to vacate their unit for a twelve to fourteen (12-14) day period while the interior work is completed.

Pending cost estimates and overall financial structuring, the rehabilitation scope will include updating residential buildings, upgrading the Management Building, and exterior common area amenity spaces.

Exterior work will consist of painting of buildings, replacement of roofing material with a similar roofing material, improved light fixtures, enhancements to trash enclosures and new photovoltaic arrays. Site work will consist of landscaping changes to accommodate additional accessible parking spaces and carports, and improvements to the walkways leading to and from accessible units.

All units will receive new flooring, fixtures, energy star rated appliances, window coverings, light fixtures, hardware, paint, upgraded HVAC units, new water heaters, and cabinetry in the kitchens. Ten percent (10%) of all residential units will be renovated to meet current accessibility requirements which will require shifting some walls in order to reconfigure kitchens and bathrooms to meet current code requirements.

The Management Building will be improved with an expanded fitness room, expanded multipurpose room, improved staff offices and a new breakroom. The building interior as a whole will receive new flooring, paint, light fixtures and furnishings. The leasing office will be reconfigured to increase security and create a separate waiting lobby, which will allow the space to be more functional for the management staff.

Since the majority of the scope of work consists of replacing existing improvements, architectural drawings will only be required to assist in the renovation of the Management Building and the accessible unit rehabilitations. Related will provide a specifications book to the General Contractor, which will outline the finishes, fixtures, appliances, etc.
PROJECT DETAILS

UNIT MIX
There are 201 units (including one manager’s unit) in thirty-six (36) buildings at the Project. In total, there are forty-six (46) two bedroom one bath single level units with an estimated average 873 square feet of rentable area, forty-nine (49) two bedroom one bath townhome units with an estimated average 1,118 square feet of rentable area, sixty-eight (68) three bedroom two bath single level units with an estimated average 1,100 square feet of rentable area, fifteen (15) three bedroom two bath townhome units with an estimated average 1,239 square feet of rentable area, and twenty three (23) four bedroom two bath single level units with an estimated average 1,462 square feet of rentable area.

UNIT AFFORDABILITY
As provided in the original Tax Credit Regulatory Agreement, units must be occupied by tenants such that the average income of tenants is at or below 50% at 30% and 30% at 50% of Area Median Income (“AMI”). As a resyndication of an original 9% project, the New Partnership has agreed to maintain the affordability of the Project to the same income restrictions as imposed by the original Tax Credit Regulatory Agreement. The Project will comply with the new affordability restrictions it committed to in the recently submitted TCAC Application that will require 50% of units to be set-aside for households at 30% AMI, 30% of units at 50% AMI and the balance of units set aside at 60% AMI.

PROJECT BASED RENTAL ASSISTANCE
Concurrent with the Closing, HACLA will be providing a commitment of Project Based Section 8 (“PBVs”) and Rental Assistance Demonstration Vouchers (“RAD Vouchers”) in order to convert a majority of the units (which currently consist of both public housing and tax credit units) to Section 8 and RAD Project Based Assistance. To do this, HACLA will enter into a Project-Based Voucher HAP Contract (the “PBV HAP Contract”) with the New Partnership with an initial term of twenty (20) years with a twenty (20) year extension agreement. It is currently estimated that the PBV HAP Contract will provide an initial PBV overlay on 39 units, but will bring all remaining Tax Credit units under PBV Contract as families become eligible or upon unit turnover. HACLA will also enter into a Rental Assistance Demonstration Contract with HUD that will provide a RAD Voucher overlay on 112 units. In total, 151 units will be provided with vouchers, 49 will be tax credit only, and one unit reserved as a manager’s unit. The overhang payments generated by the PBVs and RAD Vouchers will be combined to support a second tranche of debt within the Permanent Loan.

SURROUNDING AREA DESCRIPTION
The subject property is in the Boyle Heights Area of the City of Los Angeles, just east of Downtown Los Angeles in Central Los Angeles County and in Southern California. The City of Los Angeles is the economic and cultural center of the Greater Los Angeles/Orange County Metropolitan Area.
According to ESRI the population in Los Angeles County increased from 9,818,605 people estimated in the 2010 Census to 10,255,222 people in 2019. This was an approximate 5.27% increase. By 2024 the population for Los Angeles County is forecast by ESRI to increase to 10,464,764 people. This would be an approximate 2.04% increase from 2019 to 2024. It is the largest City in the state of California.

The 101 Freeway bounds the Project to the north and north east; single family homes and an elementary school bound it to the south east, Phase II of Pueblo del Sol border it to the south, and to the west it is bound by North Mission Road.

Transit: The Pico/Aliso station of the Los Angeles Metro L Line (previously the Gold Line) is an approximate 5-minute walk (0.2 mile or 4 blocks) walk from the Project. The L Line is fully operational with trains departing approximately every twenty minutes. Additional public transit includes the route 30 Bus which is an approximate 5-minute walk (0.2 mile or 5 blocks) walk from the Project as well as routes 70,70,78 and 79 bus routes—all of which are only a 3-minute walk (0.2 miles).

Parks: There is a community park at the center of the Pueblo del Sol Community. The closest public park is the Pecan Recreational Center located roughly half a mile southeast of the Project.

Medical & Pharmacy: The White Memorial Medical Center is located roughly a mile east from the Project.

Grocery: The nearest grocery stores are a Smart and Final and a Northgate Market both located roughly 1.5 miles southeast of the Project.

Library: The nearest library is the Little Tokyo branch located approximately 1.5 miles northeast from the Project.

Fire: The Los Angeles Fire Department Station #4 is located roughly a mile east of the Project.

Police: The nearest police station is Hollenbeck Community Police Station located approximately one-mile south east from the Project.

**DEVELOPMENT & MANAGEMENT TEAMS**

The “for profit” Administrative General Partner for Pueblo del Sol I Housing Partners, L.P, will be Related/Pueblo del Sol I Development Co., LLC, an affiliate of The Related Companies of California, LLC. The Managing General Partner is LOMOD PDS, LLC (“LOMOD PDS”). LOMOD PDS is a single purpose entity formed by La Cienega LOMOD, Inc., a California nonprofit corporation. La Cienega LOMOD, Inc. is nonprofit corporation affiliated with HACLA. LOMOD PDS is a pass through entity for tax purposes and constitutes an eligible limited liability company, meeting the requirements of Rule 140.1 for purposes of the California welfare exemption. Housing Promise Corporation, a California nonprofit corporation, will act as Special Limited Partner. The Investor Limited Partner has yet to be determined. The Partnership will maintain ownership of the Project from acquisition, through construction, and continuing
throughout the full-term of the low-income use period. The General Contractor for the rehabilitation of the site has yet to be determined. The Management Agent currently is, and will continue to be, McCormack Baron Management.

FINANCING PLAN

Total Development Cost is currently estimated at $64,150,978. The project will be financed with a Seller Carryback Loan, Tax Credit Equity, a Conventional Permanent Loan from Citibank, N.A., Deferred Developer Fee, and Income During Construction (NOI).

Purchase & Seller Carryback Loan:
The New Partnership will purchase the property from HACLA for a purchase price of $29,520,000. Pursuant to the terms of the DDA, HACLA will use a portion of the purchase proceeds to provide a 55-year Seller Carryback Loan to the New Partnership in the amount of $22,808,000 which will be fully funded at the closing of the construction loan. The Seller Carryback Loan will be compounding interest at an annual rate of 3.00% (the “Acquisition Note”). 70% of remaining Net Cash Flow shall be used to pay the Acquisition Note until it has been paid in full (after payment of partnership and asset management fees, and any portion of the Developer Fee not paid from capital sources, and the Annual Ground Lease Payment), as described more specifically in Section 3.1 (vi) of the DDA.

Tax –Exempt Bonds/Construction Loan
The New Partnership has applied for and received an allocation of tax-exempt bonds from the California Debt Limit Allocation Committee (“CDLAC”) for $31,700,000.

Tax Credit Equity
The Project applied for and received a reservation of 4% Low Income Housing Tax Credits from the California Tax Credit Allocation Committee (“TCAC”) in the annual amount of $2,134,234 for a ten (10) year period as of April 14, 2020. Goldman Sachs Bank will provide for a direct purchase of the tax credits at an anticipated price of $0.925 per tax credit. The equity pay in schedule is as follows: Twenty percent (20%) at construction loan closing, sixty percent (60%) at construction completion, nineteen percent (19%) at permanent loan conversion, and one percent (1%) upon issuance of Form 8609.

Permanent Loan
The Permanent Loan, provided in a back-to-back conduit structure by Citibank, N.A. will be in the amount of $17,410,000. The Permanent Loan provides for three (3) years of interest only payments and assumes a 35-year amortization, a 1.15 DSCR, and an annual interest rate of 3.50%.

General Partner Equity
Pueblo del Sol Housing Partners, L.P. shall contribute, at time of closing $100 of equity.

MGP Replacement Reserves
The Managing General Partner shall contribute all current replacement reserves, estimated at $281,298 into the Project at closing.
Construction Period NOI
The development has underwritten 18 months of construction period NOI. It has been underwritten that all RAD units will only receive $323/month of rental assistance during the entire construction period and that there will be no Project Based Voucher overhand during this period. Operating expenses have been underwritten a pro forma values for this period.

DEVELOPER FEE
Total developer fee for this project will be $6,916,532 with approximately $3,406,532 deferred permanently and paid out of project cash flow. Seventy percent (70%) of the capitalized and deferred developer fee will be paid to Related and Thirty percent (30%) to the Managing General Partner which is an affiliate of HACLA. The paid developer fee, totaling $3,510,000, pay in schedule is as follows: fifty percent (50%) at construction loan closing, twenty-five percent (25%) at construction completion, twenty percent (20%) at permanent loan conversion, and five percent (5%) upon issuance of Form 8609.

DEVELOPMENT TIMETABLE
The following timetable outlines some key dates for the proposed transaction:
- November 2019 – Execute Disposition & Development Agreement (Complete)
- December 2019 – Complete 80% Constr. Drawings & Submit to Plan Check (Complete)
- January 2020 – Submit for Tax Exempt Bonds and 4% Tax Credits (Complete)
- April 2020 – Receive Tax Exempt Bond and 4% Tax Credit Allocation (Complete)
- June 2020 – Selected Lender and Investor
- July 2020 – Commence Document Preparation
- October 2020 – Building Permits Ready to Issue & Close on Financing
- October 2020 – Commence Construction (18-month period)
- March 2022– Complete Construction

GUARANTEE

CONSTRUCTION LOAN GUARANTEE
There will be two (2) guarantors for the Pueblo del Sol – Phase I project that will guarantee no more than twenty-five percent (25%) of the construction loan repayment. The Guarantors are, collectively, The Related Companies, L.P. and the HACLA affiliate La Cienega LOMOD, Inc. (“LOMOD”). LOMOD shall provide fifteen percent (15%) of the obligations of the Guarantors, and The Related Companies, L.P. shall provide eighty-five percent (85%) of the obligations of the Guarantors.

LPA GUARANTEE
There will be a singular guarantor, The Related Companies L.P.. Through a side letter agreement, the responsibilities of the singular guarantor have been bifurcated into two (2) guarantors that will provide any and all guaranties and indemnifications required in connection with Pueblo del Sol – Phase I project. The Guarantors are, collectively, The Related Companies,
L.P. and the HACLA affiliate La Cienega LOMOD, Inc. (“LOMOD”). LOMOD shall provide fifteen percent (15%) of the obligations of the Guarantors, and the Related Companies, L.P. shall provide eighty-five percent (85%) of the obligations of the Guarantors, except for matter pertaining to the developer fee, in which Related shall provide 70% of the obligations and LOMOD shall provide 30% of the obligations.

DISCLOSURES

At the end of the tax credit compliance period HACLA will have the sole option to purchase either the Project or the LP’s interest in the Partnership. The option period will commence upon the expiration of the Tax Credit Compliance Period and will expire two years thereafter. The purchase price will be the greater of (a) the fair market value of the Property subject to all affordability restrictions; or (b) the outstanding debt plus all exit taxes to the limited partners. Goldman Sachs has provided for $0 in exit taxes at year 15.
SUMMARY OF PROJECT FINANCING ASSUMPTIONS

**Profit & Fees**

<table>
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<tr>
<th>Description</th>
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<td>Capitalized Developer Fee</td>
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<td>Deferred Developer Fee</td>
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<td><strong>Total Developer Fee</strong></td>
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**Construction Sources**

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<thead>
<tr>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Construction Loan</td>
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</tr>
<tr>
<td>Constr NOI &amp; RAD Rehab Assistance Payment</td>
<td>607,956</td>
</tr>
<tr>
<td>Tax Credit Equity</td>
<td>3,745,210</td>
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<tr>
<td>MGP Replacement Reserves Capital Contribution</td>
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<tr>
<td>Seller Carryback Note - HACLA</td>
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<tr>
<td>Seller Carryback Interest</td>
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<tr>
<td>Deferred Developer Fee</td>
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<td>Deferred Operating Reserve</td>
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<td>Deferred TCAC Fees</td>
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**Permanent Sources**

<table>
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<tr>
<th>Description</th>
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<tbody>
<tr>
<td>Tax Credit Equity</td>
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<tr>
<td>Perm Loan</td>
<td>17,410,000</td>
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<td>Seller Carryback Note - HACLA</td>
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<td>NOI During Construction - 12 Months</td>
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<tr>
<td>Deferred Developer Fee</td>
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<tr>
<td><strong>Total Permanent Sources</strong></td>
<td>64,150,978</td>
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Low Income Housing Tax Credit Equity

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<th>LIHTC Equity Investor</th>
<th>Goldman Sachs Bank</th>
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<td>Total Federal Credits (10 Years) 99.99%</td>
<td>$18,726,051</td>
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</tbody>
</table>

Tax Credit Equity Pay-in Schedule:

| Close of Construction Financing | $3,745,210 |
| Construction Completion         | $11,235,631 |
| Stabilization                   | $3,557,950  |
| Issuance of 8609                | $187,261    |

Developer Fee Payment Schedule

| Close of construction financing | $1,755,000 |
| Completion of rehabilitation    | $1,404,000 |
| Conversion to permanent loan    | $175,500   |
| Issuance of 8609                | $175,500   |
| Permanently Deferred            | $3,406,532 |

SUMMARY OF CASH FLOW WATERFALL

After Operating Expenses and required debt service, cash flow shall be allocated as follows:

1st. Payment of Managing General Partner Fees
   - $12,500 annually to Managing General Partner (MGP), increased 3% annually
   - $5,000 annually to the Investor Limited Partner (ILP), increased 3% annually
   - $12,500 annually to Administrative General Partner (AGP), increased 3% annually

2nd. Payment of the Deferred Developer Fee until fully repaid
   - 70% payable to affiliate of the AGP
   - 30% payable to affiliate of the MGP

3rd. Ground Lease Payment
   - Annual Lease Payment to HACLA of $50,000, increased 3% annually

4th. After Payment of Items 1-3 above:
   - 70% of remaining cash flow to pay the Acquisition Promissory Note until paid in full
   - 30% of remaining cash flow to Limited Partnership. Proposed split below:
     i. 1.0% - to MGP
     ii. 58.9925% to AGP
     iii. 30.0075% to LOMOD Partner
     iv. 10.0% to ILP

5th. After Payment of items 1-4 above
   - 70% of payment to MGP
30% of remaining cash flow to Limited Partnership

6th. **Net Proceeds of a Sale or Refinance**
- 10% to MGP
- 22.50% to AGP
- 10% to the ILP
- 57.50% to LOMOD Partner
PROFORMA

PROJECT SUMMARY

PDS1 - Pueblo del Sol - Phase I - Investor Proforma
Acquisition Rehab
Related Companies of California
Printed on 9/7/20 at 10:25 PM

Last Changed On: 8/19/2020 9:18 AM

<table>
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<tr>
<th>Project Data</th>
<th>Basic Calculations</th>
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<td>Project Type</td>
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<td>County</td>
<td>Los Angeles</td>
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<tr>
<td>Total Units</td>
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<tr>
<td>Parking Spaces</td>
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<tr>
<td>Land Area</td>
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<td>224,860 SF</td>
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<td>Retail Area</td>
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<td>Construction Period</td>
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<td>Units Per Acre</td>
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<td>Donated Land Value</td>
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<td>Total Eligible Basis</td>
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<td>Adjusted Threshold Basis Limit</td>
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<td>Total Eligible Basis as a % of Threshold Basis Limit</td>
<td>OK 13.53%</td>
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<td>50% Test Eligible Basis + Land - FF&amp;E</td>
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<td>Capitalized Value (Rent Restricted)</td>
<td>$15,291,256</td>
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<td>50% Test (Permanent Debt)</td>
<td>30%</td>
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<tr>
<td>50% Test (Construction Loan)</td>
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<thead>
<tr>
<th>Operating Economic Assumptions</th>
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<td>Residential Vacancy Rate</td>
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<td>Retail Vacancy Rate</td>
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<td>Income Inflator</td>
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<td>Expense Inflator</td>
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<td>Federal Applicable Tax Credit %</td>
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<td>State Applicable Tax Credit %</td>
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<td>Federal Tax Credit Price</td>
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<td>TCAC Allocation Fee</td>
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<td>Loan Amount</td>
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<td>Loan Fee</td>
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<tr>
<td>Interest Rate</td>
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<tr>
<td>Tax Credit Equity</td>
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<td>n/a</td>
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<tr>
<td>Perm Loan</td>
<td>$17,410,000</td>
<td>$863,447</td>
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<tr>
<td>Seller Carryback Note - HACLA</td>
<td>$22,808,000</td>
<td>n/a</td>
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<tr>
<td>Seller Carryback Interest</td>
<td>$911,041</td>
<td>n/a</td>
</tr>
<tr>
<td>Const NIS &amp; RAD Rehab Assistance Payment</td>
<td>$607,956</td>
<td>n/a</td>
</tr>
<tr>
<td>MGP Replacement Reserves Capital Contribution</td>
<td>$281,298</td>
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</tr>
<tr>
<td>GP Capital Contribution</td>
<td>$100</td>
<td>n/a</td>
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<tr>
<td>Deferred Developer Fee</td>
<td>$3,406,532</td>
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<tr>
<td>Total</td>
<td>$64,150,978</td>
<td>$863,447</td>
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<table>
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<tr>
<th>Sources and Uses</th>
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<td>Total Development Cost</td>
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<td>Over/(Under)</td>
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<thead>
<tr>
<th>Cost Efficiency / Credit Reduction / Public Funds</th>
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<tbody>
<tr>
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<tr>
<td>Credit Reduction</td>
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<td>Public Funds Development Ratio</td>
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<tr>
<td>121%</td>
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Stabilized Cash Flow

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<tr>
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<th>Per Unit</th>
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<tr>
<td>Gross Rent TCAC</td>
<td>$2,013,872</td>
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<tr>
<td>Gross Rent Rad/FRV</td>
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<tr>
<td>Laundry Income</td>
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<tr>
<td>Other Income</td>
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<tr>
<td>Vacancy &amp; Collection @ 5.0%</td>
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<tr>
<td>Retail Income</td>
<td>0</td>
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<tr>
<td>Retail Vacancy @ 0.0%</td>
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<td>Operating Expenses</td>
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<td>Net Operating Income</td>
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<td>Debt Service</td>
<td>(596,050)</td>
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<td>Cash Flow</td>
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Y1 DCR | 1.67 |
Target DCR | 1.15 |
Minimum Required DCR | 1.15 |
### Final Financing Plan (v1)

**Pueblo Del Sol – Phase I**  
1400 Gabriel Garcia Marquez Street, Los Angeles, CA

**Related Companies of California**

#### Average Gross Rent

<table>
<thead>
<tr>
<th>Number of Units</th>
<th>Income Category</th>
<th>Hood Overlap Type</th>
<th>Avg SF</th>
<th>Gross Income</th>
<th>PNBV/RAD</th>
<th>Gross Rent</th>
<th>Gross Rent Utilities</th>
<th>Tax Credit</th>
<th>Monthly Rent</th>
<th>Monthly Rent Annual Rent</th>
<th>Unit %</th>
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<tr>
<td><strong>2 Bedrooms</strong></td>
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<td></td>
<td></td>
<td></td>
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</table>

**Summary of Income and Units Distribution**

- **Total Units**: 201
- **Total Rent**: $3,119,436

**Net Rents**

- **Monthly Rent - Actual TCAC**: $167,806
- **Annual Rent - Actual TCAC**: $2,013,672
- **Monthly Rent - PBS8 OH**: $50,158
- **Annual Rent - PBS8 OH**: $601,896
- **Monthly Rent - RAD OH**: $41,089
- **Annual Rent - RAD OH**: $503,668
- **Monthly Total Rent**: $295,993
- **Annual Total Rent**: $3,119,436

**Notes**

- * This is the lower of the Current Rents, per the Rent Roll, or the 2020 TCAC Rents
## Annual Operating Expense Budget

### Related Companies of California

#### Acquisition Rehab

**Last Changed On:** 8/19/2020 9:18 AM

**Printed on:** 9/7/20 at 10:26 PM

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<th>Budget Per Unit</th>
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DEVELOPMENT COSTS & ELIGIBLE BASIS DETERMINATION

PD1 - Pueblo del Sol - Phase I - Investor Proforma
Acquisition Rehab
Related Companies of California
Printed on 9/7/20 at 10:27 PM

201 units % Eligible Eligible Basis
Budget Acquisition Rehab Acquisition Rehab

ACQUISITION COSTS
Purchase Price
$29,520,000 96.70% 0% 28,540,840 0
Other Acquisition Costs 0 0% 0% 0 0
TOTAL ACQUISITION COSTS $46,986 /DU 29,520,000 28,540,840 0

PROFESSIONAL FEES
Architecture & Engineering 827,400 0% 100% 0 827,400
Other Professional / Consulting 367,000 0% 100% 0 367,000
TOTAL PROFESSIONAL FEES $2,400,000 /DU 1,194,400 0 1,194,400

FEES AND PERMITS
City/County Fees and Permits $280,000 0% 100% 0 280,000
Utility Fees/Costs 0 0% 100% 0 0
TOTAL FEES AND PERMITS 280,000 0 280,000

CONSTRUCTION COSTS
Demolition 361,800 0% 100% 0 361,800
Offsite Improvements 0 0% 100% 0 0
Non-Residential Structures 1,238,568 0% 100% 0 1,238,568
Site Improvements 10.8 Acres @ $212,772 Per Acre 2,297,939 0% 100% 0 2,297,939
Parking Facilities 327 Stalls @ $0 Per Stall 0 0% 100% 0 0
Landscaping / Common Areas 10.8 Acres @ $19,340 Per Acre 208,875 0% 100% 0 208,875
Residential Structures 201 SF @ $40,177.42 PSF 8,075,662 0% 100% 0 8,075,662
General Conditions 12,548,329 6.00% 752,900 0% 100% 0 752,900
Contractor Overhead 13,301,229 3.00% 399,037 0% 100% 0 399,037
Contractor Profit 13,301,229 5.00% 665,061 0% 100% 0 665,061
Contractor Insurance 14,365,327 0.95% 137,003 0% 100% 0 137,003
Construction Period Interest 3.50% 25.5% 2,534,041 0% 25.50% 0 646,180
Construction Bond Premiums 14,502,330 1.00% 145,023 0% 100% 0 145,023
Construction Contingency 14,647,353 10.00% 1,464,735 0% 100% 0 1,464,735
Construction Management 200,000 0% 100% 0 200,000
SUBTOTAL 16,312,088 0 16,312,088

FINANCING COSTS
Acquisition Loan Costs 0 0% 0% 0 0
Gap Loan Costs 20,000 0% 100% 0 20,000
Construction Loan Costs 75,000 0% 8.82% 0 6,618
Construction Loan Fees 0.90% 283,300 286,000 0% 44% 0 125,840
Construction Period Interest 3.50% 25.5% 2,034,041 0% 25.50% 0 646,180
Post-Construction Interest - 0 0% 0% 0 0
Permanent Loan Fees 0.00% - 17,500 0% 0% 0 0
Perpetual Loan Fees 0.00% - 0 0% 0% 0 0
Bond Insurance Costs 309,025 0% 8.82% 0 27,267
TCAC Fees 1.00% 94,293 95,000 0% 0% 0 0
Misc. Finance Costs 0 0% 0% 0 0
TOTAL FINANCING COSTS 3,301,556 0 3,301,556

OTHER COSTS
Furnishings, Fixtures & Equipment 326,106 0% 100% 0 326,106
Advertising 0 0% 0% 0 0
Legal Fees 575,000 3.75% 4% 21,563 21,563
Property Taxes 0 0% 100% 0 0
Set-Aside Contingency 550,000 0% 75% 0 412,500
Relocation Expenses 3,218,798 0% 100% 0 3,218,798
Accounting / Audit / Insurance 138,700 0% 56% 0 77,000
Developer Fee - Acquisition 3,859,207 100% 0 3,859,207 0
Developer Fee - Rehab 3,061,325 0% 100% 0 3,061,325
Operating + Replacement Reserve 1,697,788 0% 0% 0 0
Other Public Subsidy Costs 60,000 0% 100% 0 60,000
TOTAL OTHER COSTS 13,482,924 3,876,770 7,177,292

TOTAL DEVELOPMENT COSTS / TOTAL ELIGIBLE BASIS $64,150,978 $32,422,610 $25,728,668

TOTAL BASIS REDUCTION (Amount over Adjusted Threshold Basis Limit or Voluntary Exclusion) 0 0

TOTAL REQUESTED UNADJUSTED ELIGIBLE BASIS 32,422,610 25,728,685

High Cost Area Adjustment 100% 130%
TOTAL ADJUSTED ELIGIBLE BASIS 32,422,610 33,528,590

Applicable Fraction 100% 100%
TOTAL QUALIFIED BASIS 32,422,610 33,528,590

Total Credit Reduction 0% 0
TOTAL ADJUSTED QUALIFIED BASIS 32,422,610 33,528,590

16
TAX CREDIT CALCULATION

PDS1 - Pueblo del Sol - Phase I - Investor Proforma
Acquisition Rehab
Related Companies of California
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Total Project Cost: $64,150,978
Total Permanent Sources: (45,424,927)
Funding Shortfall: $18,726,051

Total Adjusted Rehab Qualified Basis: $33,526,590
Annual Federal Credits - Calculated: (Federal Tax Credit % = 3.07%) $1,029,266
Annual Federal Credits - Awarded: TC Award: $1,084,076 $0
Total Federal Credits (10 Years): $10,292,663
Federal Tax Credit Price: $0.925
Federal Tax Credit Investor Equity (Syndication % = 99.99%): $9,519,761

Calculated Qualified Acquisition Basis: $32,422,610
Available Acquisition Basis: $32,422,610
Annual Acquisition Credits - Calculated: (Acq. Tax Credit % = 3.07%) $995,374
Annual Acquisition Credits - Awarded: TC Award: $1,050,158 $0
Total Acquisition Credits (10 Years): $9,953,741
Acquisition Tax Credit Price: $0.925
Acquisition Tax Credit Investor Equity (Syndication % = 99.99%): $9,206,290

Total Tax Credit Investor Equity (Rehab + Acquisition): $18,726,051
Investor Legal Costs paid by Investor: $0
Total Tax Credit Investor Equity (Rehab + Acquisition + Legal Costs): $18,726,051

Threshold Basis Limits (Year 2020) 4% Limits

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<th>Limit</th>
<th>Total</th>
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<tr>
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<td>522,240</td>
<td>43,345,920</td>
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<tr>
<td>4 Bedrooms</td>
<td>581,808</td>
<td>13,381,584</td>
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Total: 95,487,504

Special Features Threshold Basis Limit Increases

- 10% Increase: 95% of the project's upper floor units are serviced by an elevator: 0
- 20% Increase: State or Federal Prevailing Wage Requirement: 0
- 7% Increase: New Construction with Parking beneath Residential Units: 19,097,501
- 2% Increase: Day Care Center: 0
- 2% Increase: Special Needs Populations: 0

Total Percentage Increase to Unadjusted Eligible Basis (Combined not to exceed 39%): 19,097,501

- 10% Increase: Energy Efficiency/Resource Conservation/Indoor Air Quality: 0
- Seismic Upgrading or Environmental Mitigation (15% unadj. eligible basis max.): 0
- Development Impact Fees: 0

Bond Deals

1% Increase: Every 1% of the project's units between 35% and 50% AMI: 29,601,126
2% Increase: Every 1% of the project's units at or below 35% AMI: 95,487,504

Adjusted Threshold Basis Limit: $239,673,635

Total Eligible Basis: $58,212,294
Over /(Under) Basis Limit: ($181,461,341)
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<th>Maintenance</th>
<th>Taxes (escalated at 2.00%)</th>
<th>HACLA Annual Bond Issuer Fee</th>
<th>DEBT SERVICE</th>
<th>Interest (AFR = 1.12%)</th>
<th>Less: Payment From Available Cash Flow</th>
<th>Developer Fee Remaining</th>
<th>Net Cash Flow After Developer Fee Repayment</th>
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<td>(526,538)</td>
<td>(20,429)</td>
<td>(4,000)</td>
<td>(596,050)</td>
<td>34,488</td>
<td>(394,672)</td>
<td>2,315,218</td>
<td>2,152,616</td>
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<tr>
<td>2025</td>
<td>1,173,105</td>
<td>0</td>
<td>(500,460)</td>
<td>(542,334)</td>
<td>(20,838)</td>
<td>(4,000)</td>
<td>(586,540)</td>
<td>30,454</td>
<td>(434,356)</td>
<td>1,956,174</td>
<td>1,724,548</td>
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<tr>
<td>2026</td>
<td>1,208,298</td>
<td>0</td>
<td>(515,473)</td>
<td>(558,604)</td>
<td>(21,255)</td>
<td>(4,000)</td>
<td>(586,540)</td>
<td>25,930</td>
<td>(188,532)</td>
<td>1,724,548</td>
<td>1,543,916</td>
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<tr>
<td>2027</td>
<td>1,244,547</td>
<td>0</td>
<td>(530,938)</td>
<td>(575,362)</td>
<td>(21,680)</td>
<td>(4,000)</td>
<td>(586,540)</td>
<td>24,109</td>
<td>(220,551)</td>
<td>1,543,916</td>
<td>1,372,349</td>
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<td>2028</td>
<td>1,281,884</td>
<td>0</td>
<td>(546,866)</td>
<td>(592,623)</td>
<td>(22,113)</td>
<td>(4,000)</td>
<td>(586,540)</td>
<td>21,909</td>
<td>(253,535)</td>
<td>1,372,349</td>
<td>1,200,954</td>
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<td>2029</td>
<td>1,320,340</td>
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<td>(563,272)</td>
<td>(610,401)</td>
<td>(22,556)</td>
<td>(4,000)</td>
<td>(586,540)</td>
<td>19,315</td>
<td>(287,514)</td>
<td>1,200,954</td>
<td>1,040,073</td>
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<tr>
<td>2030</td>
<td>1,359,950</td>
<td>0</td>
<td>(580,170)</td>
<td>(628,713)</td>
<td>(23,007)</td>
<td>(4,000)</td>
<td>(586,540)</td>
<td>16,311</td>
<td>(322,515)</td>
<td>1,040,073</td>
<td>801,616</td>
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<tr>
<td>2031</td>
<td>1,400,749</td>
<td>0</td>
<td>(597,575)</td>
<td>(647,575)</td>
<td>(23,467)</td>
<td>(4,000)</td>
<td>(586,540)</td>
<td>12,882</td>
<td>(358,572)</td>
<td>801,616</td>
<td>564,034</td>
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<td>2032</td>
<td>1,442,771</td>
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<td>(615,502)</td>
<td>(667,002)</td>
<td>(24,936)</td>
<td>(4,000)</td>
<td>(586,540)</td>
<td>9,010</td>
<td>(395,715)</td>
<td>564,034</td>
<td>328,023</td>
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<tr>
<td>2033</td>
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<td>(633,967)</td>
<td>(687,012)</td>
<td>(24,415)</td>
<td>(4,000)</td>
<td>(586,540)</td>
<td>4,679</td>
<td>(422,429)</td>
<td>328,023</td>
<td>0</td>
</tr>
</tbody>
</table>

**Note:** All amounts are in thousands, except for RAD/PBV, which is in millions.
ATTACHMENT 4

LIST AND DESCRIPTION OF KEY FINANCING DOCUMENTS
### Acquisition / Conveyance

1. **Amendment to Development and Disposition Agreement**
   
   **Signatories:** HACLA, Pueblo del Sol I Housing Partners
   
   **Recordable:** No
   
   This document amends the DDA (approved by the BOC in 2019 and executed) to update specific deal terms and financing. It provides that the project will be transferred from Aliso Village Housing Partners, L.P. (“AVHP Partnership”) not to HACLA, but instead to HACLA PDS LLC (an affiliate of HACLA). It also updates the schedule of performance, changes the ground lease term to [65] years, changes the acquisition loan term to 55 years, and changes the acquisition loan interest rate to 3%

### Interim Transfer

2. **Distribution Agreement**
   
   **Signatories:** Aliso Village Housing Partners, L.P., HACLA PDS LLC
   
   **Recordable:** No
   
   This Agreement provides for the Interim Transfer. More specifically, it provides for the distribution of the AVHP Partnership’s interest in the project, from AVHP Partnership to HACLA PDS LLC. Such interest includes a leasehold interest in the property and a fee interest in the improvements on the property. It is pursuant to this document that AVHP Partnership will execute a grant deed to HACLA PDS LLC for the improvements and assign the existing amended and restated ground lease, TCAC regulatory agreement, and other documents pertaining to the project.

3. **Amendment to Mixed Finance Amendment to Consolidated Annual Contributions Contract**
   
   **Signatories:** HACLA, HUD
   
   **Recordable:** No
   
   This document amends the ACC to reflect HACLA PDS LLC as the sole owner for of the project. In this document, HUD acknowledges the Interim Transfer will occur before the project is transferred to a limited partnership and converted under the RAD program. This document provides that at the Interim Transfer, mixed finance documents executed as part of the 2002 financing of the project—including a regulatory and operating agreement, ground lease, and declaration of trust and partial release of prior declaration of trust, will be amended to alter the legal description. These documents and others from the 2002 financing will also be assigned from AVHP Partnership to HACLA PDS LLC. Accordingly, the Interim Transfer will involve the execution of assignments, assumptions, and amendments of declaration of trust and
<table>
<thead>
<tr>
<th>Tab</th>
<th>Document/ Item</th>
<th>Signatories</th>
<th>Recordable</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.</td>
<td>Assignments, Assumptions, and/or Amendments</td>
<td>Varies by document, and includes HACLA, HACLA PDS LLC, HUD, Aliso Village Housing Partners, L.P., and Housing Promise Corporation</td>
<td>Yes</td>
<td>In the Interim Transfer, AVHP Partnership will assign a number of project related documents to HACLA PDS LLC, and HACLA PDS LLC will assume these documents. This assignment and assumption is accomplished by execution of assignments, assumptions, and amendments of declaration of trust and partial release of prior declaration of trust, regulatory and operating agreement, amended and restated ground lease and memorandum of lease, AFR loan documents, zero interest loan documents, and TCAC regulatory agreement. AVHP Partnership will also assign to HACLA PDS LLC a number of project documents such as the management contract, management plan, services agreements, and tenant lease.</td>
</tr>
</tbody>
</table>

### III. RAD / Financial Closing

<table>
<thead>
<tr>
<th>Tab</th>
<th>Document/ Item</th>
<th>Signatories</th>
<th>Recordable</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.</td>
<td>Terminations (of various mixed finance documents recorded on the property in 2002)</td>
<td>Varies by document, and includes HACLA, HACLA PDS LLC</td>
<td>Yes</td>
<td>In the Financial Closing, the documents that were recorded against the property as part of the 2002 closing will be terminated and removed as encumbrances on title. This is accomplished through the execution of terminations of amended and restated ground lease and memorandum of lease and regulatory and operating agreement.</td>
</tr>
<tr>
<td>6.</td>
<td>Termination of Amended Mixed Finance Amendment to Consolidated Annual Contributions Contract.</td>
<td>HACLA</td>
<td>No</td>
<td>This document terminates the Amended Mixed Finance Amendment to Consolidated Annual Contributions Contract (the document being terminated is executed at the Interim Transfer and summarized above).</td>
</tr>
<tr>
<td>7.</td>
<td>Substitution and Full Reconveyance</td>
<td>HACLA</td>
<td>Yes</td>
<td>HACLA will forgive the AFR loan (originally made to AVHP Partnership and assigned to HACLA PDS LLC at the Interim Transfer) at the RAD / Financial Closing and will execute this document to release</td>
</tr>
<tr>
<td>TAB</td>
<td>DOCUMENT/ITEM</td>
<td>SIGNATORIES</td>
<td>RECORDABLE</td>
<td>DESCRIPTION</td>
</tr>
<tr>
<td>-----</td>
<td>---------------</td>
<td>-------------</td>
<td>------------</td>
<td>-------------</td>
</tr>
<tr>
<td>8.</td>
<td>Assignment and assumption of project contracts and leases</td>
<td>HACLA PDS LLC, PDS I Partnership</td>
<td>No</td>
<td>Through this document, HACLA PDS LLC assigns its project contracts, including services contracts and tenant leases, to PDS I Partnership when PDS I Partnership acquires the improvements</td>
</tr>
<tr>
<td>9.</td>
<td>RAD Use Agreement</td>
<td>HUD, HACLA, PDS I Partnership</td>
<td>Yes</td>
<td>HUD form applying RAD restrictions and requirements to the project.</td>
</tr>
<tr>
<td>10.</td>
<td>Grant Deed</td>
<td>HACLA PDS LLC</td>
<td>Yes</td>
<td>This document conveys to Pueblo del Sol I Housing Partners, L.P. (“PDS I Partnership”) a fee interest in the improvements</td>
</tr>
<tr>
<td>11.</td>
<td>Ground Lease</td>
<td>HACLA, Pueblo del Sol I Housing Partners, L.P.</td>
<td>No</td>
<td>Conveyance document providing for a lease of the property to the PDS I Partnership for a term of [65] years and subject to, among other things, RAD requirements and a requirement that the PDS I Partnership meet rehabilitation timelines set forth in the DDA. The PDS I Partnership pays HACLA annual rent of $50,000 from net cash flow. This ground lease is an absolute net lease. The PDS I Partnership indemnifies HACLA for all claims arising from the lease and the rehabilitation or operation of the Project.</td>
</tr>
<tr>
<td></td>
<td>Memorandum of Ground Lease</td>
<td>HACLA, Pueblo del Sol I Housing Partners</td>
<td>Yes</td>
<td>Memorializes, in recordable form, the basic terms of the ground lease (summarized above)</td>
</tr>
<tr>
<td>12.</td>
<td>Acquisition Loan Agreement</td>
<td>HACLA PDS LLC, Pueblo del Sol I Housing Partners</td>
<td>No</td>
<td>Agreement to provide the PDS I Partnership with a seller take-back loan for the acquisition of the improvements. The loan is in an amount not to exceed $22,808,000 and is non-recourse and secured. The loan is to be paid annually from net cash flow, until fully paid or until the 55th year after permanent loan conversion.</td>
</tr>
<tr>
<td>TAB</td>
<td>DOCUMENT/ITEM</td>
<td>SIGNATORIES</td>
<td>RECORDABLE</td>
<td>DESCRIPTION</td>
</tr>
<tr>
<td>-----</td>
<td>---------------</td>
<td>-------------</td>
<td>------------</td>
<td>-------------</td>
</tr>
<tr>
<td>13</td>
<td>Acquisition Loan Promissory Note</td>
<td>HACLA PDS LLC, Pueblo del Sol I Housing Partners</td>
<td>No</td>
<td>Obliges the PDS I Partnership to pay back the Acquisition Loan to HACLA PDS LLC (note that although HACLA PDS LLC makes the loan, the loan will be assigned from HACLA PDS LLC to HACLA at or shortly after conversion, at which point payments will likely be made directly to HACLA). Establishes the interest rate and terms of payment.</td>
</tr>
<tr>
<td>14</td>
<td>Acquisition Loan Deed of Trust</td>
<td>HACLA PDS LLC, Pueblo del Sol I Housing Partners</td>
<td>Yes</td>
<td>Secures the Acquisition loan and creates a security interest in the property.</td>
</tr>
<tr>
<td>15</td>
<td>Option and Right of Refusal Agreement</td>
<td>PDS I Partnership, HACLA, Related/Pueblo del Sol I Development Co., LLC, LOMOD PDS LLC, GSB LIHTC Investor LLC</td>
<td>No</td>
<td>This document grants HACLA the option to purchase the Project or purchase the interest of the investor limited partner of the PDS I Partnership, at the end of the tax credit compliance period. HACLA also has the right of first refusal to purchase the project, which means if the PDS I Partnership intends to sell or dispose of the project during a specified time period, then before accepting a third party offer the PDS I Partnership must notify HACLA of this offer, and HACLA has the right to buy the project. This memorandum memorializes the option agreement noted above and is recorded on title.</td>
</tr>
<tr>
<td></td>
<td>Memorandum of Option and Right of First Refusal</td>
<td>PDS I Partnership, HACLA</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES
HACLA PDS LLC
BOARD MEETING DOCUMENTS
PUEBLO DEL SOL I
ATTACHMENT 5

MAPS DEPICTING REMAINDER OF VIA LAS VEGAS PROPERTY
Remainder of Via Las Vegas in the Context of the Mendez Center Ground Lease
Remainder of Via Las Vegas Parcel
ATTACHMENT 6

DRAFT EVIDENTIARY DOCUMENTS
FIRST AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT FOR PUEBLO DEL SOL – PHASE I

This First Amendment to Disposition and Development Agreement for Pueblo Del Sol–Phase I (the “Amendment”), is made and entered into as of _____________, 2020, by and between the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic (the “Authority”) and PUEBLO DEL SOL I HOUSING PARTNERS, L.P., a California limited partnership (the “Developer” and collectively with the Authority, the “Parties”) with reference to the following recitals of fact:

RECITALS:

A. WHEREAS, the Parties entered into that certain Disposition and Development Agreement for Pueblo de Sol – Phase I, dated November 13, 2019 (the “Original Agreement”) regarding the proposed acquisition and development of real property located at 1400 Gabriel Garcia Marquez Street, Los Angeles, CA 90033, as more specifically set forth therein (the “Property”); and

B. WHEREAS, the Parties desire to amend the Original Agreement as set forth in this Amendment.

AGREEMENT:

1. Original Agreement. Except as amended hereby, the Original Agreement remains unmodified and in full force and effect. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Original Agreement.

2. Recital K; Section 2.3; The Parties hereto acknowledge while the Original Agreement contemplates that the Authority will acquire the Project from AVHP pursuant to the Distribution Agreement and then sell it to the Developer, the Parties have agreed that the Authority will form HACLA PDS LLC, a California limited liability company having the Authority as the sole member, to acquire the Project from AVHP and then sell the Project to Developer.

3. Definitions. The following terms are hereby deleted in their entirety and replaced with the following:

“Acquisition Document Execution Date” means the date before Closing agreed to by the Parties.

“Seller” means HACLA PDS LLC, a California limited liability company.

4. Section 2.7(b). The third sentence of Section 2.7(b) of the Original Agreement is hereby deleted in its entirety and replaced with the following:

“The Ground Lease shall provide for, without limitation, subject to final negotiations with lenders and investors, a term commencing on the date of Closing and expiring approximately 65 years after recordation of the Memorandum of Ground Lease or such other period as may be required for tax structuring purposes or as the parties may agree.”

5. Section 4.3(b). The Purchase Price for purposes of Section 4.3(b) is agreed to be $29,520,000.
6. **Section 4.3(c)(iii).** The first sentence of Section 4.3(c)(iii) of the Original Agreement is hereby deleted in its entirety and replaced with the following:

“(iii) the Acquisition Loan shall mature 55 years following Permanent Loan Conversion, and shall earn interest at rate of 3% per annum compounding annually and shall be repaid out of seventy percent (70%) of Net Cash Flow remaining in the priority described in the Amended and Restated Partnership Agreement.”

7. **Schedule of Performance.** The Schedule of Performance attached to the Original Agreement is hereby deleted and replaced the Schedule of Performance attached hereto as Exhibit A.

8. **Purchase and Sale Agreement.** With respect to Section 11(a) of the Purchase and Sale Agreement, the Parties hereby agree that Seller agrees that it will maintain all insurance required by approved Amended and Restated Partnership Agreement and the Project Loans with respect to the Property (or comparable insurance) until the earlier of the Close of Escrow (as defined in the Purchase and Sale Agreement) or the termination by Buyer or Seller of its obligation to complete the Transaction.

9. **Financing Plan –** The parties here acknowledge that the Financing Plan attached hereto as Exhibit B constitutes the Final Financing Plan contemplated by the Original Agreement.

10. **Applicable Law.** This Amendment shall be construed and enforced in accordance with the laws of the State of California.

11. **Counterparts.** This Amendment may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

12. **Severability of Provisions.** Each provision of this Amendment shall be considered severable, and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Amendment is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Amendment which are valid.

13. **Amendment Binding.** This Amendment shall be binding upon and inure to the benefit of the heirs, executors, administrators, legal representatives and permitted successors and assigns of the parties hereto. Except as amended hereby, the Original Agreement remains unchanged and in full force and effect and the parties hereto hereby ratify and reaffirm the terms of the Original Agreement as amended hereby.

[signature page(s) to follow]
IN WITNESS WHEREOF, the Parties have duly executed this Agreement by their duly authorized signatories effective on or as of the date written at the commencement of this Agreement.

DEVELOPER:

PUEBLO DEL SOL I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Pueblo del Sol I Development Co., LLC,
a California limited liability company,
its Administrative General Partner

By: ______________________________
Frank Cardone, President

By: LOMOD PDS LLC, a California limited liability
company, its Managing General Partner

By: La Cienega LOMOD, Inc.,
a California nonprofit corporation,

By: ______________________________
Tina Smith-Booth, President

[signatures continue on the following page]
AUTHORITY:

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

By: ______________________________
Douglas Guthrie
President and Chief Executive Officer

APPROVED AS TO FORM:

By: ______________________________
Authority Counsel

APPROVED AS TO FORM AND LEGALITY:

GOLDFARB & LIPMAN LLP,
Authority Special Counsel

By: ______________________________
Michelle Brewer, Esq.
EXHIBIT A

SCHEDULE OF PERFORMANCE

This Schedule of Performance sets forth the schedule for various activities under the Disposition and Development Agreement (the “Agreement” or the “DDA”) to which this Exhibit is attached. The description of items in this Schedule of Performance is meant to be descriptive only, and shall not be deemed to modify in any way the provisions of the DDA to which such items relate. Section references herein to the DDA are intended merely as an aid in relating this Schedule of Performance to other provisions of the DDA and shall not be deemed to have any substantive effect. This Schedule of Performance assumes a Closing within one hundred and eighty (180) days after an allocation of tax exempt bonds for the Rental Development and may be extended as permitted under the terms of the tax exempt bond allocation.

<table>
<thead>
<tr>
<th>ACTION</th>
<th>OUTSIDE/FINAL DATE FOR ACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Authority adopts Inducement Resolution.</td>
<td>Completed</td>
</tr>
<tr>
<td>2. Developer hires Major Consultants for predevelopment activities.</td>
<td>Completed</td>
</tr>
<tr>
<td>3. NEPA – Developer submits to HCID [Recital P].</td>
<td>Completed</td>
</tr>
<tr>
<td>4. Authority conducts TEFRA hearing</td>
<td>Completed</td>
</tr>
<tr>
<td>5. Acquisition [Section 3.3(a)(iv)]. Authority shall acquire the limited partner interests.</td>
<td>Completed</td>
</tr>
<tr>
<td>6. Authority completes land exchange with LAUSD [Section 2.7(a)].</td>
<td>Prior to closing of the construction loan</td>
</tr>
<tr>
<td>7. Submission of Interim Financing Plan [Section 4.3(e)]. Developer shall provide Authority with an interim rehabilitation scope of work, schedule and proforma.</td>
<td>Completed</td>
</tr>
<tr>
<td>8. Authority Approval of Interim Financing Plan [Section 4.3(e)]. Authority shall provide Developer with written approval of Interim rehabilitation scope of work, schedule and proforma.</td>
<td>Completed</td>
</tr>
<tr>
<td>9. Authority provides PBV letter commitment [Section 2.6(a)].</td>
<td>Completed</td>
</tr>
<tr>
<td>10. CDLAC Application submission to the Authority. Developer shall submit a complete application to the Authority, the Bond Issuer.</td>
<td>Completed</td>
</tr>
<tr>
<td>11. TCAC Application [Section 3.1(a)(viii)]. The Developer shall have applied for financing from TCAC.</td>
<td>Completed</td>
</tr>
<tr>
<td>12. CDLAC Application [Section 3.1(a)(viii)]. The Developer shall have applied for financing from</td>
<td>Completed</td>
</tr>
<tr>
<td></td>
<td>Requirement</td>
</tr>
<tr>
<td>---</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>13</td>
<td>Authority and Developer shall request a Concept Call with HUD for the RAD Conversion</td>
</tr>
<tr>
<td>14</td>
<td>Authority submits RAD Financing Plan Submission</td>
</tr>
<tr>
<td>15</td>
<td>Submit a Section 3 Economic Opportunity Plan. Developer to work with General Contractor in preparing a plan for construction phase.</td>
</tr>
<tr>
<td>16</td>
<td>Authority obtains RAD Conversion Commitment [Section 2.6(b)].</td>
</tr>
<tr>
<td>17</td>
<td>Submission of Final Financing Plan [Section 4.1(b)]. Developer shall provide Authority with a final rehabilitation scope of work, schedule and proforma.</td>
</tr>
<tr>
<td>18</td>
<td>Authority Approval of Final Financing Plan [Section 4.1(b)].  Developer shall provide Authority with a final rehabilitation scope of work, schedule and proforma.</td>
</tr>
<tr>
<td>19</td>
<td>Relocation Plan [Section 5.11].  Developer shall require consultant to complete the Relocation plan.</td>
</tr>
<tr>
<td>20</td>
<td>Construction Contract [Section 5.6].  Developer shall submit construction contract and specifications to Authority.</td>
</tr>
<tr>
<td>21</td>
<td>Permits and Approvals [Section 5.6].  Developer shall have obtained the necessary Permits and Approvals to undertake the Final Scope of Work.</td>
</tr>
<tr>
<td>22</td>
<td>Closing and Commencement of Rehabilitation [Section 3.1(a)(vi)-(vii)].  Developer and Authority shall execute the Ground Lease and Closing Documents, as applicable, and commence the Rehabilitation.</td>
</tr>
<tr>
<td>23</td>
<td>Completion of Rehabilitation [Section 6.2].  Developer shall complete the Rehabilitation and Relocation of Residents per the Relocation Plan during construction and Authority shall assist in the relocation activities</td>
</tr>
<tr>
<td>24</td>
<td>Permanent Loan Conversion.</td>
</tr>
</tbody>
</table>
Exhibit B

Final Financing Plan

[attached]
DISTRIBUTION AGREEMENT  
(Pueblo del Sol I)

This Distribution Agreement (this “Agreement”) is made and entered into as of October __, 2020, by and between ALISO VILLAGE HOUSING PARTNERS, L.P., a California limited partnership (the “Partnership”), and HACLA PDS LLC, a California limited liability company (“HACLA LLC” and together with the Partnership, the “Parties”), with reference to the following recitals of fact:

RECITALS

A. Pursuant to that certain Agreement for Purchase of Limited Partnership Interest and Other Assets dated as of September 18, 2019, the Housing Authority of the City of Los Angeles, a public body, corporate and politic, the sole member of HACLA LLC (“Sole Member”) as of November 14, 2019 acquired a 99.99% limited partner interest in and became the sole limited partner of the Partnership;

B. Pursuant to that certain Redemption Agreement, executed concurrently with this Agreement, between the Partnership and Related/Aliso Development Co., LLC, as administrative general partner (the "AGP"), the Partnership intends to redeem the general partner interest of the AGP, upon which La Cienega LOMOD, Inc., the managing general partner of the Partnership, shall became the sole general partner of the Partnership;

C. Sole Member owns the fee interest in the land (the "Land") underlying the mixed-finance housing development known as Pueblo del Sol Phase I, and is the ground lessor under a ground lease to the Partnership (the "Ground Lease");

D. Subject to the Ground Lease, the Partnership owns a leasehold interest in the Land and a fee interest in the improvements located in Pueblo del Sol Phase I, which leasehold interest and improvements are more fully described in EXHIBIT A attached hereto and incorporated herein by reference (collectively, the “Apartment Development”);

E. The Partnership desires to distribute (the "Distribution") all of the following property to HACLA LLC (collectively, the “Property”):

   i. Partnership’s right, title and interest in the ground leasehold estate in the Land pursuant to the Ground Lease and any right, title and interest in any sublease of adjacent land as described in the DDA, as defined below (the "Sublease"), as applicable;

   ii. all right, title and interest of Partnership in and to all buildings, structures, parking areas, sidewalks, landscaping and other improvements located on the Land (collectively, the “Improvements”);

   iii. all right, title and interest of Partnership in and to all furniture, fixtures, equipment, machinery, building materials, supplies, inventory and other tangible property owned by Partnership and located on the Land (collectively, “Personalty”);

   iv. all right, title, interest and estate of Partnership in, to and under all leases and rental agreements permitting occupancy or use of any apartment unit or other space in the Improvements (collectively, “Leases”), including unapplied refundable security deposits plus
any interest earned thereon to the extent required to be maintained by applicable law; all
guaranties of Leases, if any; and all rents due under Leases (collectively, "Rents") allocable to
the period after the Distribution Close of Escrow;

v. all right, title and interest of Partnership in and to (a) all transferable
permits, licenses, approvals, utility rights, development rights and similar rights related to the
Property, if any, whether granted by governmental authorities or private persons, (b) all
telephone numbers now serving the Apartment Development, (c) all assignable warranties and
guaranties covering all or any part of the Property, (d) the names “Aliso Village,” and "Pueblo
del Sol" (collectively, the “Intangibles”), and (e) all Service Contracts, as defined below;

vi. all agreements, documents and recorded restrictions executed with or
subject to the approval of the U.S. Department of Housing and Urban Development ("HUD
Documents");

vii. the Regulatory Agreement with the California Tax Credit Allocation
Committee (the “TCAC Agreement”), the Low-Income Housing Tax Credit Application, the Tax
Exempt Reservation Letter, and the initial Internal Revenue Service Form 8609 for each building
in the Apartment Development (collectively, the “Tax Credit Documents”); and

viii. all tenant files and other tenant records for any period from and after the
placed in service date of the Apartment Development (the “Tenant Records”, and collectively
with the Tax Credit Documents, the “Records”).

ix. As used herein, “Service Contracts" means all contracts to which
Partnership is a party relating to the operation, maintenance or management of the Property,
including any agreements for electric, gas, telephone, cable television, security alarm
monitoring, sewer, trash collection or similar services, supply contracts, leasing brokerage
agreements, and insurance which the Partnership and HACLA LLC shall have agreed will be
assigned to HACLA LLC under this Agreement.

F. The transfer of the Property contemplated by this Agreement is referred to in this
Agreement as the “Transaction.”

NOW, THEREFORE, with respect to the foregoing recitals, the mutual covenants and
agreements contained herein, and for other good and valuable consideration, the receipt and
sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

AGREEMENT

1. Incorporation of Recitals. The foregoing recitals shall be a part of this Agreement
and are hereby fully incorporated herein.

2. Distribution Date. The "Distribution Date" shall mean the date upon which
the Distribution occurs after the fulfillment or waiver of the Distribution Conditions, as defined
below.

3. Mutual Conditions Precedent to Distribution: The following are conditions
precedent to the obligations of both Parties to effectuate the Distribution (collectively, the
"Distribution Conditions"):
(a) The written approval of HUD, the Authority and Aliso Village Housing Corporation, as parties to the financing and regulatory documents recorded against the Project, TCAC, and if applicable, LAUSD (collectively, the "Approvals") shall have been obtained; and

(b) The Redemption of the AGP partnership interest shall have occurred under the Redemption Agreement and the Partnership shall have filed an LP-2 with the California Secretary of State.

(c) All conditions to Closing (as defined in the DDA) set forth in Article 3 of that certain Disposition and Development Agreement dated November 13, 2019 executed by the Authority and Pueblo del Sol I Housing Partners, L.P. (the "DDA") shall have been satisfied or waived in writing, except for the deposit into escrow of funds required for the Closing and the recordation of documents to be recorded upon the Closing.

The conditions set forth in this Section 3 shall be satisfied by the Distribution Date or such other dates as may be agreed upon by the Parties, unless both Parties waive the condition in writing. In the event a Distribution Condition does not occur by such date, then the Partnership or HACLA LLC may terminate this Agreement upon written notice to the other party without further liability under this Agreement.

4. Conditions to HACLA LLC Obligation to Accept Distribution. In addition to the foregoing mutual conditions precedent to the Distribution, the following are conditions precedent to HACLA LLC's obligation to accept the Distribution of the Property and close escrow thereon:

(a) Property Condition. There shall have been no material adverse change in the condition of the Property or discovery of a physical condition that would materially adversely interfere with the purpose of the Distribution.

(b) Title Insurance. The Title Company, as defined below, is prepared to issue to HACLA LLC all title insurance reasonably required by HACLA LLC.

(c) Insurance. HACLA LLC, or its affiliate if required, shall have a commitment for such property, liability or other insurance as it may reasonably require as owner of the Apartment Development.

The conditions set forth in this Section 4 shall be satisfied by the Distribution Date or such other dates as may be agreed upon by the Parties, unless HACLA LLC waives the condition in writing. In the event a Distribution Condition does not occur by such date, then may terminate this Agreement upon written notice to the Partnership without further liability under this Agreement.

5. Property Distribution. On the Distribution Date and subject to the Distribution Conditions, the Partnership desires to distribute the Property to HACLA LLC, and HACLA LLC desires to accept the Property. The distribution of the Property will be completed through an escrow ("Escrow") to be opened with Fidelity National Title Insurance Company ("Title Company" or "Escrow Agent").

(a) Partnership Deliveries. Partnership will deposit with the Escrow Agent the following items (collectively, the "Partnership Documents"): 

3
(i) an assignment and assumption of lease, conveying to HACLA LLC, or affiliate, if required, a ground leasehold estate in the Land pursuant to the Ground Lease and in any adjacent sublease;

(ii) a grant deed, executed and acknowledged by Partnership, conveying to HACLA LLC fee simple title to the Improvements;

(iii) a bill of sale, executed by Partnership, conveying the Personalty to HACLA LLC free of any liens or encumbrances;

(iv) an assignment of leases and rents, executed and acknowledged by Partnership, conveying to HACLA LLC all right, title, interest and estate of Partnership in, to and under all Leases and all Rents;

(v) an assignment, executed by Partnership, conveying to HACLA LLC all right, title and interest of Partnership in, to and under the Intangibles and Service Contracts (the "Assignment of Service Contracts");

(vi) such documents as may be required by HUD in connection with the HUD Documents and/or the Approvals;

(vii) an executed and acknowledged assignment and assumption agreement approved by TCAC that assigns the TCAC Agreement to HACLA LLC;

(viii) an affidavit, dated the date of Distribution Close of Escrow and executed by an appropriate representative of Partnership under penalty of perjury, stating that Partnership is not a person with respect to whom withholding is required under Section 1445 of the Internal Revenue Code; and

(ix) such documents as Escrow Agent may reasonably require to establish the authority of Partnership to complete the Transaction.

(b) HACLA LLC’s Deliveries. HACLA LLC will deposit with the Escrow Agent the following:

(i) such documents as may be required by HUD in connection with the HUD Documents and/or the Approvals;

(ii) an executed and acknowledged assignment and assumption agreement approved by TCAC that assigns the TCAC Agreement;

(iii) an assumption agreement, executed by HACLA LLC, assuming Partnership’s obligations under the Leases;

(iv) an executed counterpart of the Assignment of Service Contracts;

(v) such documents as the Escrow Agent may reasonably require to establish the authority of HACLA LLC to complete the Transaction.
6. **Representations and Warranties.** In order to induce HACLA LLC to enter into this Agreement and to complete the Transaction, Partnership represents and warrants to HACLA LLC that, as of the Distribution Close of Escrow:

   (1) Partnership is a limited partnership duly organized and validly existing under the laws of the State of California. Partnership is the owner of a leasehold interest in the Land and fee title to the Improvements. Subject to the Approvals, Partnership has the authority and power to enter into this Agreement, to perform its obligations under this Agreement and to complete the Transaction as contemplated by this Agreement. Subject to the Approvals, Partnership has taken all action necessary to authorize the execution and delivery of this Agreement, the performance by Partnership of its obligations under this Agreement and the completion of the Transaction as contemplated by this Agreement;

   (2) Subject to the Approvals, this Agreement has been duly executed and delivered by Partnership and constitutes a valid, binding and enforceable obligation of Partnership, subject to bankruptcy and other debtor relief laws and principles of equity;

   (3) Subject to the Approvals, the execution and delivery of this Agreement by Partnership and the performance by Partnership of its obligations under this Agreement and the completion of the Transaction as contemplated by this Agreement will not result in (a) a breach of, or a default under, any contract, agreement, commitment or other document or instrument to which Partnership is party or by which Partnership or the Property is bound (except Service Contracts, as to which Partnership makes no representation or warranty), or (b) a violation of any law, ordinance, regulation or rule of any governmental authority applicable to Partnership or any judgment, order or decree of any court or governmental authority that is binding on Partnership;

   (4) there is no action, suit, proceeding, inquiry or investigation pending or, to the knowledge of Partnership, threatened by or before any court or governmental authority (a) against or affecting the Property or arising out of the development, construction, financing, operation, leasing, maintenance or management of the Property or (b) that would prevent or hinder the performance by Partnership of its obligations under this Agreement or the completion of the Transaction as contemplated by this Agreement;

   (5) Partnership has not received any written notice of any material default by Partnership under any Service Contract. As of the Distribution Date, there are no Service Contracts other than those listed on the assignment of Service Contracts included in the Partnership Documents;

   (6) Except as set forth in the tax bills for the Property, Partnership has received no written notice of any additional special assessments of any kind being levied against all or part of the Property after Closing;

   (7) Partnership is not a foreign person, corporation, partnership, trust or estate for purposes of Section 1445 of the Internal Revenue Code; and

   (8) except for the Approvals, consents required under Service Contracts as set forth in the Assignment of Service Contracts and consents or notices required by the agreements listed on **EXHIBIT B**, attached hereto, and approvals, authorizations and filings already completed, Partnership is not required to obtain any consent, approval or authorization from, or to make any filing with, any person (including any governmental authority) in connection
with, or as a condition to, the execution and delivery of this Agreement, the performance by Partnership of its obligations under this Agreement or the completion of the Transaction as contemplated by this Agreement.

7. **Indemnification.** The Partnership shall defend, indemnify, and hold harmless the Authority, its commissioners, directors, officers, employees, agents, instrumentalities and affiliates from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all liens, claims, suits, and demands therefor (collectively, the "Claims"), arising out of or resulting from the Transaction under this Agreement, except that this indemnity shall not apply to any Claims (a) caused by the gross negligence or willful misconduct of HACLA LLC. The provisions of this Section 7 shall survive and remain in full force and effect notwithstanding the expiration or early termination of this Agreement.

8. **Casualty and Condemnation.**

   (A) **Notice to HACLA LLC.** Partnership will notify HACLA LLC within five (5) days after receiving notice of, or otherwise becoming aware of (1) any Casualty Loss (as defined below), or (2) the commencement of any proceedings for the taking by eminent domain of all or any part of the Property.

   (B) **Casualty Loss.** If, prior to Distribution Close of Escrow, the Property is damaged by fire, windstorm, rioting or other civil disturbance, acts of war, earthquake or other casualty (a "Casualty Loss") and the cost to repair the related damage is more than five percent (5%) of the appraised value of the Apartment Development, then HACLA LLC, at its option, may terminate its obligation to complete the Transaction. If HACLA LLC elects to complete the Transaction notwithstanding a Casualty Loss, or if this Agreement requires HACLA LLC to purchase the Property despite a Casualty Loss, then Partnership will deliver to HACLA LLC at Distribution Close of Escrow, through Escrow, all insurance proceeds previously received by Partnership, an amount equal to the deductible under Partnership's insurance in respect of the damage and an assignment of Partnership's rights with respect to all uncollected insurance proceeds (in either case, net of proceeds of rental loss and business interruption insurance allocable to the period through the Distribution Date, amounts expended by Partnership to stabilize or repair the Property and costs incurred by Partnership in making proof of loss or settling claims with insurers), and Partnership will cooperate with HACLA LLC after Distribution Close of Escrow in making claim for, and collecting, all available insurance proceeds.

   (C) **Eminent Domain.** If, prior to Distribution Close of Escrow, all or a part of the Property is taken by eminent domain or any proceedings for the taking by eminent domain of all or any part of the Property is commenced, then HACLA LLC, at its option, may terminate its obligation to complete the Transaction. If HACLA LLC elects to complete the Transaction notwithstanding a taking by eminent domain or proceeding therefore, Partnership will deliver to HACLA LLC at Distribution Close of Escrow, through the closing escrow, all condemnation proceeds previously received by Partnership and an assignment of Partnership's rights with respect to all uncollected condemnation proceeds (in either case, net of proceeds allocable to loss of use of the Property for the period through the Distribution Date and costs incurred by Partnership in connection with such proceedings) and such documents as HACLA LLC may reasonably request to substitute itself for Partnership in any pending eminent domain proceedings.

9. **Disclosures.** HACLA LLC expressly acknowledges to Partnership that Partnership has complied with the disclosure requirements, if any, of California Government
Code §§ 8589.3 (special flood hazard area), 8589.4 (dam failure inundation area), and 51183.5 (high fire severity area) and California Public Resources Code §§ 2621.9 (earthquake fault zone), 2694 (seismic hazard zone) and 4136 (wildland fire area), regarding the possible presence of certain natural hazards. Partnership and HACLA LLC acknowledge and agree that the foregoing disclosures are made based on maps or other information that is provided by various governmental agencies.

10. **Binding Effect.** The provisions of this Agreement shall be binding upon and inure to the benefit of the heirs, representatives, successors and permitted assigns of the Parties hereto.

11. ** Entire Agreement.** This Agreement constitutes the entire agreement between the Parties hereto with respect to the subject matter of this Agreement and may not be amended or terminated except by a writing executed by both Parties to this Agreement.

12. **Waiver.** No party hereto shall be deemed to have waived any term or provision of this Agreement unless such waiver shall be in writing. The waiver of a term or provision of this Agreement by a party hereto on one occasion shall not constitute a continuing waiver thereof or a waiver as to other terms or provisions hereof.

13. **Severability.** The provisions of this Agreement shall be severable, and if any of them is held to be invalid or unenforceable for any reason, such provision shall be modified to the extent necessary to cure such invalidity. The invalidity or unenforceability of one provision shall not affect any other provision of this Agreement.

14. **Governing Law.** This Agreement and any disputes arising hereunder or in connection herewith shall be governed by the laws of the State of California without regard to choice of law principles.

15. **Counterparts.** This Agreement may be executed in any number of original counterparts. Any such counterpart, when executed, shall constitute an original of this Agreement, and all such counterparts together shall constitute one and the same Agreement.

16. **Survival.** All covenants, undertakings and obligations under this Agreement and all representations and warranties contained in this Agreement will survive the Distribution Close of Escrow and will not be merged into the grant deed or other documents delivered pursuant to this Agreement.

17. **Attorneys’ Fees.** In the event that any action, suit or proceeding is brought for the enforcement of, or the declaration of, any right or obligation pursuant to this Agreement or as a result of any alleged breach of any provision of this Agreement, each party shall bear its own costs and expenses, including attorneys’ fees, and any judgment or decree rendered in such a proceeding shall not include an award thereof.

[remainder of page intentionally left blank]
IN WITNESS WHEREOF, this Agreement has been duly executed on the day first above written.

ALISO VILLAGE HOUSING PARTNERS, L.P.,
a California limited partnership

By: LA CIENEGA LOMOD, INC., a California nonprofit corporation,
its managing general partner

By: ____________________________
Name: __________________________
Title: ____________________________

[remainder of page intentionally left blank]
HACLA LLC:

HACLA PDS LLC, A California limited liability company

By: The Housing Authority of the City of Los Angeles, a public body, corporate and politic, its sole member

By: ____________________________
    Douglas Guthrie
    President and Chief Executive Officer

APPROVED AS TO FORM:

By: ____________________________

_____________________________
Authority Counsel

APPROVED AS TO FORM AND LEGALITY:

GOLDFARB & LIPMAN LLP,
Authority Special Counsel

By: ____________________________
    Michelle Brewer, Esq.

[end of signatures]
EXHIBIT A

Legal Description of the Property
EXHIBIT B

List of Agreements and Service Contracts
AMENDMENT TO MIXED-FINANCE AMENDMENT TO CONSOLIDATED ANNUAL CONTRIBUTIONS CONTRACT
(Aliso Village-Phase I)

This AMENDMENT TO MIXED-FINANCE AMENDMENT TO CONSOLIDATED ANNUAL CONTRIBUTIONS CONTRACT (the "Amendment") is dated and issued as of the last date of execution below, by and between the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic (the "Authority") and the UNITED STATES OF AMERICA, acting by and through the Secretary of the United States Department of Housing and Urban Development ("HUD").

A. Pursuant to the United States Housing Act of 1937, as amended (the "Housing Act"), any successor legislation, the Authority and HUD have entered into the Consolidated Annual Contributions Contract ("ACC") number SF-345, dated February 25, 2002, as Amendment Number 99. Thereafter, HUD and the Authority executed that certain Mixed-Finance Amendment to the ACC, with a HUD issuance date of March 7, 2002 (the "2002 ACC Amendment"), for purposes of financing and developing property then known as Aliso Village, Phase I, located in Los Angeles, California (the "Property").

B. The Authority requested HUD's approval to transfer all right, title, and interest in the leasehold interest in the Property and fee interest in the improvements on the Property (the "Project") from the Owner Entity (as defined in the 2002 ACC Amendment) to HACLA PDS LLC, a California limited liability company, whose sole member is the Authority (the "Interim Owner Entity"). Following the transfer of the Project to the Interim Owner Entity (the "Interim Transfer"), the Authority shall continue to own the land pursuant to the Ground Lease (as defined in that certain Declaration of Trust and Partial Release of Prior Declaration of Trust - Aliso Village Apartments - Phase I Rental recorded in the Official Records of the County of Los Angeles under Instrument Number 2002-0616754). Following the Interim Transfer, the Interim Owner Entity intends to convert the Project under the Rental Assistance Demonstration ("RAD") program by transferring it to a new limited partnership, which transfer and conversion shall be subject to a separate HUD approval process under the RAD program.

C. HUD has authorized the Interim Transfer in accordance with that certain letter from ________________ to ________________ re Transfer of Ownership, Aliso Village Phase I, CA004000222, dated __________, 2020.

D. HUD and the Authority now desire to amend the 2002 ACC Amendment with this Amendment to, among other things, reflect the changes necessitated by and resulting from the Interim Transfer.

NOW, THEREFORE, in consideration of the mutual promises of the parties and certain other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree that, for so long as the Interim Owner is the sole owner of the Project, the 2002 ACC Amendment is amended as follows:
1. **Exhibits to 2002 Amendment.** Exhibit A, Exhibit B, and Exhibit E to the 2002 ACC Amendment are amended by the corresponding Exhibit A-1, Exhibit B-1 and Exhibit E-1 attached hereto.

2. **Termination of Amendment.** This Amendment shall be valid only for such period of time as the Interim Owner Entity is the sole owner of the Property.

3. **Miscellaneous.** Except as provided herein, all other terms of the 2002 ACC Amendment remain in full force and effect. All references in the 2002 Amendment to 24 CFR 941 are amended to refer to 24 CFR 905 and all references to 24 CFR [88.25] are amended to 2 CFR part 200. In the event of any conflict between the terms of this Amendment and the terms of the 2002 ACC Amendment, the terms of this Amendment shall control.

[Signatures on Following Page]
The Parties have executed this Amendment as of the dates set forth below.

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

By: ______________________________
Date: ____________________________

UNITED STATES OF AMERICA, acting by and through the
Secretary of the United States Department of Housing and
Urban Development

By: ______________________________
Date: ____________________________
**Exhibit A-1**

**Participating Parties**

<table>
<thead>
<tr>
<th>Party</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Housing Authority of the City of Los Angeles</td>
<td>Current Fee Owner; Sole Member of Interim Owner Entity</td>
</tr>
<tr>
<td>2. HACLA PDS LLC</td>
<td>Interim Owner Entity</td>
</tr>
</tbody>
</table>

[Remainder of page intentionally blank]
Exhibit B-1

Project Description

The Housing Authority of the City of Los Angeles (the "Authority") is the limited partner in Aliso Village Housing Partners, L.P. (the "Transferor"). The Transferor has been the owner of a low-income rental housing project originally known as Aliso Village Phase I (now known as Pueblo del Sol Phase I), located in Los Angeles, California (the "Project"). The Authority remains the owner of the land on which the Project is located and continues to ground lease the land to Transferor (the "Ground Lease"). The Authority acquired the limited partner interest in Transferor in November 2019, after the end of the low-income housing tax credit compliance period.

The Authority will be transferring the Project to the HACLA PDS LLC, a limited liability company having the Authority as the sole member ("HACLA LLC") as a "distribution of assets" under the limited partnership agreement, for no consideration. This "interim transfer" is occurring so that the Authority will be the seller of the Project in a planned subsequent sale to a new limited partnership and thereby realize certain tax and other benefits. HACLA LLC shall continue to be subject to the DOT, the R&O, the Ground Lease and the 2002 ACC Amendment (as amended by this Amendment.) The foregoing documents and the existing financing documents will be transferred to HACLA LLC under the Assignment, Assumption and Amendment agreements listed on Exhibit E-1.

The DOT, R&O, Ground Lease and financing documents are being amended solely to conform the legal description of the Project site to the legal description that currently exists. At the March 2002 closing of the Project, the site was described by a survey legal description. Following the closing, a subdivision map was recorded which changed the property lines and legal description such that the prior Declarations of Trust remain unreleased on areas of the Property. The amended legal descriptions will conform the recorded evidentiaries to the current property lines and release the remaining prior Declarations of Trust.
The transfer will not involve any new financing and the Project's management company (McCormack Baron Management) will not change as a result of the transfer. Project reserves will be transferred to HACLA LLC.

After the Project has been transferred to HACLA LLC for a short period, HACLA LLC intends to complete a conversion of the Project under the Rental Assistance Demonstration program.
Exhibit E-1

Evidentiary Materials

1. Assignment, Assumption and Amendment of Declaration of Trust and Partial Release of Prior Declaration of Trust

2. Assignment, Assumption and Amendment of Regulatory and Operating Agreement

3. Assignment, Assumption and Amendment of Amended and Restated Ground Lease and Memorandum of Lease

4. Assignment, Assumption and Amendment of AFR Loan Documents

5. Assignment, Assumption and Amendment of Zero Interest Loan Documents
ASSIGNMENT, ASSUMPTION, AND AMENDMENT OF AFR LOAN DOCUMENTS

THIS ASSIGNMENT, ASSUMPTION, AND AMENDMENT OF AFR LOAN DOCUMENTS (this “Agreement”) is made as of [October 1, 2020] by and between ALISO VILLAGE HOUSING PARTNERS, L.P., a California limited partnership (“Assignor”), HACLA PDS LLC, a California limited liability company (“Assignee”), and the Housing Authority of the City of Los Angeles, a public body, corporate and politic (“HACLA”) with reference to the following facts:

RECOLALS

A. WHEREAS, HACLA is the fee owner of that certain real property located at 1400 Gabriel Garcia Marquez Street, City of Los Angeles, County of Los Angeles, State of California (the “Property”), as more fully described in Exhibit A, attached hereto and made a part hereof;

B. WHEREAS, to facilitate the purchase, development and operation of the apartments located upon the Property (collectively, the “Project”), HACLA made a loan to Assignor pursuant to the terms of that certain AFR Loan Agreement dated as of March 1, 2002 by and between HACLA and Assignor, which loan was evidenced by that certain AFR Promissory Note in the original principal amount of Seven Million Eight Hundred Twenty-Three Thousand Three Hundred Seventy-Three Dollars ($7,823,373) dated as of March 1, 2002, which promissory note is secured by that certain AFR Leasehold Deed of Trust, Assignment of Rents and Security Agreement dated as of March 1, 2002 and recorded in the Official Records of the County of Los Angeles on March 14, 2002 as Instrument No. 02-0616753 (the “AFR Deed of Trust”) (collectively, the “AFR Loan Documents”);

C. WHEREAS, due to the subsequent recordation of a subdivision map and other factors, the legal description attached as Exhibit A to the AFR Deed of Trust no longer completely describes the Property, and the parties desire now to amend the AFR Deed of Trust to completely describe the Property;

D. WHEREAS, in connection with the transfer of the Project from the Assignor to the Assignee, the Assignor desires to assign to the Assignee all of the rights, duties, and obligations of the Assignor under the AFR Loan Documents relating to the period from and after the date of recordation of this Agreement (the “Effective Date”);
E. WHEREAS, the Assignee wishes to assume such rights, duties, and obligations; and

F. WHEREAS, HACLA is willing, by execution below, to consent to such assignment, assumption, and amendment as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

AGREEMENT

1. Recitals and Definitions. The recitals set forth above are true and accurate and are incorporated herein by reference. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to such terms in the AFR Loan Documents.

2. Amendment of Legal Description. The AFR Deed of Trust is hereby amended as follows:

"Exhibit A" attached to the AFR Deed of Trust is hereby deleted in its entirety and replaced with the Exhibit A attached to this Agreement.

3. Assignment and Assumption. The Assignor hereby assigns to the Assignee, and Assignee hereby accepts and assumes from Assignor, all of the Assignor’s rights, title, interest and obligations under the AFR Loan Documents arising from and after the Effective Date, which rights and obligations are more particularly described in the AFR Loan Documents. Without limiting the foregoing, Assignee hereby agrees to perform all of the obligations under the AFR Loan Documents that relate to the Project arising from and after the Effective Date. HACLA consents to the assignment by Assignor, and the acceptance and assumption by Assignee, of such rights, title, interest, and obligations.

4. Release of Liability. The parties hereto agree that the Assignor shall be released from all liability for obligations to be performed under the AFR Loan Documents on and after the Effective Date but shall remain liable in accordance with the terms of the AFR Loan Documents for any obligation accruing prior to the Effective Date.

5. Notice. All correspondence and notices given or required to be given to the Assignor under the AFR Loan Documents, from and after the Effective Date, shall be provided to the Assignee and shall be addressed as follows:

Assignee: HACLA PDS LLC
c/o Housing Authority of the City of Los Angeles
2600 Wilshire Blvd., Third Floor
Los Angeles, CA 90057
Attention: ________________
6. **Successors and Assigns.** This Agreement applies to, inures to the benefit of, and binds all parties hereto and their respective successors and assigns.

7. **Counterparts.** This Agreement may be executed in multiple counterparts, all of which, when taken together, shall be deemed an original upon execution.

   *[Signature page follows]*
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year written above.

ASSIGNOR:

ALISO VILLAGE HOUSING PARTNERS, L.P., a California limited partnership

By: LA CIENEGA LOMOD, INC., a California nonprofit public benefit corporation, its managing general partner

By: __________________________
   Tina Smith-Booth, President

ASSIGNEE:

HACLA PDS LLC, a California limited liability company

By: HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic, its sole member and manager

By: __________________________
Name: __________________________
Its: __________________________

APPROVED AS TO FORM:

By: __________________________
   Authority Counsel

APPROVED AS TO FORM AND LEGALITY:

GOLDFARB & LIPMAN LLP,
Authority Special Counsel

By: __________________________
HACLA:

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic, its sole member and manager

By: __________________________

Name: __________________________

Its: __________________________

APPROVED AS TO FORM:

By: __________________________

Authority Counsel

APPROVED AS TO FORM AND LEGALITY:

GOLDFARB & LIPMAN LLP,
Authority Special Counsel

By: __________________________

[Signatures must be notarized]
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, ______________________ (here insert name and title of the officer), 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 forgoing paragraph is true and correct.

WITNESS my hand and official seal.

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

State of California  
County of ____________

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

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

WITNESS my hand and official seal.

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

State of California
County of _______________

On __________________ before me, _______________________ (here insert name and title of the officer), 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 forgoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _______________________________ (Seal)
EXHIBIT A

Legal Description
ASSIGNMENT, ASSUMPTION, AND AMENDMENT OF ZERO INTEREST LOAN DOCUMENTS

THIS ASSIGNMENT, ASSUMPTION, AND AMENDMENT OF ZERO INTEREST LOAN DOCUMENTS (this “Agreement”) is made as of [October 1, 2020] by and between ALISO VILLAGE HOUSING PARTNERS, L.P., a California limited partnership (“Assignor”), HACLA PDS LLC, a California limited liability company (“Assignee”), and Housing Promise Corporation, a California nonprofit public benefit corporation formerly known as Aliso Village Housing Corporation (“HPC”), with reference to the following facts:

RECITALS

A. WHEREAS, the Housing Authority of the City of Los Angeles, a public body, corporate and politic (“HACLA”) is the fee owner of that certain real property located at 1400 Gabriel Garcia Marquez Street, City of Los Angeles, County of Los Angeles, State of California (the “Property”), as more fully described in Exhibit A, attached hereto and made a part hereof;

B. WHEREAS, to facilitate the purchase, development and operation of the apartments located upon the Property (collectively, the “Project”), HPC made a loan to Assignor pursuant to the terms of that certain Zero Interest Loan Agreement dated as of March 1, 2002 by and between HPC and Assignor, which loan was evidenced by that certain Zero Interest Promissory Note in the original principal amount of Three Million Six Hundred Ninety Thousand Seven Hundred Seventy-Nine Dollars ($3,690,779) dated as of March 1, 2002, which promissory note is secured by that certain Zero Interest Leasehold Deed of Trust, Assignment of Rents and Security Agreement dated as of March 1, 2002 and recorded in the Official Records of the County of Los Angeles on March 14, 2002 as Instrument No. 02-0616754 (the “Zero Interest Deed of Trust”) (collectively, the “Zero Interest Loan Documents”).

C. WHEREAS, due to the subsequent recodification of a subdivision map and other factors, the legal description attached as Exhibit A to the Zero Interest Deed of Trust no longer completely describes the Property, and the parties desire now to amend the Zero Interest Deed of Trust to completely describe the Property;

D. WHEREAS, in connection with the transfer of the Project from the Assignor to the Assignee, the Assignor desires to assign to the Assignee all of the rights, duties, and...
obligations of the Assignor under the Zero Interest Loan Documents relating to the period from and after the date of recordation of this Agreement (the "Effective Date");

E. WHEREAS, the Assignee wishes to assume such rights, duties, and obligations; and

F. WHEREAS, HPC is willing, by execution below, to consent to such assignment, assumption, and amendment as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

AGREEMENT

1. Recitals and Definitions. The recitals set forth above are true and accurate and are incorporated herein by reference. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to such terms in the Zero Interest Loan Documents.

2. Amendment of Legal Description. The Zero Interest Deed of Trust is hereby amended as follows:

"Exhibit A" attached to the Zero Interest Deed of Trust is hereby deleted in its entirety and replaced with the Exhibit A attached to this Agreement.

3. Assignment and Assumption. The Assignor hereby assigns to the Assignee, and Assignee hereby accepts and assumes from Assignor, all of the Assignor’s rights, title, interest and obligations under the Zero Interest Loan Documents arising from and after the Effective Date, which rights and obligations are more particularly described in the Zero Interest Loan Documents. Without limiting the foregoing, Assignee hereby agrees to perform all of the obligations under the Zero Interest Loan Documents that relate to the Project arising from and after the Effective Date. HPC consents to the assignment by Assignor, and the acceptance and assumption by Assignee, of such rights, title, interest, and obligations.

4. Release of Liability. The parties hereto agree that the Assignor shall be released from all liability for obligations to be performed under the Zero Interest Loan Documents on and after the Effective Date but shall remain liable in accordance with the terms of the Zero Interest Loan Documents for any obligation accruing prior to the Effective Date.

5. Notice. All correspondence and notices given or required to be given to the Assignor under the Zero Interest Loan Documents, from and after the Effective Date, shall be provided to the Assignee and shall be addressed as follows:

Assignee: HACLA PDS LLC
c/o Housing Authority of the
City of Los Angeles
6. Successors and Assigns. This Agreement applies to, inures to the benefit of, and binds all parties hereto and their respective successors and assigns.

7. Counterparts. This Agreement may be executed in multiple counterparts, all of which, when taken together, shall be deemed an original upon execution.

[Signature page follows]
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year written above.

ASSIGNOR:

ALISO VILLAGE HOUSING PARTNERS, L.P., a California limited partnership

By: LA CIENEGA LOMOD, INC.,
a California nonprofit public benefit corporation,
its managing general partner

By: _________________________
   Tina Smith-Booth, President

ASSIGNEE:

HACLA PDS LLC, a California limited liability company

By: HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic,
its sole member and manager

By: _________________________
   __________________________
   __________________________

APPROVED AS TO FORM:

By: _________________________
   Authority Counsel

APPROVED AS TO FORM AND LEGALITY:

GOLDFARB & LIPMAN LLP,
Authority Special Counsel

By: _________________________
HPC:

HOUSING PROMISE CORPORATION (formerly known as Aliso Village Housing Corporation), a California nonprofit public benefit corporation

By: __________________________

Name: __________________________

Its: __________________________

[Signatures must be notarized]
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, _______________________ (here insert name and title of the officer), 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 forgoing paragraph is true and correct.

WITNESS my hand and official seal.

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

State of California
County of _______________

On __________________________ before me, ______________________ (here insert name and title of the officer), 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 forgoing paragraph is true and correct.

WITNESS my hand and official seal.

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

State of California
County of _______________

On __________________________ before me, _______________________ (here insert name and title of the officer), 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 forgoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _______________________________ (Seal)
EXHIBIT A

Legal Description
ASSIGNMENT AND ASSUMPTION OF LEASES
AND SERVICE CONTRACTS

THIS ASSIGNMENT AND ASSUMPTION OF LEASES AND SERVICE CONTRACTS (this “Agreement”) is made and entered into as of __________, 2020, by and between ALISO VILLAGE HOUSING PARTNERS, L.P., a California limited partnership (the “Partnership”) (“Assignor”) and HACLA PDS LLC, a California limited liability company (“Assignee”).

RECITALS:

This Agreement is made with reference to the following facts:

A. Concurrently herewith, Assignor is conveying to Assignee all of its right title and interest in and to that certain 201-unit apartment development (the “Apartment Development”) commonly known as “Pueblo del Sol – Phase I,” located in the City of Los Angeles, County of Los Angeles, State of California and a leasehold estate in and to the real property and fee title to all buildings, structures, parking areas, sidewalks, landscaping and other improvements comprising the Apartment Development (the “Property”).

B. Assignor desires to assign to Assignee and Assignee wishes to accept and assume all of Assignor’s right, title and interest in and to (i) all leases and rental agreements with tenants of the Property (the “Leases”), together with all rents, issues and profits arising from the Leases, and all unapplied security and other deposits, if any, paid by such tenants to Assignor and all accrued interest thereon, to the extent interest is required to be paid to such tenants; (ii) those certain service contracts with respect to the Property (the “Service Contracts”); and (iii) certain other rights and obligations as set forth below.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Leases. Assignor hereby sells, transfers, assigns, conveys and delivers unto Assignee, its successors and assigns, all of Assignor’s right, title, and interest in, to and under the Leases. In addition, Assignor does hereby assign unto Assignee (subject to any proration agreements existing between Assignor and Assignee in accordance with the Agreement, as hereinafter defined) all rents, issues and profits arising from the Leases and all of its right, title, and interest in, to and with respect to any and all security deposits and other deposits which Assignor is holding in connection with the Leases. Assignee hereby accepts the assignment of the Leases and agrees to assume the obligations required of the landlord under each such Lease accruing and arising from and after the date hereof and to indemnify and hold Assignor harmless from and against any and all fees, charges, expenses, liabilities, claims and costs, including but not limited to reasonable attorneys’ fees, suffered or incurred by Assignor on account of Assignee’s
failure to assume and perform the obligations required of the landlord under the Leases accruing and arising from and after the date hereof.

2. **Service Contracts.** Assignor hereby sells, transfers, assigns, conveys and delivers unto Assignee, its successors and assigns, all of Assignor’s right, title, and interest in, to and under the Service Contracts. Assignee hereby accepts the assignment of the Service Contracts and agrees to assume the obligations required of owner under each such Service Contract accruing and arising from and after the date hereof, and to indemnify and hold Assignor harmless from and against any and all fees, charges, expenses, liabilities, claims and costs, including but not limited to reasonable attorneys’ fees, suffered or incurred by Assignor on account of Assignee’s failure to assume and perform the obligations required of the owner under the Service Contracts accruing and arising from and after the date hereof.

3. **Indemnification.** Assignor agrees to indemnify and hold Assignee harmless from and against any and all fees, charges, expenses, liabilities, claims and costs, including but not limited to reasonable attorneys’ fees, suffered or incurred by Assignee on account of Assignor’s failure to perform (i) the obligations required of the landlord under the Leases arising and accruing prior to the date hereof, and/or (ii) the obligations required of the owner under the Service Contracts arising and accruing prior to the date hereof.

4. **Additional Rights.** Assignor hereby assigns to Assignee all of Assignor’s right, title and interest (if any) in and to all certificates of occupancy, if any, licenses, permits, warranties, guarantees, bonds, claims and rights running to or assigned to Assignor in connection with the construction maintenance, operation or repair of the Property.

5. **Further Assurances.** The parties hereto agree to execute such further documents and agreements as may be reasonably necessary or appropriate to effectuate the purposes of this Agreement.

6. **Miscellaneous.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors, assigns and legal representatives. This Agreement may be executed in counterparts, each of which for all purposes shall be deemed an original, and all of which when taken together shall constitute one and the same Agreement.

[SIGNATURES ON NEXT PAGE]
IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal as of the date first above written.

ASSIGNOR:

ALISO VILLAGE HOUSING PARTNERS, L.P.,
a California limited partnership

By: LA CIENEGA LOMOD, INC., a California nonprofit corporation, its managing general partner

By: __________________________
Name: _______________________
Title: _______________________

[remainder of page intentionally left blank]
ASSIGNEE

HACLA PDS LLC, A California limited liability company

By: The Housing Authority of the City of Los Angeles, a public body, corporate and politic, its sole member

By: ____________________________
    Douglas Guthrie
    President and Chief Executive Officer

APPROVED AS TO FORM:

By: ____________________________
    ____________________________
    Authority Counsel

APPROVED AS TO FORM AND LEGALITY:

GOLDFARB & LIPMAN LLP,
Authority Special Counsel

By: ____________________________
    Michelle Brewer, Esq.
ASSIGNMENT, ASSUMPTION, AND AMENDMENT OF REGULATORY AGREEMENT

THIS ASSIGNMENT, ASSUMPTION, AND AMENDMENT OF REGULATORY AGREEMENT (this “Agreement”) is made as of _____________ 20__ (the “Effective Date”), by and between ALISO VILLAGE HOUSING PARTNERS, L.P., a California limited partnership (“Assignor”) and HACLA PDS LLC, a California limited liability company (“Assignee”) and the California Tax Credit Allocation Committee (“TCAC”), with reference to the following facts:

RECITALS

A. WHEREAS, the Assignor is the owner of that certain real property located at 1400 Gabriel Garcia Marquez Street, City of Los Angeles, County of Los Angeles, State of California (the “Property”), as more fully described in Exhibit A, attached hereto and made a part hereof;

B. WHEREAS, to facilitate the purchase, development and operation of the apartments located upon the Property (collectively, the “Project”), the Assignor received an allocation of low income housing tax credits from the TCAC (the “Tax Credits”);

C. WHEREAS, as a condition to the Tax Credits, the Assignor entered into that certain Regulatory Agreement dated as of March 13, 2003 (TCAC #CA-2002-003) and recorded on February 20, 2004, in the office of the County Recorder of Los Angeles County, California (the “Official Records”) as Document Number 04-0394832, as modified by that certain Amendment to Regulatory Agreement recorded in the Official Records on December 31, 2009 as Document Number 2009-1989695 (as amended, the “Regulatory Agreement”);

D. WHEREAS, due to subsequent recordations and other factors, the legal description attached as Exhibit A to the Regulatory Agreement no longer completely describes the Property, and the parties desire now to amend the Regulatory Agreement to completely describe the Property;

E. WHEREAS, the Assignor desires to distribute and transfer to the Assignee, the Assignor’s entire ownership interest in the Project, which distribution, conveyance and transfer requires the assumption by the Assignee of the rights, duties, and obligations of the Assignor under the Regulatory Agreement relating to the period from and after the Effective Date;

F. WHEREAS, the Assignee wishes to assume such obligations under the Regulatory Agreement; and
G. WHEREAS, the TCAC, in accordance with the Regulatory Agreement, is willing, by execution below, to consent to (i) the distribution and transfer of the Project to the Assignee and (ii) the Assignee’s assumption of all obligations of the Assignor under the Regulatory Agreement as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

AGREEMENT

1. Recitals and Definitions. The recitals set forth above are true and accurate and are incorporated herein by reference. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to such terms in the Regulatory Agreement.

2. Amendment of Legal Description. Exhibit A attached to the Regulatory Agreement is hereby deleted in its entirety and replaced with the Exhibit A attached to this Agreement.

3. Assignment, Assumption and Consent. The Assignor hereby assigns and delegates to the Assignee, and Assignee hereby accepts and assumes from Assignor, all of the Assignor’s rights, title, interest and obligations under the Regulatory Agreement arising from and after the Effective Date, which rights and obligations are more particularly described in the Regulatory Agreement. Without limiting the foregoing, Assignee hereby agrees, for the benefit of Assignor and the TCAC, to perform all of the obligations under the Regulatory Agreement that relate to the Project arising from and after the Effective Date. TCAC consents to the assignment and delegation by Assignor, and the acceptance and assumption by Assignee, of such rights and obligations.

4. Release. The parties hereto agree that the Assignor shall be released from all liability for obligations to be performed under the Regulatory Agreement on and after the Effective Date but shall remain liable in accordance with the terms of the Regulatory Agreement for any obligation accruing prior to the Effective Date. The parties hereto acknowledge and agree that the TCAC does not hereby waive any of the provisions of the Regulatory Agreement and all of the terms, conditions, and provisions of the Regulatory Agreement shall remain in full force and effect.

5. No Defaults. The TCAC acknowledges and agrees that (i) there have been no defaults under the Regulatory Agreement and (iii) no event has occurred which, with the passage of time, the giving of notice or both, would constitute a default under the Regulatory Agreement or would entitle the TCAC to revoke any of the rights granted to the Assignor under the Regulatory Agreement.

6. Notice. All correspondence and notices given or required to be given to the Assignor under the Regulatory Agreement, from and after the Effective Date, shall be provided to the Assignee and shall be addressed as follows:
Assignee: The Housing Authority of the City of Los Angeles  
2600 Wilshire Blvd., Third Floor  
Los Angeles, CA 90057  
Attention: Becky Churchill Clark, Esq., Senior Staff Attorney

7. **Successors and Assigns.** This Agreement applies to, inures to the benefit of, and binds all parties hereto and their respective successors and assigns.

8. **Counterparts.** This Agreement may be executed in multiple counterparts, all of which, when taken together, shall be deemed an original upon execution.

*Signature page follows*
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year written above.

ASSIGNOR:

ALISO VILLAGE HOUSING PARTNERS, L.P., a California limited partnership

By: Related/Aliso Development Co., LLC, a California limited liability company
   Its Administrative General Partner

   By: The Nicholas Company, Inc., a Delaware corporation,
       Its Managing Member

   By: __________________________
       William A. Witte
       President

By: La Cienega LOMOD, Inc.,
   a California nonprofit public benefit corporation,
   Its Managing General Partner

   By: __________________________
   Name: __________________________
   Title: __________________________
ASSIGNEE:

HACLA PDS LLC, A California limited liability company

By: The Housing Authority of the City of Los Angeles, a public body, corporate and politic
Its sole member

By: __________________________
Douglas Guthrie
President and Chief Executive Officer

APPROVED AS TO FORM:

By: __________________________
Becky Churchill Clark, Esq.
Authority Senior Staff Attorney

APPROVED AS TO FORM AND LEGALITY:

GOLDFARB & LIPMAN LLP,
Authority Special Counsel

By: __________________________

[signatures continue on next page]
TCAC:

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

By: ____________________________
    Judith Blackwell, Executive Director

[end of signature]
State of California
County of _________________

On __________________________ before me, ________________________ (here insert name and title of the officer), 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 forgoing paragraph is true and correct.

WITNESS my hand and official seal.

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

State of California
County of ________________

On __________________________ before me, _______________________ (here insert name and title of the officer), 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 forgoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _______________________________ (Seal)
EXHIBIT A

Legal Description

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LOS ANGELES IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL A: (APN 5173-029-906)

LOT 2 OF TRACT 53421, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 1284, PAGES 56 THROUGH 62 INCLUSIVE OF MAPS AND AS PER CERTIFICATE OF CORRECTION RECORDED ON NOVEMBER 3, 2010 AS INSTRUMENT NO. 2010-1573670 OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B: (APN 5173-029-909)

LOT 5 OF TRACT 53421, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 1284, PAGES 56 TO 62 INCLUSIVE OF MAPS, AND AS PER CERTIFICATE OF CORRECTION RECORDED ON NOVEMBER 2, 2010 AS INSTRUMENT NO. 2010-1573670 OFFICIAL RECORDS, BOTH IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL C: (APN 5173-029-909)

LOT 4 OF TRACT 53421, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 1284, PAGES 56 TO 62 INCLUSIVE OF MAPS, AND AS PER CERTIFICATE OF CORRECTION RECORDED ON NOVEMBER 2, 2010 AS INSTRUMENT NO. 2010-1573670 OFFICIAL RECORDS, BOTH IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.
ASSIGNMENT, ASSUMPTION, AND AMENDMENT OF AMENDED AND RESTATED GROUND LEASE AND MEMORANDUM OF LEASE

THIS ASSIGNMENT, ASSUMPTION, AND AMENDMENT OF AMENDED AND RESTATED GROUND LEASE AND MEMORANDUM OF LEASE (this “Agreement”) is made as of [October 1, 2020] by and between ALISO VILLAGE HOUSING PARTNERS, L.P., a California limited partnership (“Assignor”), HACLA PDS LLC, a California limited liability company (“Assignee”), and the Housing Authority of the City of Los Angeles, a public body, corporate and politic (“HACLA”) with reference to the following facts:

RECITALS

A. WHEREAS, the Housing Authority of the City of Los Angeles, a public body, corporate and politic (“HACLA”) is the fee owner of that certain real property located at 1400 Gabriel Garcia Marquez Street, City of Los Angeles, County of Los Angeles, State of California (the “Property”), as more fully described in Exhibit A, attached hereto and made a part hereof;

B. WHEREAS, to facilitate the purchase, development and operation of the apartments located upon the Property (collectively, the “Project”), HACLA and Assignor entered into that certain Ground Lease Agreement dated as of June 8, 2001, a memorandum of which was recorded in the Official Records of the County of Los Angeles on June 11, 2001 as Instrument No. 01-1001349, and that certain Amended and Restated Ground Lease Agreement entered into as of March 1, 2002, effective as of June 8, 2001, a memorandum of which was recorded in the Official Records on March 14, 2002 as Instrument No. 02-0616750 (collectively, the “Ground Lease Documents”);

C. WHEREAS, due to the subsequent recordation of a subdivision map and other factors, the legal description attached as Exhibit A to the Ground Lease Documents no longer completely describes the Property, and the parties desire now to amend the Ground Lease Documents to completely describe the Property;

D. WHEREAS, in connection with the transfer of the Project from the Assignor to the Assignee, the Assignor desires to assign to the Assignee all of the rights, duties, and obligations of the Assignor under the Regulatory Agreement relating to the period from and after the date of recordation of this Agreement (the “Effective Date”);
E. WHEREAS, the Assignee wishes to assume such rights, duties, and obligations; and

F. WHEREAS, HACLA is willing, by execution below, to consent to such assignment, assumption, and amendment as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

AGREEMENT

1. Recitals and Definitions. The recitals set forth above are true and accurate and are incorporated herein by reference. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to such terms in the Ground Lease Documents.

2. Amendment of Legal Description. The Ground Lease Documents are hereby amended as follows:

"Exhibit A" attached to each of the Ground Lease Documents is hereby deleted in its entirety and replaced with the Exhibit A attached to this Agreement.

3. Assignment and Assumption. The Assignor hereby assigns to the Assignee, and Assignee hereby accepts and assumes from Assignor, all of the Assignor’s rights, title, interest and obligations under the Ground Lease Documents arising from and after the Effective Date, which rights and obligations are more particularly described in the Ground Lease Documents. Without limiting the foregoing, Assignee hereby agrees to perform all of the obligations under the Ground Lease Documents that relate to the Project arising from and after the Effective Date. HACLA consents to the assignment by Assignor, and the assumption by Assignee, of such rights, title, interest, and obligations.

4. Release of Liability. The parties hereto agree that the Assignor shall be released from all liability for obligations to be performed under the Ground Lease Documents on and after the Effective Date but shall remain liable in accordance with the terms of the Ground Lease Documents for any obligation accruing prior to the Effective Date.

5. Notice. All correspondence and notices given or required to be given to the Assignor under the Ground Lease Documents, from and after the Effective Date, shall be provided to the Assignee and shall be addressed as follows:

Assignee: HACLA PDS LLC
c/o Housing Authority of the City of Los Angeles
2600 Wilshire Blvd., Third Floor
Los Angeles, CA 90057
Attention: ________________
6. **Successors and Assigns.** This Agreement applies to, inures to the benefit of, and binds all parties hereto and their respective successors and assigns.

7. **Counterparts.** This Agreement may be executed in multiple counterparts, all of which, when taken together, shall be deemed an original upon execution.

[Signature page follows]
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year written above.

ASSIGNOR:

ALISO VILLAGE HOUSING PARTNERS, L.P., a California limited partnership

By: LA CIENEGA LOMOD, INC.,
a California nonprofit public benefit corporation, its managing general partner

By: ____________________________
Tina Smith-Booth, President

ASSIGNEE:

HACLA PDS LLC, a California limited liability company

By: HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic, its sole member and manager

By: ____________________________
Name: ____________________________
Its: ____________________________

APPROVED AS TO FORM:

By: ____________________________
Authority Counsel

APPROVED AS TO FORM AND LEGALITY:

GOLDFARB & LIPMAN LLP, Authority Special Counsel

By: ____________________________
HACLA:

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic, its sole member and manager

By: __________________________

Name: _________________________

Its: ___________________________

APPROVED AS TO FORM:

By: ____________________________

Authority Counsel

APPROVED AS TO FORM AND LEGALITY:

GOLDFARB & LIPMAN LLP,
Authority Special Counsel

By: ____________________________

[Signatures must be notarized]
State of California
County of _______________

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

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

WITNESS my hand and official seal.

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

State of California  
County of _______________

On __________________________ before me, _______________________ (here insert name and title of the officer), 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 forgoing paragraph is true and correct.

WITNESS my hand and official seal.

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

State of California
County of _______________

On __________________________ before me, _______________________ (here insert name and title of the officer), 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 forgoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _______________________________ (Seal)
EXHIBIT A

Legal Description
ASSIGNMENT, ASSUMPTION AND AMENDMENT OF DECLARATION OF TRUST AND PARTIAL RELEASE OF PRIOR DECLARATION OF TRUST
(Aliso Village Phase I)

This ASSIGNMENT, ASSUMPTION AND AMENDMENT OF DECLARATION OF TRUST AND PARTIAL RELEASE OF PRIOR DECLARATION OF TRUST (this "Agreement") is dated as of [October 1], 2020 and is entered into by and among the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic organized and existing under the laws of the State of California ("Authority"), ALISO VILLAGE HOUSING PARTNERS, L.P., a California limited partnership (the "Prior Owner") HACLA PDS LLC, a California limited liability company (the "Owner"), and the UNITED STATES OF AMERICA, acting by and through the SECRETARY OF HOUSING AND URBAN DEVELOPMENT (the "Secretary"). The Authority, the Prior Owner, the Owner, and the Secretary shall collectively be referred to herein as "Parties."

RECITALS

A. The Authority is the fee owner of that certain real property more particularly described in the attached Exhibit A (the "Property"). The Authority previously executed and recorded Declarations of Trust, as modified and amended from time to time, relating to all or a portion of the Property which were recorded October 29, 1954 as Instrument No. 4401; October 29, 1954 Torrens 17374-W; October 29, 1954 Torrens 17375-W; June 27, 1955 as Instrument No. 4090; March 22, 1989 as Instrument No. 89-445562; May 29, 1990 as Instrument No. 90-956886; and January 21, 1992 as Instrument No. 92-108682, all of Official Records of the County of Los Angeles (the “Official Records”) (collectively, the “Pre-2002 Declarations of Trust”), which Pre-2002 Declarations of Trust contain grants to the Secretary of certain rights and impose certain restrictions in favor of the Secretary with respect to all or a portion of the Property.

B. The Authority, the Prior Owner, and the Secretary entered into that certain Declaration of Trust and Partial Release of Prior Declaration of Trust dated as of March 8, 2002 as recorded in the Official Records on March 14, 2002 as Instrument No. 02-0616751 (the “2002
Declaration and Release”). The Authority, the Prior Owner, and the Secretary intended that the 2002 Declaration and Release fully release the Pre-2002 Declarations of Trust and impose new restrictions on the Property. However, due to the subsequent recording of a subdivision map and other factors, the legal description attached as Exhibit A to the 2002 Declaration and Release no longer completely describes the Property. As a result, the 2002 Declaration and Release did not fully release the Pre-2002 Declarations of Trust. The Parties wish to enter into this Agreement, in part, to amend the 2002 Declaration and Release to completely describe the Property, and thereby to fully release the Pre-2002 Declarations of Trust.

C. The Prior Owner owns a fee interest in the improvements on the Property (the “Prior Owner’s Interest”). Concurrently with the recording of this Agreement in the Official Records, the Prior Owner will convey the Prior Owner’s Interest to the Owner and will assign the 2002 Declaration and Release to the Owner.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants and agreements hereinafter set forth, and other consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Recitals. The Recitals set forth above are hereby incorporated into this Agreement by the Parties as if fully and completely rewritten below.

2. Effective Date. The Parties agree that this Agreement shall be effective upon the recording of this Agreement in the Official Records (the "Effective Date").

3. Amendment of the 2002 Declaration and Release. The 2002 Declaration and Release is hereby modified as follows:

The legal description attached as "Exhibit A" to the 2002 Declaration is hereby deleted in its entirety and replaced with the Exhibit A attached to this Agreement.


a. Assignment. The Prior Owner, the Secretary, and the Authority hereby assign the liabilities, duties and obligations contained in the 2002 Declaration and Release from the Prior Owner to the Owner and its successors and assigns, subject to the terms set forth herein. The Prior Owner shall remain responsible for all liabilities, duties and obligations under the 2002 Declaration and Release prior to the Effective Date.

b. Assumption. The Owner hereby assumes all of the duties, obligations and restrictions set forth in the 2002 Declaration and Restriction and shall be responsible for all liabilities or obligations arising under the 2002 Declaration and Release from and after the Effective Date.

5. Consent by Secretary. The Secretary consents to the terms of this Agreement.

6. Full Force and Effect. Except as amended and assigned by this Agreement, the 2002 Declaration and Release remains in full force and effect in accordance with its terms.
7. **Modification.** No provision of the 2002 Declaration and Release, as modified herein, may be changed, discharged, supplemented, terminated, or waived except in a written document signed by the Owner, the Authority and the Secretary.

8. **Binding Effect.** The 2002 Declaration and Release, as modified herein, shall be binding upon, and inure to the benefit of, the Owner, the Authority and the Secretary and their respective successors and assigns.

9. **Counterparts.** This Agreement may be executed in any number of counterparts, which taken together will be deemed to be one and the same instrument.

    **SIGNATURES ON FOLLOWING PAGE**
IN WITNESS WHEREOF, the Authority, the Prior Owner, the Owner, and the Secretary
have duly executed this Agreement as of the day and year first above written.

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

By: ________________________________

Name: ______________________________

Its: ________________________________

**APPROVED AS TO FORM:**

By: ________________________________
Authority Counsel

**APPROVED AS TO FORM AND LEGALITY:**

GOLDFARB & LIPMAN LLP,
Authority Special Counsel

By: ________________________________

*Signatures Continue on Next Page*
PRIOR OWNER: ALISO VILLAGE HOUSING PARTNERS, L.P., a California limited partnership

By: LA CIENEGA LOMOD, INC., a California nonprofit public benefit corporation, its managing general partner

By: ____________________________________
   Tina Smith-Booth, President

OWNER: HACLA PDS LLC, a California limited liability company

By: HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic, its sole member and manager

By: ____________________________________
   Name: ________________________________
   Its: __________________________________

APPROVED AS TO FORM:

By: ____________________________________
   Authority Counsel

APPROVED AS TO FORM AND LEGALITY:

GOLDFARB & LIPMAN LLP, Authority Special Counsel

By: ____________________________________

Signatures Continue on Next Page
SECRETARY: 

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

By: ________________________________

Name: ______________________________

Its: ________________________________
STATE OF CALIFORNIA

COUNTY OF __________________

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

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

WITNESS my hand and official seal.

__________________________________________
Name: ________________________________
Notary Public
STATE OF CALIFORNIA  

COUNTY OF __________________

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

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

WITNESS my hand and official seal.

__________________________________________
Name: ________________________________
Notary Public
STATE OF CALIFORNIA

COUNTY OF _____________________

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

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

WITNESS my hand and official seal.

________________________________
Name: ____________________________
Notary Public
STATE OF CALIFORNIA                   )
COUNTY OF _______________________

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

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

WITNESS my hand and official seal.

________________________________________
Name: ________________________________
Notary Public
EXHIBIT A
LEGAL DESCRIPTION
ASSIGNMENT, ASSUMPTION, AND AMENDMENT OF REGULATORY AND OPERATING AGREEMENT

THIS ASSIGNMENT, ASSUMPTION, AND AMENDMENT OF REGULATORY AND OPERATING AGREEMENT (this “Agreement”) is made as of [October 1, 2020] by and between ALISO VILLAGE HOUSING PARTNERS, L.P., a California limited partnership (“Assignor”), HACLA PDS LLC, a California limited liability company (“Assignee”), and the Housing Authority of the City of Los Angeles, a public body, corporate and politic (“HACLA”) with reference to the following facts:

RECATALS

A. WHEREAS, HACLA is the fee owner of that certain real property located at 1400 Gabriel Garcia Marquez Street, City of Los Angeles, County of Los Angeles, State of California (the “Property”), as more fully described in Exhibit A, attached hereto and made a part hereof;

B. WHEREAS, to facilitate the purchase, development and operation of the apartments located upon the Property (collectively, the “Project”), HACLA and Assignor entered into that certain Regulatory and Operating Agreement dated as of March 1, 2002 and recorded in the Official Records of the County of Los Angeles (the “Official Records”) on March 14, 2002 as Instrument No. 02-0616752, as amended by that certain First Amendment dated as of September 24, 2002 and recorded in the Official Records on October 29, 2003 as Instrument No. 03-3237688 (the “Regulatory Agreement”);

C. WHEREAS, due to the subsequent recordation of a subdivision map and other factors, the legal description attached as Exhibit A to the Regulatory Agreement no longer completely describes the Property, and the parties desire now to amend the Regulatory Agreement to completely describe the Property;

D. WHEREAS, in connection with the transfer of the Project from the Assignor to the Assignee, the Assignor desires to assign to the Assignee all of the rights, duties, and obligations of the Assignor under the Regulatory Agreement relating to the period from and after the date of recordation of this Agreement (the "Effective Date”);

E. WHEREAS, the Assignee wishes to assume such rights, duties, and obligations; and
F. WHEREAS, HACLA is willing, by execution below, to consent to such assignment, assumption, and amendment as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

AGREEMENT

1. Recitals and Definitions. The recitals set forth above are true and accurate and are incorporated herein by reference. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to such terms in the Regulatory Agreement.

2. Amendment of Legal Description. The Regulatory Agreement is hereby amended as follows:

"Exhibit A" attached to the Regulatory Agreement is hereby deleted in its entirety and replaced with the Exhibit A attached to this Agreement.

3. Assignment and Assumption. The Assignor hereby assigns to the Assignee, and Assignee hereby accepts and assumes from Assignor, all of the Assignor’s rights, title, interest and obligations under the Regulatory Agreement arising from and after the Effective Date, which rights and obligations are more particularly described in the Regulatory Agreement. Without limiting the foregoing, Assignee hereby agrees to perform all of the obligations under the Regulatory Agreement that relate to the Project arising from and after the Effective Date. HACLA consents to the assignment by Assignor, and the acceptance and assumption by Assignee, of such rights, title, interest, and obligations.

4. Release of Liability. The parties hereto agree that the Assignor shall be released from all liability for obligations to be performed under the Regulatory Agreement on and after the Effective Date but shall remain liable in accordance with the terms of the Regulatory Agreement for any obligation accruing prior to the Effective Date.

5. Notice. All correspondence and notices given or required to be given to the Assignor under the Regulatory Agreement, from and after the Effective Date, shall be provided to the Assignee and shall be addressed as follows:

Assignee: HACLA PDS LLC
c/o Housing Authority of the City of Los Angeles
2600 Wilshire Blvd., Third Floor
Los Angeles, CA 90057
Attention: __________________

6. Successors and Assigns. This Agreement applies to, inures to the benefit of, and binds all parties hereto and their respective successors and assigns.
7. **Counterparts.** This Agreement may be executed in multiple counterparts, all of which, when taken together, shall be deemed an original upon execution.

*[Signature page follows]*
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year written above.

ASSIGNOR:

ALISO VILLAGE HOUSING PARTNERS, L.P., a California limited partnership

By: LA CIENEGA LOMOD, INC.,
a California nonprofit public benefit corporation,
its managing general partner

By: ____________________________
   Tina Smith-Booth, President

ASSIGNEE:

HACLA PDS LLC, a California limited liability company

By: HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic,
its sole member and manager

By: ____________________________
   ____________________________
   ____________________________

APPROVED AS TO FORM:

By: ____________________________
   Authority Counsel

APPROVED AS TO FORM AND LEGALITY:

GOLDFARB & LIPMAN LLP,
Authority Special Counsel

By: ____________________________
HACLA:

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic, its sole member and manager

By: __________________________

Name: __________________________

Its: __________________________

APPROVED AS TO FORM:

By: __________________________

Authority Counsel

APPROVED AS TO FORM AND LEGALITY:

GOLDFARB & LIPMAN LLP, Authority Special Counsel

By: __________________________

[Signatures must be notarized]
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, _______________________ (here insert name and title of the officer), personally appeared _________________________ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

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

State of California
County of _______________

On ________________ before me, ________________________ (here insert name and title of the officer), 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 forgoing paragraph is true and correct.

WITNESS my hand and official seal.

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

State of California
County of ________________

On __________________________ before me, _______________________ (here insert name and title of the officer), 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 forgoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _______________________________ (Seal)
EXHIBIT A

Legal Description
TERMINATION AND RELEASE OF AMENDED AND RESTATED GROUND LEASE
AND MEMORANDUM OF LEASE
(Pueblo del Sol Phase I)

THIS TERMINATION AND RELEASE OF AMENDED AND RESTATED GROUND LEASE AND MEMORANDUM OF LEASE (this "Termination and Release"), dated as of _____________, 2020 and effective as of recordation, by and between the HOUSING AUTHORITY OF THE CITY AND OF LOS ANGELES, a public body, corporate and politic (the "Lessor"), and HACLA PDS LLC, a California limited liability company (the "Lessee") shall be effective upon the date of its recordation in the Office of the Assessor-Recorder in the County of Los Angeles (the "Official Records"), and is entered into with reference to the following facts:

RECITALS

A. WHEREAS, Lessor is the fee owner of that certain real property located at 1400 Gabriel Garcia Marquez Street, City of Los Angeles, County of Los Angeles, State of California (the “Property”), as more fully described in Exhibit A, attached hereto and made a part hereof.

B. WHEREAS, the Lessor and Aliso Village Housing Partners, L.P., a California limited partnership (the “Prior Lessee”) entered into that certain Ground Lease Agreement dated as of June 8, 2001, a memorandum of which was recorded in the Official Records of the County of Los Angeles on June 11, 2001 as Instrument No. 01-1001349 (the “Memo of Ground Lease I”), and that certain Amended and Restated Ground Lease Agreement entered into as of March 1, 2002, effective as of June 8, 2001, a memorandum of which was recorded in the Official Records on March 14, 2002 as Instrument No. 02-0616750 (the “Memo of Ground Lease II”) (collectively, the “Ground Lease Documents”). The Memo of Ground Lease I and the Memo of Ground Lease II are, together, the “Memoranda of Ground Lease”;

C. WHEREAS, the Prior Lessee and the Lessee entered into that certain Assignment, Assumption, and Amendment of Amended and Restated Ground Lease and Memorandum of Lease dated as of October 1, 2020 and recorded in the Official Records on _____________, 2020 as Instrument No. ______________, pursuant to which the Prior Lessee assigned all rights,
duties, and obligations of Prior Lessee under the Ground Lease Documents to Lessee, and Lessee assumed all such rights, duties, and obligations of Prior Lessee under the Ground Lease Documents; and

D. WHEREAS, the Lessor and the Lessee have agreed to terminate the Ground Lease Documents, and to release the Memoranda of Ground Lease as encumbrances against the Property.

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

1. The Lessor and the Lessee hereby terminate the Ground Lease Documents in their entirety.

2. The encumbrances of the Memoranda of Ground Lease are hereby released from the Property.

3. This Termination and Release may be executed in several counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute one and the same agreement.

[SIGNATURE PAGES FOLLOW]
IN WITNESS WHEREOF, the Lessor and the Lessee have executed this Termination and Release as of the day first above written.

LESSOR:

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic, its sole member and manager

By: __________________________

Name: __________________________

Its: __________________________

APPROVED AS TO FORM:

By: __________________________

Authority Counsel

APPROVED AS TO FORM AND LEGALITY:

GOLDFARB & LIPMAN LLP,
Authority Special Counsel

By: __________________________

[Signatures continue on next page]
LESSEE:

HACLA PDS LLC, a California limited liability company

By: HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic, its sole member and manager

By: ___________________________

Name: ___________________________

Its: ___________________________

APPROVED AS TO FORM:

By: ___________________________

Authority Counsel

APPROVED AS TO FORM AND LEGALITY:

GOLDFARB & LIPMAN LLP,
Authority Special Counsel

By: ___________________________

[SIGNATURES MUST BE NOTARIZED]
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, _______________________ (here insert name and title of the officer), 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 forgoing paragraph is true and correct.

WITNESS my hand and official seal.

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

State of California
County of _______________

On __________________________ before me, _______________________ (here insert name and title of the officer), 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 forgoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _______________________________ (Seal)
EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY
TERMINATION OF
REGULATORY AND OPERATING AGREEMENT

Pueblo del Sol Phase I

This Termination of Regulatory and Operating Agreement (this “Termination”) by and between the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic (the “Authority”) and HACLA PDS LLC, a California limited liability company (the “Owner”), is entered into as of this _____ day of __________, 2020.

WHEREAS, the Authority is the fee owner of that certain real property more particularly described in the attached “Exhibit A” (the “Property”);

WHEREAS, the Authority and the United States Department of Housing and Urban Development (“HUD”) entered into that certain Consolidated Annual Contributions Contract No. SF-345 dated February 25, 2002, as Amendment Number 99 (the “ACC”); and

WHEREAS, the Authority and HUD entered into a Mixed Finance Amendment to the above referenced ACC dated March 7, 2002 (the “Mixed Finance Amendment”), as amended by that certain Amendment to Mixed Finance Amendment to Consolidated Annual Contributions Contract dated __________, 2020 (as amended, the “Amended Mixed Finance Amendment”) governing Project No. CA004000222 (the “Project”);

WHEREAS, pursuant to the Mixed-Finance Amendment, the Authority and Aliso Village Housing Partners, L.P., a California limited partnership (“Prior Owner”) entered into a certain Regulatory and Operating Agreement dated as of March 1, 2002 and recorded in the Official Records of the County of Los Angeles (the “Official Records”) on March 14, 2002 as Instrument No. 02-0616752, as amended by that certain First Amendment dated as of September 24, 2003 and recorded in the Official Records on October 29, 2003 as Instrument No. 03-3237688 (as amended, the “R&O”);
WHEREAS, Prior Owner conveyed the improvements on the Property to Owner pursuant to that certain Grant Deed recorded in the Official Records of the County of Los Angeles on ___________, 2020 as Instrument No. ______________ (the “Grant Deed”);

WHEREAS, concurrently with recordation of the Grant Deed, Prior Owner assigned its rights and obligations under the R&O to Owner, and Owner assumed such rights and obligations, pursuant to that certain Assignment, Assumption, and Amendment of Regulatory and Operating Agreement dated as of ____________, 2020 and recorded in the Official Records on ______________, 2020 as Instrument No. ________________.

WHEREAS, HUD has authorized the conversion of the Project from mixed-finance public housing to Section 8 assistance under the Rental Assistance Demonstration (“RAD”) program and has issued a RAD Conversion Commitment for the Project; and

WHEREAS, the R&O is being terminated by this Termination to accomplish conversion of the Project from mixed-finance public housing to Section 8 assistance under RAD.

NOW, THEREFORE, in consideration of mutual promises made, the parties hereto agree that the R&O is hereby terminated and both the Authority and Owner are hereby released from any and all obligations thereunder.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]
In consideration of the foregoing covenants, the parties do hereby set forth their seals:

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

(SEAL)
ATTEST:

By: __________________________
Name: _______________________
Title: _______________________

APPROVED AS TO FORM:

By: __________________________
Authority Counsel

APPROVED AS TO FORM AND LEGALITY:

GOLDFARB & LIPMAN LLP,
Authority Special Counsel

By: __________________________

HACLA PDS LLC, a California limited liability company

(SEAL)
ATTEST:

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

By: __________________________
Name: _______________________
Title: _______________________

APPROVED AS TO FORM:

By: __________________________
Authority Counsel

APPROVED AS TO FORM AND LEGALITY:

GOLDFARB & LIPMAN LLP,
Authority Special Counsel

By: __________________________
Exhibit A
Legal Description
TERMINATION OF
AMENDED MIXED FINANCE AMENDMENT TO CONSOLIDATED
ANNUAL CONTRIBUTIONS CONTRACT

Pueblo del Sol Phase I

This Termination of Amended Mixed Finance Amendment to Consolidated Annual Contributions Contract (this “Termination”) by and between the Housing Authority of the City of Los Angeles (the “Authority”) and the United States Department of Housing and Urban Development (“HUD”) is entered into as of this _____ day of __________, 2020.

WHEREAS, the Authority and HUD entered into that certain Consolidated Annual Contributions Contract No. SF-345 dated February 25, 2002, as Amendment Number 99 (the “ACC”);

WHEREAS, the Authority and HUD entered into a Mixed Finance Amendment to the above referenced ACC dated March 7, 2002, as amended by that certain Amendment to Mixed Finance Amendment to Consolidated Annual Contributions Contract dated __________, 2020 (as amended, the “Amended Mixed Finance Amendment”) governing Project No. CA004000222 (the “Project”);

WHEREAS, HUD has authorized the conversion of the Project from mixed-finance public housing to Section 8 assistance under the Rental Assistance Demonstration (“RAD”) program and has issued a RAD Conversion Commitment for the Project; and

WHEREAS, the Amended Mixed Finance Amendment is being terminated by this Termination to accomplish conversion of the Project from mixed-finance public housing to Section 8 assistance under RAD.

NOW, THEREFORE, in consideration of mutual promises made, the parties hereto agree that the Amended Mixed Finance Amendment is hereby terminated and both the Authority and HUD are hereby released from any and all obligations thereunder.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]
In consideration of the foregoing covenants, the parties do hereby set forth their seals:

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

(SEAL)
ATTEST:

By: ________________________________
Name: ________________________________
Title: ________________________________

APPROVED AS TO FORM:

By: ________________________________
Authority Counsel

APPROVED AS TO FORM AND LEGALITY:

GOLDFARB & LIPMAN LLP,
Authority Special Counsel

By: ________________________________

UNITED STATES OF AMERICA
Secretary of Housing and Urban Development

(SEAL)
ATTEST:

By: ________________________________
Name: ________________________________
Title: Director of Public Housing
      California State Office
Date: ________________________________
ASSIGNMENT AND ASSUMPTION OF LEASES
AND SERVICE CONTRACTS

THIS ASSIGNMENT AND ASSUMPTION OF LEASES AND SERVICE
CONTRACTS (this “Agreement”) is made and entered into as of __________, 2020, by
and between HACLA PDS LLC, a California limited liability company (“Assignor”) and
Pueblo del Sol I Housing Partners, L.P., a California limited partnership (“Assignee”).

RECITALS:

This Agreement is made with reference to the following facts:

A. Concurrently herewith, Assignor is conveying to Assignee all of its right
title and interest in and to that certain 201-unit apartment development (the “Apartment
Development”) commonly known as “Pueblo del Sol – Phase I,” located in the City of
Los Angeles, County of Los Angeles, State of California and a leasehold estate in and to
the real property and fee title to all buildings, structures, parking areas, sidewalks,
landscaping and other improvements comprising the Apartment Development (the
“Property”).

B. Assignor desires to assign to Assignee and Assignee wishes to accept and
assume all of Assignor’s right, title and interest in and to (i) all leases and rental
agreements with tenants of the Property (the “Leases”), together with all rents, issues and
profits arising from the Leases, and all unapplied security and other deposits, if any, paid
by such tenants to Assignor and all accrued interest thereon, to the extent interest is
required to be paid to such tenants; (ii) those certain service contracts with respect to the
Property (the “Service Contracts”); and (iii) certain other rights and obligations as set
forth below.

NOW, THEREFORE, in consideration of the foregoing, and for other good and
valuable consideration, the receipt and sufficiency of which are hereby acknowledged,
the parties hereto, intending to be legally bound hereby, agree as follows:

1. Leases. Assignor hereby sells, transfers, assigns, conveys and delivers
unto Assignee, its successors and assigns, all of Assignor’s right, title, and interest in, to
and under the Leases. In addition, Assignor does hereby assign unto Assignee (subject to
any proration agreements existing between Assignor and Assignee in accordance with the
Agreement, as hereinafter defined) all rents, issues and profits arising from the Leases
and all of its right, title, and interest in, to and with respect to any and all security
deposits and other deposits which Assignor is holding in connection with the Leases.
Assignee hereby accepts the assignment of the Leases and agrees to assume the
obligations required of the landlord under each such Lease accruing and arising from and
after the date hereof and to indemnify and hold Assignor harmless from and against any
and all fees, charges, expenses, liabilities, claims and costs, including but not limited to
reasonable attorneys’ fees, suffered or incurred by Assignor on account of Assignee’s
failure to assume and perform the obligations required of the landlord under the Leases accruing and arising from and after the date hereof.

2. **Service Contracts.** Assignor hereby sells, transfers, assigns, conveys and delivers unto Assignee, its successors and assigns, all of Assignor’s right, title, and interest in, to and under the Service Contracts. Assignee hereby accepts the assignment of the Service Contracts and agrees to assume the obligations required of owner under each such Service Contract accruing and arising from and after the date hereof, and to indemnify and hold Assignor harmless from and against any and all fees, charges, expenses, liabilities, claims and costs, including but not limited to reasonable attorneys’ fees, suffered or incurred by Assignor on account of Assignee’s failure to assume and perform the obligations required of the owner under the Service Contracts accruing and arising from and after the date hereof.

3. **Indemnification.** Assignor agrees to indemnify and hold Assignee harmless from and against any and all fees, charges, expenses, liabilities, claims and costs, including but not limited to reasonable attorneys’ fees, suffered or incurred by Assignee on account of Assignor’s failure to perform (i) the obligations required of the landlord under the Leases arising and accruing prior to the date hereof, and/or (ii) the obligations required of the owner under the Service Contracts arising and accruing prior to the date hereof.

4. **Additional Rights.** Assignor hereby assigns to Assignee all of Assignor’s right, title and interest (if any) in and to all certificates of occupancy, if any, licenses, permits, warranties, guarantees, bonds, claims and rights running to or assigned to Assignor in connection with the construction, maintenance, operation or repair of the Property.

5. **Further Assurances.** The parties hereto agree to execute such further documents and agreements as may be reasonably necessary or appropriate to effectuate the purposes of this Agreement.

6. **Miscellaneous.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors, assigns and legal representatives. This Agreement may be executed in counterparts, each of which for all purposes shall be deemed an original, and all of which when taken together shall constitute one and the same Agreement.

**[SIGNATURES ON NEXT PAGE]**
IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal as of the date first above written.

ASSIGNOR:

HACLA PDS LLC, A California limited liability company

By: The Housing Authority of the City of Los Angeles, a public body, corporate and politic
   Its sole member

   By: ________________________________
       Douglas Guthrie
       President and Chief Executive Officer

APPROVED AS TO FORM:

By: ________________________________

Authority Counsel

APPROVED AS TO FORM AND LEGALITY:

GOLDFARB & LIPMAN LLP,
Authority Special Counsel

By: ________________________________

Michelle Brewer, Esq.
ASSIGNEE:

PUEBLO DEL SOL I HOUSING
PARTNERS, L.P., a California limited
partnership,

By: Related/Pueblo del Sol I Development
Co., LLC, a California limited liability
company, Administrative General Partner

By: ______________________________
    Frank Cardone, President

By: LOMOD PDS LLC, a California limited
liability company, Managing General
Partner

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

By: ______________________________
    Tina Smith-Booth, President
Recording Requested By:
When Recorded Mail To:

Housing Authority of the City of Los Angeles
2600 Wilshire Boulevard
Los Angeles, CA 90057
Attention: Executive Director

No fee for recording pursuant to
Government Code Section 27383 and 27388.1

Rental Assistance Demonstration
Use Agreement
(Pueblo del Sol Phase I)
This Rental Assistance Demonstration Use Agreement (hereinafter called the “Agreement”) is made as of [______________ (date)], for the benefit of and agreed to by the United States Department of Housing and Urban Development, acting by and through the Secretary, his or her successors, assigns or designates (hereinafter called “HUD”) by Pueblo del Sol I Housing Partners, L.P., a California limited partnership, (“Project Owner”), and the Housing Authority of the City of Los Angeles, a public body, corporate and politic, (“PHA”).

Whereas, Rental Assistance Demonstration (hereinafter called “RAD”) provides the opportunity to test the conversion of public housing and other HUD-assisted properties to long-term, project-based Section 8 rental assistance to achieve certain goals, including the preservation and improvement of these properties through access to private debt and equity to address immediate and long-term capital needs.
Whereas, PHA is the fee owner of the real property described on Exhibit A (the “Property”), upon which is or will be located improvements owned or to be owned by Project Owner receiving assistance converted pursuant to RAD, which project will commonly be known as Pueblo del Sol Phase I (the “Project”). The Project will contain 201 dwelling units, of which 112 (“Assisted Units”) are subject to a RAD Housing Assistance Payment contract, as the same may be renewed, amended or replaced from time to time (“RAD HAP Contract”).

Whereas, pursuant to the Consolidated and Further Continuing Appropriations Act of 2012 (Public Law 112-55, approved November 18, 2011, as amended from time to time, the “RAD Statute”); and the corresponding PIH Notice 2012-32, rev-2, as amended from time to time, and any successor document and/or regulations (hereinafter called the “RAD Notice”), which this Agreement incorporates by this reference, the PHA and/or the Project Owner, as applicable, has agreed to encumber the Property and the Project Owner has agreed to operate the Project in accordance with this Agreement in exchange for HUD’s agreement to execute or permit the execution of the RAD HAP contract and the assistance provided thereby;

Whereas, in accordance with the RAD Statute and RAD Notice, except as otherwise agreed in writing by HUD, this Agreement is to be recorded superior to other liens on the Property, run until the conclusion of the initial term of the RAD HAP contract, automatically renew upon each extension or renewal of the RAD HAP contract for a term that runs with each renewal term of the RAD HAP contract, and remain in effect even in the case of abatement or termination of the RAD HAP contract for the term the RAD HAP contract would have run, absent the abatement or termination.

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

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

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

3. Use Restriction and Tenant Incomes. The Assisted Units shall be leased in accordance with the RAD HAP contract, including any applicable eligibility and/or income-targeting requirements. In the case that the RAD HAP contract is terminated prior to the completion of the
term or renewal term, if applicable, of this Agreement (by way of illustration and not limitation, for breach or non-compliance), for the remainder of the term of this Agreement new tenants leasing the Assisted Units (except if any of the Assisted Units is a HUD-approved manager unit) must have incomes at or below 80 percent of the Area Median Income (AMI) at the time of admission (“Eligible Tenants”). Additionally, rents for such Assisted Units must not exceed 30% of 80% of the AMI for households of the size occupying an appropriately sized unit.

Notwithstanding the foregoing, in the event the Project Owner so requests and is able to demonstrate to HUD’s satisfaction that despite the Project Owner’s good faith and diligent efforts to do so, the Project Owner is unable either (1) to rent a sufficient percentage of Assisted Units to Eligible Tenants in order to satisfy the restrictions in this paragraph, or (2) to otherwise provide for the financial viability of the Project, HUD may, in its sole discretion, agree to reduce the percentage of units subject to the restriction under this paragraph or otherwise modify this restriction in a manner acceptable to the Project Owner and HUD. Any such modification of the restrictions listed in this paragraph shall be evidenced by a written amendment to this Agreement executed by each of the parties hereto.

4. Survival. This Agreement will survive foreclosure and bankruptcy.

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

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

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

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

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

10. Severability. The invalidity, in whole or in part, of any of the provisions set forth in this Agreement shall not affect or invalidate any remaining provisions.

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

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

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


A. Nothing in this Agreement prohibits any holder of a mortgage or other lien against the Property or Project from foreclosing its lien or accepting a deed in lieu of foreclosure. Any lien holder shall give HUD, as a courtesy, written notice prior to declaring an event of default. Any lien holder shall provide HUD concurrent notice with any written filing of foreclosure filed in accordance with state law provided that the foreclosure sale shall not occur sooner than sixty days (60) days after such notice to HUD. The Notice to HUD may be personally delivered or sent by U.S. certified or registered mail, return receipt requested, first class postage prepaid, addressed as follows:
If for PBRA transactions:
U.S. Department of Housing and Urban Development
451 7th Street SW, Room 9100
Washington, DC 20410
Attention: Office of the Assistant Secretary for Housing - Rental Assistance Demonstration

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

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

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

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

15. Successors and Assigns. This Agreement shall be binding upon the Project Owner and, if a party hereto, the PHA, and all future successors and assigns of either with respect to any portion of the Property or the Project.
In Witness Whereof, these declarations are made as of the first date written above.

Department of Housing and Urban Development

By: ________________________________

Name: ________________________________

Title: ________________________________

Date: ________________________________

) ) ss:

District of Columbia

) )

Before me, ____________________________________________________, a Notary Public in and for the District of Columbia on this __________ day of ____________________________ , 20____, personally appeared ________________________________________________, who is personally known to me to be the person who executed the foregoing instrument by virtue of the authority vested in him by the Department of Housing and Urban Development, and did acknowledge the signing thereof to be a free and voluntary act and done on behalf of the Secretary of Housing and Urban Development for the uses, purposes and considerations therein set forth.

Witness my hand and official seal this ________ day of ____________________________ , 20____.

(Seal)

______________________________________________ (Notary Public)

My commission expires _______________________, 20____.
Project Owner:

PUEBLO DEL SOL I HOUSING PARTNERS, L.P., a California limited partnership

By: Related/Pueblo del Sol I Development Co., LLC, a California limited liability company, its administrative general partner

By: Frank Cardone, President

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

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

By: Tina Smith-Booth, President

Date: ____________________________________________________________________

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

STATE OF CALIFORNIA )
COUNTY OF ______________ )

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

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

WITNESS my hand and official seal.

________________________________________________________________________
Name: _____________________________
Notary Public
STATE OF CALIFORNIA

COUNTY OF ____________________

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

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

WITNESS my hand and official seal.

____________________________
Name: _________________________
Notary Public
PHA/ Fee Owner:

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

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

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

STATE OF CALIFORNIA

COUNTY OF ____________________________

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

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

WITNESS my hand and official seal.

_________________________________________
Name: ________________________________
Notary Public
EXHIBIT A – Property Subject to this RAD Use Agreement
Pueblo del Sol I Housing Partners, L.P.
c/o The Related Companies of California, LLC
18201 Von Karman Avenue, Suite 900
Irvine, CA 92612
Attn: Frank Cardone

APNs: 5173-029-906, 5173-029-909, 5173-029-908
Address: 1400 Gabriel Garcia Marquez St., Los Angeles, CA 90033

GRANT DEED
(Pueblo del Sol Phase I Improvements)

THE UNDERSIGNED GRANTOR(S) DECLARE(S):

Documentary Transfer Tax is $____________; City Transfer Tax is $____________

☐ Computed on full value of property conveyed, or
☐ Computed on full value less value of liens and/or encumbrances remaining at time of sale,

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, HACLA PDS LLC, a California limited liability company (the "Grantor"), hereby grants to PUEBLO DEL SOL I HOUSING PARTNERS, L.P., a California limited partnership (the "Grantee"), the real property located in the City of Los Angeles, County of Los Angeles, State of California, described in Exhibit A, attached hereto and made a part hereof.

[SIGNATURE PAGES FOLLOW]
Executed as of this ___ day of ____________, 2020.

GRANTOR:

HACLA PDS LLC, a California limited liability company

By: HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic, its sole member and manager

By: _____________________________

Name: _____________________________

Its: _____________________________

[SIGNATURES MUST BE NOTARIZED]
STATE OF CALIFORNIA  )
COUNTY OF __________________ )

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

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

WITNESS my hand and official seal.

______________________________
Name: _______________________
Notary Public
EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY
(Improvements only)

All improvements located in, on, or under that certain real property situated in the County of Los Angeles, State of California, described as follows:
GROUND LEASE
(Pueblo del Sol – Phase I)

between the

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

and

PUEBLO DEL SOL I HOUSING PARTNERS, L.P.,
a California limited partnership
# TABLE OF CONTENTS

## ARTICLE 1 Definitions

<table>
<thead>
<tr>
<th>Section 1.1</th>
<th>Definitions</th>
<th>Page</th>
</tr>
</thead>
</table>

## ARTICLE 2 Lease of the Leased Premises

<table>
<thead>
<tr>
<th>Section 2.1</th>
<th>Leased Premises</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 2.2</td>
<td>Reservation of Oil, Gas and Mineral Rights</td>
<td>10</td>
</tr>
<tr>
<td>Section 2.3</td>
<td>Term</td>
<td>10</td>
</tr>
<tr>
<td>Section 2.4</td>
<td>Use</td>
<td>10</td>
</tr>
<tr>
<td>Section 2.5</td>
<td>Possession</td>
<td>11</td>
</tr>
<tr>
<td>Section 2.6</td>
<td>Memorandum of Lease</td>
<td>11</td>
</tr>
</tbody>
</table>

## ARTICLE 3 The Rehabilitation

<table>
<thead>
<tr>
<th>Section 3.1</th>
<th>Rehabilitation</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 3.2</td>
<td>No Liens</td>
<td>11</td>
</tr>
<tr>
<td>Section 3.3</td>
<td>Permits, Licenses and Easements</td>
<td>12</td>
</tr>
<tr>
<td>Section 3.4</td>
<td>Title to Original Development</td>
<td>12</td>
</tr>
<tr>
<td>Section 3.5</td>
<td>Benefits of Rental Development During Term</td>
<td>13</td>
</tr>
<tr>
<td>Section 3.6</td>
<td>Regulatory Agreements</td>
<td>13</td>
</tr>
<tr>
<td>Section 3.7</td>
<td>Equal Opportunity</td>
<td>14</td>
</tr>
<tr>
<td>Section 3.8</td>
<td>Accessibility Requirements</td>
<td>14</td>
</tr>
<tr>
<td>Section 3.9</td>
<td>Prevailing Wages</td>
<td>14</td>
</tr>
<tr>
<td>Section 3.10</td>
<td>Lessor Review</td>
<td>14</td>
</tr>
</tbody>
</table>

## ARTICLE 4 Rents; Annual Statement; Operating Budget

<table>
<thead>
<tr>
<th>Section 4.1</th>
<th>Rent</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 4.2</td>
<td>Net Cash Flow Payments</td>
<td>15</td>
</tr>
<tr>
<td>Section 4.3</td>
<td>Additional Rents</td>
<td>15</td>
</tr>
<tr>
<td>Section 4.4</td>
<td>Payments</td>
<td>15</td>
</tr>
<tr>
<td>Section 4.5</td>
<td>No Accrued Rent</td>
<td>16</td>
</tr>
<tr>
<td>Section 4.6</td>
<td>Delinquent Payments</td>
<td>16</td>
</tr>
<tr>
<td>Section 4.7</td>
<td>Net Lease and Assumption of Risk</td>
<td>16</td>
</tr>
<tr>
<td>Section 4.8</td>
<td>Annual Statement</td>
<td>16</td>
</tr>
<tr>
<td>Section 4.9</td>
<td>Operating Budget</td>
<td>17</td>
</tr>
</tbody>
</table>

## ARTICLE 5 Taxes and Other Impositions; Utilities

<table>
<thead>
<tr>
<th>Section 5.1</th>
<th>Payment of Impositions</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 5.2</td>
<td>Contested Taxes and Other Impositions</td>
<td>17</td>
</tr>
<tr>
<td>Section 5.3</td>
<td>Valuation Assessment</td>
<td>18</td>
</tr>
<tr>
<td>Section 5.4</td>
<td>Failure to Pay Impositions</td>
<td>18</td>
</tr>
<tr>
<td>Section 5.5</td>
<td>Utilities</td>
<td>18</td>
</tr>
</tbody>
</table>
# Table of Contents

**ARTICLE 6 INSURANCE**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1</td>
<td>Lessee’s Insurance</td>
<td>18</td>
</tr>
<tr>
<td>6.2</td>
<td>General Requirements</td>
<td>19</td>
</tr>
<tr>
<td>6.3</td>
<td>Evidence of Insurance</td>
<td>19</td>
</tr>
<tr>
<td>6.4</td>
<td>Failure to Maintain</td>
<td>19</td>
</tr>
<tr>
<td>6.5</td>
<td>Acceptability of Insurers</td>
<td>19</td>
</tr>
</tbody>
</table>

**ARTICLE 7 MAINTENANCE, ALTERATIONS, REPAIRS AND REPLACEMENTS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1</td>
<td>Maintenance of Leased Premises</td>
<td>19</td>
</tr>
<tr>
<td>7.2</td>
<td>Alterations to Leased Premises</td>
<td>20</td>
</tr>
<tr>
<td>7.3</td>
<td>Indemnifications</td>
<td>20</td>
</tr>
<tr>
<td>7.4</td>
<td>Management</td>
<td>21</td>
</tr>
<tr>
<td>7.5</td>
<td>Delegation of Management Duties</td>
<td>21</td>
</tr>
<tr>
<td>7.6</td>
<td>Management and Operation of the Residential Units</td>
<td>21</td>
</tr>
<tr>
<td>7.7</td>
<td>Certain Limitation on Work</td>
<td>22</td>
</tr>
<tr>
<td>7.8</td>
<td>Alterations Required by Law</td>
<td>23</td>
</tr>
<tr>
<td>7.9</td>
<td>Lessor Completion of Work</td>
<td>23</td>
</tr>
</tbody>
</table>

**ARTICLE 8 PERMITTED MORTGAGES AND INVESTOR RIGHTS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.1</td>
<td>Right to Encumber</td>
<td>23</td>
</tr>
<tr>
<td>8.2</td>
<td>Notice to Mortgagee</td>
<td>23</td>
</tr>
<tr>
<td>8.3</td>
<td>Right of Mortgagee to Cure</td>
<td>23</td>
</tr>
<tr>
<td>8.4</td>
<td>Additional Rights of Mortgagee</td>
<td>24</td>
</tr>
<tr>
<td>8.5</td>
<td>Limitation on Liability of Mortgagee</td>
<td>25</td>
</tr>
<tr>
<td>8.6</td>
<td>Estoppel Certificates</td>
<td>25</td>
</tr>
<tr>
<td>8.7</td>
<td>Registration of Mortgages</td>
<td>26</td>
</tr>
<tr>
<td>8.8</td>
<td>New Lease</td>
<td>26</td>
</tr>
<tr>
<td>8.9</td>
<td>Rights of Investor</td>
<td>26</td>
</tr>
</tbody>
</table>

**ARTICLE 9 REPRESENTATIONS, WARRANTIES AND COVENANTS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.1</td>
<td>Representations, Warranties and Covenants of Lessee</td>
<td>27</td>
</tr>
<tr>
<td>9.2</td>
<td>Hazardous Materials</td>
<td>27</td>
</tr>
<tr>
<td>9.3</td>
<td>As-Is Conveyance</td>
<td>29</td>
</tr>
</tbody>
</table>

**ARTICLE 10 EMINENT DOMAIN**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.1</td>
<td>Termination of Lease</td>
<td>30</td>
</tr>
<tr>
<td>10.2</td>
<td>Continuation of Lease and Presumption of Restoration</td>
<td>30</td>
</tr>
<tr>
<td>10.3</td>
<td>Temporary Taking</td>
<td>30</td>
</tr>
<tr>
<td>10.4</td>
<td>Mortgagee Protection</td>
<td>31</td>
</tr>
<tr>
<td>10.5</td>
<td>Award</td>
<td>31</td>
</tr>
<tr>
<td>10.6</td>
<td>Joinder</td>
<td>31</td>
</tr>
</tbody>
</table>

**ARTICLE 11 DAMAGE OR DESTRUCTION**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.1</td>
<td>Damage or Destruction to Leased Premises</td>
<td>31</td>
</tr>
<tr>
<td>11.2</td>
<td>Mortgagee Protection</td>
<td>32</td>
</tr>
<tr>
<td>Title</td>
<td>Page</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>------</td>
<td></td>
</tr>
<tr>
<td>ARTICLE 12 EVENTS OF DEFAULT</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>Section 12.1  Events of Default</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>Section 12.2  Rights and Remedies</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Section 12.3  Deficiency Judgments</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Section 12.4  Default by Lessor</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Section 12.5  Notices</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>ARTICLE 13 QUIET ENJOYMENT AND POSSESSION; INSPECTIONS</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>Section 13.1  Quiet Enjoyment</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>Section 13.2  Lessor's Right of Inspection</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>Section 13.3  Consent for Lessor Mortgage</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>Section 13.4  Representation and Warranty Regarding No Lessor Mortgage</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>ARTICLE 14 VACATION OF LEASED PREMISES</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>Section 14.1  Vacating Premises</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>ARTICLE 15 NON-MERGER</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>Section 15.1  Non-Merger</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>ARTICLE 16 ASSIGNMENTS AND TRANSFERS; FORECLOSURE</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>Section 16.1  Consent Required</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>Section 16.2  Limitations on Consent Requirement</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>Section 16.3  Subsequent Assignment</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>Section 16.4  Request for Consent</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>Section 16.5  Consent of Lessor Not Required</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>Section 16.6  Transfer After Foreclosure</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>Section 16.7  Grant of Purchase Option to Lessor or Affiliate</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>ARTICLE 17 MISCELLANEOUS PROVISIONS</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>Section 17.1  Entire Agreement: Modifications</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>Section 17.2  Holding Over</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>Section 17.3  Removal of Personal Property</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>Section 17.4  Amendments</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>Section 17.5  Governing Law</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>Section 17.6  Binding Effect</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>Section 17.7  Severability</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>Section 17.8  Further Assurances</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>Section 17.9  Captions</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>Section 17.10  Gender</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>Section 17.11  Exhibits</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>Section 17.12  References</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>Section 17.13  Rights Cumulative</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>Section 17.14  Notices</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>Section 17.15  Counterparts</td>
<td>41</td>
<td></td>
</tr>
<tr>
<td>Section 17.16  Time of Essence</td>
<td>41</td>
<td></td>
</tr>
<tr>
<td>Section 17.17  Relationship of Parties</td>
<td>41</td>
<td></td>
</tr>
<tr>
<td>Section 17.18  Multiple Leasehold Mortgages</td>
<td>41</td>
<td></td>
</tr>
<tr>
<td>Section 17.19  Conflicts with Mortgage</td>
<td>42</td>
<td></td>
</tr>
<tr>
<td>Section 17.20</td>
<td>Attorney’s Fees</td>
<td>42</td>
</tr>
<tr>
<td>Section 17.21</td>
<td>Non-Liability of Governmental Officials and Employees; Conflicts of Interest</td>
<td>42</td>
</tr>
<tr>
<td>Section 17.22</td>
<td>Consent; Reasonableness</td>
<td>42</td>
</tr>
<tr>
<td>Section 17.23</td>
<td>Non-Waiver of Governmental Rights</td>
<td>42</td>
</tr>
</tbody>
</table>

ARTICLE 18 PARTICULAR COVENANTS ................................................. 43

| Section 18.1 | Non-Discrimination | 43 |
| Section 18.2 | Mandatory Language in All Subsequent Deeds, Leases and Contracts | 43 |
GROUND LEASE

(Pueblo del Sol - Phase I)

THIS GROUND LEASE ("Lease") is entered into as of ____________, 20__, by and between the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic ("Lessor"), and PUEBLO DEL SOL I HOUSING PARTNERS, L.P., a California limited partnership ("Lessee").

RECITALS

A. WHEREAS, these Recitals refer to and utilize certain capitalized terms that are defined in Section 1.1 of this Agreement. The parties intend to refer to those definitions in connection with their use in these Recitals.

B. WHEREAS, the Lessor and Aliso Village Housing Partners, L.P., a California limited partnership ("AVHP"), previously entered into that certain Amended and Restated Ground Lease Agreement, entered into as of March 1, 2002 and made effective as of June 8, 2001 (as amended, the "Original Ground Lease"), pursuant to which Lessor leased to AVHP that certain real property located in the City of Los Angeles, as more particularly described in Exhibit A attached hereto (the "Leased Premises").

C. WHEREAS, the Rental Development Site constituted the first phase of the two-phase redevelopment of the former public housing project known as Aliso Village under the federal HOPE VI mixed-finance development program ("HOPE VI"), now known as Pueblo del Sol.

D. WHEREAS, pursuant to terms of the Original Ground Lease and the agreements required under the HOPE VI program (the "HOPE VI Documents"), AVHP caused the development of a two hundred and one (201) unit low-income rental apartment project on the Leased Premises (the "Original Development").

E. WHEREAS, Lessor and Lessee now desire to rehabilitate both phases of Pueblo del Sol and to convert the public housing units in Pueblo del Sol to Section 8 units subsidized under the HUD Rental Demonstration ("RAD") Program and to convert certain units to Section 8 project-based voucher units, with the Leased Premises as the first phase of the rehabilitation project.

F. WHEREAS, Lessee is a California limited partnership duly formed and authorized to do business in the State of California as Pueblo del Sol I Housing Partners, L.P., a California limited partnership, having Related/Pueblo del Sol I Development Co., LLC, a California limited liability company, as its administrative general partner (the "Administrative General Partner"), and having LOMOD PDS LLC, a California limited liability company (in which La Cienega LOMOD, Inc., a California nonprofit public benefit corporation, is its sole member), as its managing general partner (the "Managing General Partner").

G. WHEREAS, pursuant to the terms of that certain Disposition and Development Agreement for Pueblo del Sol – Phase I, between Lessor and Lessee, dated as of November 13, 2019 (the "DDA"), Lessee intends to rehabilitate the Original Development in accordance with the Scope of Work (as such term is defined below) (the "Rehabilitation"), which rehabilitated development (the "Rental Development") will consist of two hundred and one (201)
units of rental housing that comply with all applicable tax rules and regulations under Section 42 of the Internal Revenue Code of 1986, as amended.

H. WHEREAS, the Development (as such term is defined below) shall be owned and operated during the Tax Credit Compliance Period by Lessee, and the rent-restricted residential units shall be leased to income-qualified tenants at affordable rents pursuant to the requirements of all applicable public funding programs as set forth in this Lease and pursuant to the terms of this Lease. Lessor shall have an option to purchase and right of first refusal of the Rental Development after expiration of the Tax Credit Compliance Period.

I. WHEREAS, pursuant to the terms of the DDA, Lessor and Lessee desire to enter into this Lease to more fully set forth their rights and obligations with respect to the matters described herein.

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

ARTICLE 1
DEFINITIONS; EFFECT OF DOCUMENTS

Section 1.1 Definitions.

For the purposes of this Lease, the following defined terms shall have the meanings ascribed thereto in this Article 1. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the DDA.

(a) Accessibility Requirements. Shall have the meaning set forth in Section 3.8 hereof.

(b) Acquisition Loan. Shall mean the acquisition loan made by Lessor to Lessee on or about the Commencement Date of this Lease for the acquisition of the existing improvements on the Leased Premises, as evidenced by a loan agreement, promissory note and a deed a trust secured by the Leased Premises.

(c) Acquisition Loan Documents. Shall mean, collectively, the Acquisition Loan agreement, promissory note and deed of trust.

(d) Administrative General Partner. Related/Pueblo del Sol I Development Co., LLC, a California limited liability company.

(e) Amended and Restated Partnership Agreement. The Amended and Restated Agreement of Limited Partnership of Lessee, between the Administrative General Partner, as administrative general partner, the Managing General Partner, as managing general partner, the Disaffiliated LOMOD Partner, as special limited partner, and the Investor, as limited partner, dated as of ________________.

(f) Annual Statement. Shall have the meaning set forth in Section 4.8 hereof.
(g)  **Applicable Rate.** Shall mean the Prime Rate plus two percent (2%) per annum, not to exceed the maximum rate of interest permitted by law under the circumstances.

(h)  **Approved Financing.** The following loans and financing acquired by the Lessee and approved by the Lessor for the purpose of financing the Development:

1. the Bank Loan;
2. the Acquisition Loan; and
3. the Tax Credit Equity.

For purposes hereof, “Approved Financing” shall also include any loans and financing obtained by Lessee in the future with the consent of Lessor.

(i)  **Approved Financing Documents.** All of the documents documenting the Bank Loan, the Acquisition Loan and the Tax Credit Equity as approved by Lessor to the extent required by the DDA.

(j)  **Bank.** Citibank, N.A., a national banking association, as funding lender under the Bank Loan.

(k)  **Bank Loan.** A certain tax-exempt loan from the Housing Authority of the City of Los Angeles to Lessee, as evidenced by a certain Multifamily Note in the approximate amount of [Thirty One Million Seven Hundred Thousand and 00/100 Dollars ($31,700,000)], dated as of [______], 2020, as endorsed to the Bank.

(l)  **Casualty.** Shall have the meaning given to such term in Article 11 hereof.

(m)  **City.** The City of Los Angeles, California.

(n)  **Closing.** The date on which one or more deeds of trust securing the Approved Financing for the Rehabilitation are recorded against the Leased Premises.

(o)  **Commencement Date.** The date first written above.

(p)  **DDA.** Shall have the meaning given to such term in Recital G hereof.

(q)  **Default Rate.** Shall mean the lesser of (a) the Applicable Rate, plus two percent (2%) per annum, compounded annually, and (b) the highest rate of interest permitted under law for the circumstances under which the Default Rate shall apply.

(r)  **Development.** The Rental Development and Lessee’s Estate.

(s)  **Disaffiliated LOMOD Partner** means a special limited partner of the Lessee which has been disaffiliated from LOMOD and the Managing General Partner for federal income tax purposes.

(t)  **Event of Default.** Shall have the meaning given to such term in Article 12 hereof.
(u) **Governmental Authorities.** Any applicable federal, state or local governmental or quasi governmental entities, subdivisions, agencies, authorities or instrumentalities having jurisdiction over the Leased Premises, the Rental Development, Lessor or Lessee.

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

(w) **Hazardous Materials Law.** All federal, state, and local laws, ordinances, regulations, orders and directives pertaining to Hazardous Materials in, on or under the Leased Premises or any portion thereof.

(x) **Impositions.** All taxes including property taxes, assessments (including any special assessments, community facility district assessments or other payments or assessments owed under the Mello-Roos Community Facilities Act of 1982 (as amended)), water and sewer charges, charges for public utilities, excises, levies, license and permit fees and other charges that shall or may be assessed, levied or imposed during the Term by any Governmental Authorities upon the Leased Premises or any part thereof, including the buildings or improvements now or hereafter located thereon; provided, however, that the term “Impositions” shall not include any income tax, capital levy, estate, succession, inheritance, transfer or similar taxes of Lessor, or any franchise tax imposed upon any owner of the fee of the Leased Premises, or any income, profits or revenue tax, assessment or charge imposed upon the rent or other benefit received by Lessor under this Lease by any Governmental Authorities.

(y) **Insurance Requirements.** The requirements, whether now or hereafter in force, of any insurer or insurance carrier, any board of fire underwriters or any other company, bureau, organization or entity performing the same or similar functions, applicable to the Leased Premises and/or the Rental Development, or any portion thereof, to the extent so applicable.

(z) **Investor.** GSB LIHTC Investor LLC, a Delaware limited liability company, its successors and assigns, the tax credit investor of the Lessee.

(aa) **Lease.** This Ground Lease.

(bb) **Lease Year.** A calendar year.
(cc) **Leased Premises.** That certain real property located in the City, as more particularly described on Exhibit A attached hereto and made a part hereof, together with all and singular rights, easements, licenses, privileges and appurtenances thereunto attaching or in any way belonging thereto.

(dd) **Legal Requirements.** All laws, statutes, codes, ordinances, orders, rules, regulations and requirements of all Governmental Authorities and the appropriate agencies, officers, departments, boards and commissions thereof, whether now or hereafter in force, applicable to Lessor, Lessee, the Leased Premises, the Rental Development, or any portion thereof, to the extent so applicable.

(ee) **Lessee.** Pueblo del Sol I Housing Partners, L.P., a California limited partnership

(ff) **Lessee’s Estate.** Lessee’s leasehold interest in the Leased Premises acquired pursuant to this Lease and any fee or other interest in the Leased Premises acquired by Lessee hereafter.

(gg) **Lessor.** The Housing Authority of the City of Los Angeles, a public body, corporate and politic.

(hh) **Lessor’s Estate.** Lessor’s fee estate in the Leased Premises.

(ii) **LOMOD.** La Cienega LOMOD, Inc., a California nonprofit public benefit corporation.

(jj) **Low-Income Housing Tax Credit or LIHTC** refers to the credit available under Section 42 of the Internal Revenue Code of 1986, as amended.

(kk) **Management Agent.** The Person designated from time to time as “Management Agent” of all or any portion of the Rental Development under any management agreement entered into from time to time with Lessee.

(ll) **Managing General Partner.** LOMOD PDS LLC, a California limited liability company, the managing general partner of the Developer. The Managing General Partner shall obtain and maintain an organizational clearance certificate from the California Board of Equalization and LOMOD shall be the sole member of the Managing General Partner.

(mm) **Memorandum of Lease.** The memorandum of the Lease to be recorded against the Leased Premises in the official records of Los Angeles County in the form attached hereto as Exhibit B.

(nn) **Mortgage.** Any mortgage, deed of trust, security agreement or collateral assignment executed in connection with the Approved Financing encumbering Lessee’s Estate created hereunder as a leasehold mortgage lien.

(oo) **Mortgagee.** The holder, mortgagee, grantee or secured party under any Mortgage and its successors and assigns.

(pp) **Net Cash Flow.** Shall have the meaning given to the term “Net Cash Flow” in the Amended and Restated Partnership Agreement.
(qq) **Net Cash Flow Payment Date.** Shall have the meaning given to such term in Section 4.8 hereof.

(rr) **New Lease.** Shall have the meaning given to such term in Section 8.8 hereof.

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

(tt) **Official Records.** The official land records of Los Angeles County.

(uu) **Operating Budget.** Shall mean the annual operating budget for the Rental Development that sets forth the projected Operating Expenses for the upcoming year, that is subject to and shall be submitted for review and reasonable approval of the Lessor’s chief executive officer, his designee, in his reasonable discretion, each year during the Term as set forth in Section 4.9 hereof.

(vv) **Operating Expenses.** Shall mean actual, reasonable and customary (for comparable rental housing developments in Los Angeles County) costs, fees and expenses directly incurred, paid, and attributable to the operation, maintenance and management of the Rental Development in a calendar year, including, without limitation, painting, cleaning, repairs, alterations, landscaping, utilities, refuse removal, certificates, permits and licenses, sewer charges, real and personal property taxes, assessments, insurance, security, advertising and promotion, janitorial services, cleaning and building supplies, purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings, fees and expenses of property management, fees and expenses of accountants, attorneys and other professionals, the cost of social services and other housing supportive services provided at the Rental Development, and other actual, reasonable and customary operating costs and capital costs which are directly incurred and paid by Lessee, but which are not paid from any reserve accounts for the Rental Development.

 ww) **Purchase Option and Right of First Refusal.** Collectively, the purchase option and the right of first refusal described in that certain Purchase Option and Right of First Refusal Agreement, by and between Lessee and Lessor, with respect to the Development. A memorandum of the Option will be recorded in the Official Records concurrently with recordation of the Memorandum of Lease.

(xx) **Original Development.** Shall have the meaning given to such term in the DDA.

(yy) **Party.** Lessor or Lessee, as applicable. Lessor and Lessee shall be referred to collectively as the “Parties.”

(zz) **Permanent Loan Conversion.** The conversion of the Bank Loan obtained by Lessee for the Rental Development from an interest-only construction phase, to an amortizing permanent phase. The Permanent Loan Conversion shall occur after Lessee completes the Rehabilitation and leases up the Rental Development.
(aaa) **Person.** An individual, partnership, corporation, limited liability company, trust, unincorporated association, or other entity or association.

(bbb) **Personal Property.** Shall mean all tangible personal property now or hereafter owned by Lessee or any affiliate of Lessee, and situated, placed or installed on the Leased Premises or used solely in connection with the Leased Premises, including, but not limited to, trade fixtures, furniture, furnishings, signs, business equipment, and appliances, but excluding, however, the Improvements.

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

(ddd) **Prime Rate.** Shall mean the lesser of (a) the prime rate of interest announced from time to time by ________________ (or in the event that ________________ shall cease to exist or shall cease to announce a prime rate, then the prime rate of the largest domestic United States bank, measured by total assets, then announcing a prime rate, shall apply), compounded annually, and (b) the highest rate of interest permitted by law for the circumstances under which the Prime Rate shall apply.

(eee) **RAD.** Shall have the meaning in Recital E.

(ff) **RAD Conversion.** Shall mean all actions, approvals, agreements or documents required for the Original Development to convert to a development assisted by RAD, including, but not limited to, the termination of the HOPE VI documents governing the Original Development, the recordation of the RAD Use Agreement and execution of the RAD HAP Contract, and as agreed by the parties in the Financing Plan, the associated addition of the PBV HAP Contract to certain existing non-public housing units in the Rental Development, including, but not limited to, the RAD Conversion requirements set forth in Article 19 of this Lease.

(ggg) **RAD Conversion Documents.** Shall mean all documents and agreements required for the RAD Conversion.

(hhh) **RAD HAP Contract.** Shall mean the new Project-Based Voucher Rental Assistance Demonstration HAP Contract to be entered between Lessor and Lessee pursuant to the RAD Conversion.

(iii) **RAD Use Agreement.** Shall mean the affordability restriction agreement, as amended from time to time, required to be recorded against the Rental Development Site in connection with the RAD Conversion.

(jjj) **Regulatory Agreements.** Collectively, the Tax Credit Regulatory Agreement, the RAD Use Agreement and the regulatory agreement executed by the Lessee in connection with the Bank Loan, and any other regulatory agreement reasonably determined to be necessary or advisable by Lessee (with the reasonable consent of Lessor) during the Term.
(kkk) **Rehabilitation.** Shall have the meaning given to such term in Recital G hereof.

(III) **Rent.** Shall have the meaning given to such term in Section 4.1 hereof.

(mmm) **Rental Development.** Shall have the meaning given to such term in Recital G hereof.

(nnn) **Residential Units.** The two hundred and one (201) multi-family residential units of the Rental Development.

(ooo) **Scope of Work.** Shall have the meaning given to such term in Section 3.1 hereof.

(ppp) **State.** Shall mean the State of California.

(qqq) **Taking.** A taking during the Term hereof of all or any part of the Leased Premises and/or the Rental Development, or any interest therein or right accruing thereto, as a result of the exercise of the right of condemnation or eminent domain materially affecting the Leased Premises and/or Rental Development, or any part thereof. A conveyance in lieu of or in anticipation of the exercise of any such right of condemnation or eminent domain shall be considered a Taking. Any such Taking shall be deemed to have occurred upon the earlier to occur of (a) the date on which the property, right or interest so taken must be surrendered to the condemning authority, or (b) the date title vested in a condemning authority or other party pursuant to any Taking.

(rrr) **Tax Credit Eligible Household.** A household that is eligible to rent and occupy a qualified low-income dwelling unit under Section 42 of the Internal Revenue Code, as amended, and any Legal Requirements of the State of California or TCAC relating to low-income housing tax credits.

(sss) **Tax Credit Equity.** Investor equity funds in the approximate amount of Eighteen Million Two Hundred Seventy-Six Thousand Fifty-One Dollars ($18,276,051) of which will be provided during the Rehabilitation, which amounts may be adjusted as required by the Amended and Restated Partnership Agreement.

(ttt) **Tax Credit Units.** All two hundred and one (201) Residential Units, which are to be restricted for use during the “compliance period” and any “extended use period” (as such terms are defined in Section 42 of the Internal Revenue Code, as same may be amended from time to time) solely by Tax Credit Eligible Households; provided, that one (1) of the Tax Credit Units may be occupied by a resident manager.

(uuu) **Tax Credit Regulatory Agreement.** The agreement with TCAC to be executed by Lessee and properly recorded in the Official Records, setting forth certain terms and conditions under which the Development will be operated.

(vvv) **TCAC.** The California Tax Credit Allocation Committee.

(www) **TCAC Lease Rider.** The lease rider required by TCAC as described in Section 18.3.
(xxx) **Tenant(s).** Any tenant, sublessee or licensee of Lessee under any Tenant Lease(s).

(yyy) **Tenant Lease(s).** Any lease or license agreement entered into by Lessee with residents of the Residential Units.

(zzz) **Term.** Shall have the meaning given to such term in Section 2.3 hereof.

(aaaa) **Transfer.** Any sale, assignment, transfer, conveyance, encumbrance, mortgage, or hypothecation, in any manner or form, or any agreement to do any of the foregoing.

(bbbb) **TRCC.** The Related Companies of California, LLC, a California limited liability company, an affiliate of the Administrative General Partner.

(cccc) **TRCLP.** The Related Companies, L.P. a New York limited partnership.

(dddd) **Work.** Shall mean Lessee’s performance of the Rehabilitation, and/or all alterations, additions, changes, replacements, installations, improvements, repairs, restorations, building, rebuilding, demolition, removal and other work which Lessee shall thereafter be required or permitted to do under the provisions of this Lease, as applicable to the context in which such term is used.

Section 1.2 **Exhibits.** The Exhibits referred to in this Agreement and attached hereto are:

- Exhibit A: Leased Premises
- Exhibit B: Memorandum of Lease

Section 1.3 **Effect of Documents.**

(a) The Original Ground Lease is terminated as of the Commencement Date and is of no further force or effect; provided, however, that, notwithstanding the foregoing, each and every indemnity set forth in the Original Ground Lease and the other HOPE VI Documents shall remain operative and in full force and effect with respect to events, acts, omissions and occurrences arising prior to the date hereof.

(b) This Lease, the DDA and the Acquisition Loan Documents shall all govern the rights and obligations of the Parties until the expiration of the Term of the DDA (as defined in the DDA) or other termination of the DDA ("DDA Termination"), each of which shall be interpreted to have full force and effect to the greatest extent possible; provided, however, that in the event of any inconsistency between this Lease, the DDA, and/or the Acquisition Loan Documents before DDA Termination, the DDA shall control as to issues of development and construction pertaining to the Rehabilitation. After DDA Termination, this Lease and the Acquisition Loan Documents shall exclusively govern the rights and obligations of the Parties with respect to the Leased Premises and the Development, except where the DDA expressly provides that certain provisions shall survive its termination. After termination of the Acquisition Loan Documents, this Lease shall exclusively govern the rights and obligations of the Parties with respect to the Leased Premises and the Development, except where the Acquisition Loan Documents expressly provide that certain provisions shall survive their termination.
ARTICLE 2
LEASE OF THE LEASED PREMISES

Section 2.1 Leased Premises. Subject to the terms hereof and in consideration of the covenants of payment and performance stipulated herein, Lessor has leased, demised and let, and by these presents does hereby lease, demise and let unto Lessee, and Lessee hereby leases and takes from Lessor, the Leased Premises.

Section 2.2 Reservation of Oil, Gas and Mineral Rights. Notwithstanding Section 2.1 hereof, Lessor reserves to itself the sole and exclusive right to prospect for, drill for, produce, remove and take by any feasible means any oil, gas, or other hydrocarbon or mineral substances and accompanying fluids, including all geothermal resources from the Leased Premises, from below the depth of five hundred feet (500′) from the surface of the Leased Premises, including the rights to slant drill, maintain subsurface pressures, and utilize subsurface storage space for natural substances. This reservation does not include the right of entry from surface access, nor any other right not herein expressly reserved. Lessor covenants that Lessee shall not be disturbed in its quiet enjoyment and peaceful use of the Leased Premises by the aforementioned drilling and production activities, and Lessor agrees to indemnify Lessee and hold it harmless for any damages proximately caused by such activities.

Section 2.3 Term. Unless sooner terminated pursuant to the provisions hereof, this Lease shall continue in full force and effect for a term (“Term”), commencing on the Commencement Date and expiring on the sixty-fifth (65th) anniversary of the Commencement Date.

Section 2.4 Use. Lessee shall, throughout the Term, continuously use the Leased Premises and the Rental Development only to conduct the Rehabilitation and to operate, market for lease and lease the Residential Units, and such other uses as are reasonably and customarily attendant to such uses, subject to the Regulatory Agreements and this Lease, including, but not limited to, the restrictions and requirements set forth in Article 3 hereof. The Rental Development shall be used, operated and devoted for the entire terms for use as low-income rental housing as required in this Lease and the Regulatory Agreements, and for no other use or purpose. Further, Lessee agrees:

(a) not to use the Leased Premises for any disorderly or unlawful purpose, but only to provide housing and related services for residents;

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

(c) to use its best commercially reasonable efforts to prevent any action by any Tenant that would cause Lessee to violate any of the covenants and conditions of this Lease with respect to the Rental Development;

(d) upon reasonable prior notice from Lessor, to take reasonable action, if necessary, to abate any action by any Tenant that would cause Lessee to materially violate this Lease; and
subject to the rights of Tenants, to permit Lessor and its agents upon not less than forty-eight (48) hours' prior written notice to inspect the Leased Premises or any part thereof (subject to the rights of Tenants) at any reasonable time during the Term.

Section 2.5 Possession. Lessor agrees to and shall provide possession of the Leased Premises, or shall cause possession of the Leased Premises to be provided, to Lessee on the Commencement Date.

Section 2.6 Memorandum of Lease. Concurrent with the execution of this Lease, the Parties shall execute and acknowledge the Memorandum of Lease, in the form attached hereto as Exhibit B, which Memorandum of Lease Lessee shall cause to be immediately recorded in the Official Records at Lessee's expense.

ARTICLE 3
THE REHABILITATION

Section 3.1 Rehabilitation. Subject to force majeure delays, Lessee shall cause the commencement of the Rehabilitation on or before the date set forth in the DDA. Lessee shall cause the Rehabilitation to be conducted in substantial compliance with the DDA, including the Schedule of Performance attached thereto and the Scope of Work for the Rental Development that has been approved by Lessor pursuant to the DDA (the “Scope of Work”). Subject to force majeure delays, Lessee shall cause the Rehabilitation to be completed by the date set forth in the DDA, or with Lessor's prior written consent such later date as may be permitted by TCAC. The Rehabilitation shall be conducted in a good and workman-like manner, in compliance with all applicable Legal Requirements, including, without limitation, the requirements of the Approved Financing. Lessee shall take no action to effectuate any material amendments, modifications or alterations to the Scope of Work unless Lessor has approved such, in writing and in advance, in accordance with the DDA.

Section 3.2 No Liens. Lessee shall not have any right, authority or power to bind Lessor, Lessor’s Estate or any other interest of Lessor in the Leased Premises, for any claim for labor or material or for any other charge or expense, lien or security interest incurred in connection with the Rehabilitation or any change, alteration or addition thereto. Lessee shall not have any right to encumber Lessee’s Estate without the written consent of Lessor, other than for Approved Financing and the Regulatory Agreements, utility easements and other customary easements necessary and incidental to the Rehabilitation and operation of the Rental Development, which easements are subject to the approval of Lessor, which shall not be unreasonably withheld.

The Lessee shall promptly pay and discharge all claims for work or labor done, supplies furnished or services rendered at the request of the Lessee and shall keep the Leased Premises free and clear of all mechanics’ and materialmen’s liens in connection therewith. If any claim of lien is filed against the Leased Premises or a stop notice is served on the Lessor or other third party in connection with the Rehabilitation or operation of the Rental Development or any change, alteration or addition thereto, then Lessee shall, within thirty (30) days after such filing or service, either pay and fully discharge the lien or stop notice, effect the release of such lien or stop notice by delivering to the Lessor a surety bond in sufficient form and amount, or provide the Lessor with other assurance reasonably satisfactory to the Lessor that the claim of lien or stop notice will be paid or discharged, provided that the Lessor provides written notice of such claim of lien or stop notice to the Lessee promptly upon receipt by the Lessor.
If Lessee fails to discharge any lien, encumbrance, charge, or claim in the manner required in this Section, then in addition to any other right or remedy, the Lessor may (but shall be under no obligation to), after delivery of written notice to Lessee and Lessee’s failure to cause such discharge in accordance herewith within thirty (30) days of such delivery, discharge such lien, encumbrance, charge, or claim at Lessee’s expense and, Lessee shall pay to the Lessor as Additional Rent any such amounts expended by the Lessor within thirty (30) days after written notice is received from the Lessor of the amount expended. Alternately, the Lessor may require Lessee to immediately deposit with the Lessor the amount necessary to satisfy such lien or claim and any costs, pending resolution thereof. The Lessor may use such deposit to satisfy any claim or lien that is adversely determined against Lessee.

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

Section 3.3 Permits, Licenses and Easements. Lessee shall be responsible for obtaining and arranging the payment for any and all permits, licenses, easements and other authorizations required by any Governmental Authority with respect to the Rehabilitation, shall not commence the Rehabilitation without any and all required permits, licenses, easements and other authorizations required by any applicable Governmental Authority, and shall grant or cause to be granted all permits, licenses, easements and other governmental authorizations that are necessary or helpful for electric, telephone, gas, cable television, water, sewer, drainage, access and such other public or private utilities or facilities as may be reasonably necessary or desirable in connection with the operation of the Rental Development. Lessee shall be entitled, without separate payment to Lessor for tap or connection fees, to tap into the existing lines, facilities and systems of applicable electric, gas, cable, water, sewer, sewer treatment and other utilities serving the Leased Premises, provided Lessee remains responsible for payment of such fees therefor as are required by the City, County of Los Angeles or applicable agency thereof. Lessor agrees to use Lessor’s reasonable efforts to assist Lessee to obtain waiver, reduction or deferral, as applicable, of all fees and other charges otherwise payable in connection with obtaining any permits, licenses, easements and other authorizations required by any Governmental Authority with respect to any construction or other work to be performed on the Leased Premises in connection with the Rehabilitation. Lessee covenants and agrees to comply with the terms and conditions of all covenants, conditions, restrictions and easements that are recorded against the Leased Premises and/or the Rental Development; provided, however, the foregoing shall not apply to covenants, conditions, restrictions and easements that are recorded against the Leased Premises and/or the Rental Development after the Commencement Date unless the terms thereof have been approved by Lessee.

Section 3.4 Title to Original Development.

(a) During the Term. Concurrently herewith, Lessee shall acquire fee title in the Original Development from Lessor. Notwithstanding any provision in this Lease to the contrary, the Original Development and all alterations, additions, equipment and fixtures built, made or installed by Lessee in, on, under or to the Leased Premises or the Original
Development, including, without limitation, as part of the Rehabilitation, shall be the sole property of Lessee in fee simple title until the expiration of the Term or other termination of this Lease; provided, however, that Lessee shall have no right to destroy, demolish or remove the Original Development except as specifically provided for in this Lease, in the DDA or as approved in writing by Lessor.

(b) After the Term. Upon the expiration of the Term or other termination of the Lease, the Rental Development and all alterations, additions, equipment and fixtures shall be deemed to be and shall automatically become the property of Lessor, without cost or charge to Lessor. Lessor agrees that Lessee, at any time prior to the ninetieth (90th) day after the expiration or other termination of this Lease, may remove from the Leased Premises any and all equipment which Lessee has furnished for maintenance purposes or for the use of the Management Agent, provided that Lessee shall repair any physical damage to the Leased Premises caused by the removal of such equipment and property. Lessee agrees to execute, at the request of Lessor at the end of the Term, a quitclaim deed of the Rental Development to Lessor to be recorded at Lessor’s option and expense and any other documents that may be reasonably required by Lessor or Lessor’s title company to provide Lessor title to the Leased Premises and the Rental Development free and clear of all monetary liens and monetary encumbrances not caused or agreed to by Lessor.

(c) Mortgagee Provisions. In the event of any default by Lessee under the Lease or any Approved Financing Documents, Lessor will allow Mortgagee to enforce its lien and security interest in Lessee’s personal property located at the Leased Premises and Lessor will allow Mortgagee to assemble and remove all of Lessee’s personal property located on the Leased Premises.

Section 3.5 Benefits of Rental Development During Term. Lessor acknowledges and agrees that any and all depreciation, amortization and tax credits for federal or state tax purposes relating to the Rental Development and any and all additions thereto, substitutions therefor, fixtures therein and other property relating thereto shall be deducted or credited exclusively to Lessee during the Term and for the tax years during which the Term begins and ends.

Section 3.6 Regulatory Agreements. The Lessee shall, at all times throughout the Term, comply with all applicable requirements of the Regulatory Agreements as required herein, including, but not limited to, as described in Article 19. Lessee will cause all Tax Credit Units to be operated and maintained in accordance with the Tax Credit Regulatory Agreement until its expiration, and Lessee shall so operate and maintain such Tax Credit Units for the term set forth in the Tax Credit Regulatory Agreement, unless such Tax Credit Regulatory Agreement is released from the Leased Premises pursuant to a foreclosure upon a Mortgage; provided, however, (i) that in no event will any action be taken which violates Section 42(h)(6)(E)(ii) of the U.S. Internal Revenue Code of 1986, as amended, regarding prohibitions against evicting, terminating tenancy or increasing rent of tenants for a period of three (3) years after acquisition of a building by foreclosure or deed-in-lieu of foreclosure, and (ii) following foreclosure or deed in lieu of foreclosure of a Mortgage, the Rental Development shall thereafter be subject to the Post-Foreclosure Rent Restriction. Following foreclosure or deed in lieu of foreclosure of Lessee’s interest in the Rental Development by any Mortgagee, the gross rent with respect to a unit in the Rental Development shall not exceed thirty percent (30%) of the imputed income limitation applicable to such unit as calculated pursuant to 26 U.S.C. 42(g)(2). For purposes of this definition, the income imputed to any unit in the Rental Development shall be deemed to be eighty percent (80%) of area median income.
Section 3.7 Equal Opportunity. During the Rehabilitation, Lessee shall not discriminate on the basis of race, color, creed, religion, sex, sexual orientation, age, disability, marital status, condition of Acquired Immune Deficiency Syndrome (AIDS) or AIDS related complex, national origin or ancestry in the hiring, firing, promoting or demoting of any person engaged in the rehabilitation work. Lessee will comply with, to the extent required by law, the purpose of Section 3 of the Housing and Urban Development Act of 1968, as amended by Section 915 of the Housing and Community Development Act of 1992, which is to “ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons” and will comply with the implementing regulations at 24 CFR Part 135 or any applicable successor regulations.

Section 3.8 Accessibility Requirements. To the extent required by law, the Rehabilitation and the operation of the Rental Development shall meet the program accessibility requirements of the RAD Conversion, including Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8 or any applicable successor regulation, and including the Americans with Disabilities Act and the Fair Housing Act and their implementing regulations (collectively, the “Accessibility Requirements”). In addition, the Lessee shall ensure that the percentage of accessible dwelling units complies with the requirements of subpart C of Section 504 of the Accessibility Requirements or any applicable successor regulation. The Lessee has retained an architect to prepare a survey of the Rehabilitation to determine its current compliance with the Accessibility Requirements and, upon receipt of such survey, shall deliver a copy thereof to the Lessor. To the extent that the architect conducting the review of current compliance with the foregoing Accessibility Requirements identifies corrections required, if any, for the Rehabilitation to be in compliance with the Accessibility Requirements in order to comply with applicable law, the Lessee shall revise the Scope of Work to include such corrections, if any, identified in the architect’s report.

Section 3.9 State Prevailing Wages and Davis-Bacon Wages. In accordance with Section 6.8 of the DDA, the Lessee shall pay and assure that all contractors and subcontractors working on the Rehabilitation pay the general prevailing rate of per diem wages, as determined by the U.S. Labor Department, pursuant to the federal Davis-Bacon Act and implementing rules and regulations, and shall comply with all State prevailing wage requirements. The Lessee shall comply with all applicable reporting and recordkeeping requirements.

Section 3.10 Lessor Review. The Lessee shall be solely responsible for all aspects of Lessee’s conduct in connection with the Rehabilitation, including, but not limited to, the quality and suitability of the specifications, the supervision of construction work, and the qualifications, financial condition, and performance of all engineers, contractors, subcontractors, suppliers, consultants, and property managers. Any review or inspection undertaken by the Lessor with reference to the Rehabilitation, in accordance with the terms of this Agreement, is solely for the purpose of determining whether the Lessee is properly discharging its obligations to the Lessor, and should not be relied upon by the Lessee or by any third parties as a warranty or representation by the Lessor as to the quality of the design or performance of the Rehabilitation.
ARTICLE 4
RENTS; ANNUAL STATEMENT; OPERATING BUDGET

Section 4.1 Rent. Lessee shall pay Lessor annual rent in the amount of Fifty Thousand Dollars ($50,000.00) each year during the entire Term, which amount shall increase annually by the Consumer Price Index (the “Rent”). Notwithstanding anything to the contrary contained herein, Rent shall be payable only out of Net Cash Flow in the priority set forth in the Amended and Restated Partnership Agreement. To the extent Net Cash Flow is insufficient in any fiscal year to pay the Rent in full, Lessee shall not be in default hereunder, provided the unpaid portion of such Rent shall accrue with interest at a rate equal to __% [to be filled in with the long term applicable federal rate in effect as of the Closing] per annum and shall be paid only out of the net proceeds of a sale or refinance of the Rental Development.

Section 4.2 Net Cash Flow Payments.

(a) Net Cash Flow. Rent shall be paid in arrears and shall be paid on the Net Cash Flow Payment Date (as such term is defined in Section 4.8), with the first payment due on the first Net Cash Flow Payment Date following the Commencement Date; provided, that Lessor expressly acknowledges that Lessee intends to use income generated by the Rental Development during the Rehabilitation to pay for a portion of the costs of such Rehabilitation.

(b) Records. Lessee shall keep, at the Leased Premises or at its primary office in Southern California, full and accurate books of account, records, cash receipts and other pertinent data showing the Net Cash Flow, if applicable, relating to each calendar year, for a period of at least three (3) years following such calendar year. Lessor shall have the right to inspect and audit such materials pursuant to Section 4.2(c) below. If any audit by Lessor reveals that Lessee has underpaid any amounts under Section 4.2(a), then Lessee shall promptly pay the amount of the underpayment to Lessor, together with interest thereon at the Default Rate. If the underpayment exceeded three percent (3%) of the correct amount, the Lessee shall also pay to Lessor the reasonable cost of such audit.

(c) Inspection of Books and Records. Lessor shall have the right, at its own expense from time to time, upon at least five days’ prior notice to Lessee, to inspect and audit the Lessee’s books and records regarding the Leased Premises as pertinent to the purposes of this Lease and to ascertain the accuracy of all payments to be made to Lessor under this Lease. Lessor agrees to use its best efforts to conduct such inspections and audits in an orderly, non-disruptive manner.

Section 4.3 Additional Rents. In addition to the Rent specified in Section 4.1 hereof, any and all of the payments that Lessee is required to make hereunder to or for the benefit of Lessor shall be deemed to be “Additional Rents.” All such Additional Rents shall be payable in accordance with the provisions of the Sections of this Lease specifying the payment of such Additional Rents. The Rent specified in Section 4.1 hereof and Additional Rents payable hereunder shall be deemed “Rents” reserved by Lessor, and any remedies now or hereafter given to Lessor under the laws of the State of California for collection of the Rents shall exist in favor of Lessor, in addition to any and all other remedies specified in this Lease.

Section 4.4 Payments. All Rents or other sums, if any, due Lessor hereunder shall be paid by Lessee to Lessor at the address of Lessor set forth hereinafter for notices, or to such other person and/or at such other address as Lessor may direct by written notice to Lessee, without notice or demand, and without abatement, deduction or set off.
Section 4.5  **No Accrued Rent.** As of the Commencement Date, no Rents or any other payments of any nature are due and/or owing to Lessor or any other party pursuant to this Lease [and/or the Original Ground Lease].

Section 4.6  **Delinquent Payments.**

(a)  **Interest.** If Lessee shall neglect or fail to pay any Rents before or upon the date which is ten (10) days after Lessee’s receipt of written notice of such failure to pay when the same is due and payable, Lessee shall pay to Lessor, in addition to such unpaid amounts, interest upon such unpaid amounts from the due date thereof to the date of payment at the Default Rate (provided, however, that for purposes of this Section 4.6(a), such notice shall be required to be given twice in any twelve (12) month period, and thereafter during such twelve (12) month period, interest shall apply to all payments delinquent by more than ten (10) days).

(b)  **Maximum Charge.** Notwithstanding the foregoing provisions of Section 4.6(a), in no event shall the amounts charged under Section 4.6(a) exceed the maximum amount which may be lawfully charged by Lessor under applicable Legal Requirements. In the event that the amounts provided for under Section 4.6(a) shall exceed such lawful charge, then the amounts payable under Section 4.6(a) shall be reduced to the maximum amount of such lawful charge.

Section 4.7  **Net Lease and Assumption of Risk.** This Lease is intended to be, and shall be, construed as an absolute net lease, whereby under all circumstances and conditions (whether now or hereafter existing or within the contemplation of the Parties), the Rents provided for herein shall be absolutely net to Lessor over and above all costs, expenses and charges of every kind or nature whatsoever related to the Leased Premises or the Rental Development, including, without limitation, taxes, utility costs, insurance premiums, operating expenses, costs of repairs, maintenance, restorations and replacements of the Rental Development, except as may otherwise be expressly set forth herein. All such costs, expenses and charges which may arise or accrue during the Term shall be paid by Lessee, and Lessee shall indemnify, defend and hold Lessor harmless from and against any and all claims, liabilities, losses, damages, expenses and costs (including reasonable attorneys’ fees), obligations and charges of every kind and nature whatsoever which arise or accrue, at any time or times during the Term in respect of or in connection with the Leased Premises, the Rental Development, the Rehabilitation or the ownership, leasing, operation, management, maintenance, repair, rebuilding, restoration, use or occupation thereof or any portion thereof, except as may otherwise be set forth herein. Notwithstanding anything to the contrary contained herein, (i) the terms set forth in this Section 4.7 shall not extend to the effects of the gross negligence or willful misconduct of Lessor, its agents and/or employees, and (ii) any such cost, expenses and/or charge which relates to any period or periods which occur either before or after the Term shall be prorated, so that Lessee is not required to pay any portion thereof related to the period or periods occurring before the Commencement Date or after the expiration or earlier termination of this Lease.

Section 4.8  **Annual Statement.** Within ninety (90) days after the end of each calendar year but in no event later than April 1 of each year, Lessee shall prepare and deliver to Lessor a statement (the “Annual Statement”), in form and containing such details as are reasonably satisfactory to Lessor, showing the total amount of Net Cash Flow received during such calendar year, itemizing all revenues and expenditures used to compute Net Cash Flow, and specifying the total amount of the annual Rent due pursuant to Section 4.1, if any. Lessee shall
pay any required Rent to Lessor on the date that it delivers the Annual Statement to Lessor (the “Net Cash Flow Payment Date”). Concurrent with delivery of each Annual Statement, Lessee shall also deliver to Lessor the audited financial statements of Lessee, as of the end of the prior year, with the report of Lessee’s accountants thereon stating that the audit of such financial statements has been made in accordance with generally accepted audit standards.

Section 4.9 Operating Budget. Not less than thirty (30) days prior to the completion of the Rehabilitation, and not less than annually thereafter on or before November 1 of each year, Lessee shall submit to Lessor on not less than an annual basis an Operating Budget for the Rental Development, which budget shall be subject to the written approval of Lessor’s president/chief executive officer or his designee (the “Executive Officer”), which approval shall not be unreasonably withheld, conditioned or delayed. The proposed Operating Budget shall include a description of anticipated repairs and capital replacements to be undertaken during such year. The Executive Officer’s discretion in review and approval of each proposed annual Operating Budget shall include, without limitation, authority to review individual categories, line items, and accounts, such as the following: extent, type, and amount for social services at or associated with the Rental Development; existing balance(s) in and proposed deposits to any reserve accounts to evaluate shortfalls and/or cumulative unexpended/unencumbered deposits; reasonableness and conformity to prevailing market rates in Los Angeles County and rates and fees for goods and services to be provided to Lessee for the Rental Development.

ARTICLE 5
TAXES AND OTHER IMPOSITIONS; UTILITIES

Section 5.1 Payment of Impositions. Prior to delinquency, Lessee will pay all of the Impositions, except that if any Imposition that Lessee is obligated to pay in whole or in part is permitted by law to be paid in installments, Lessee may pay or cause to be paid such Imposition (or its proportionate part thereof) installments prior to delinquency. Upon the written request of Lessor, Lessee shall exhibit and deliver to Lessor evidence satisfactory to Lessor of payment of all Impositions. During the first and last years of the Term, all Impositions that shall become payable during each calendar, fiscal, tax or Lease Year, as applicable, shall be ratably adjusted on a per diem basis between Lessor and Lessee in accordance with the respective portions of such calendar, fiscal, tax, assessment or Lease Year during the Term. If any special assessments are payable in installments, Lessee shall pay only those installments that are due and for which the delinquency date occurs during the Term for periods occurring during the Term. The Parties acknowledge that the Lessee intends to apply for an exemption for ad valorem taxes under Section 214(g) of the California Revenue and Taxation Code.

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

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

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

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

Section 5.4 Failure to Pay Impositions. If Lessee shall fail to pay any Impositions before the same become delinquent, or as otherwise required pursuant to Section 5.2 hereof, Lessor, at its election, may pay such Impositions (but shall not be obligated to pay same), together with any interest and penalties due thereon, and the amount so paid by Lessor shall be repayable to Lessor by Lessee within sixty (60) days after Lessor’s demand therefor.

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

ARTICLE 6
INSURANCE

Section 6.1 Lessee’s Insurance. During the Term, Lessee shall keep and maintain in force, at no cost or expense to Lessor, the following insurance, all of which shall be provided by companies and/or agencies approved to do business in the State of California, provided, however, that all of the following requirements shall be subject to the terms and provisions of the Approved Financing Documents, and where there is a conflict between the requirements below and the requirements in the Approved Financing Documents, the Approved Financing Documents shall govern:

(a) Leased Premises Insurance. “All risk” insurance covering all risks of physical loss or damage to the Rental Development, with liability limits of not less than one hundred percent (100%) of the “full replacement value” thereof, which insurance shall be provided by Lessee upon Closing. Such policies shall be broad form and shall include, but shall not be limited to, coverage for fire, extended coverage, vandalism, malicious mischief and storm. Perils customarily excluded from all risk insurance, e.g., earthquake and flood, may be excluded. The term “full replacement value” shall exclude the cost of excavation, foundations and footings.

(b) General Liability Insurance. Commercial general liability and automobile liability insurance, covering loss or damage resulting from accidents or occurrences on or about or in connection with the Rental Development or any work, matters or things under, or in connection with, or related to this Lease, with personal injury, death and property damage combined single limit liability of not less than Five Million Dollars ($5,000,000) for general liability and One Million Dollars ($1,000,000) for automobile liability for each accident or
occurrence and an aggregate limit of not less than Ten Million Dollars ($10,000,000) for general liability and Three Million Dollars ($3,000,000) for automobile liability. Coverage under any such comprehensive policy shall be broad form and shall include, but shall not be limited to, operations, contractual, elevators, owner’s and contractor’s protective, products and completed operations, and the use of all owned, non-owned and hired vehicles.

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

**Section 6.2 General Requirements.** All policies described in Section 6.1 shall include Lessor and Lessee, together with Mortgagees, as named insureds, as their respective interests may appear. All policies described in Section 6.1 shall contain (a) the agreement of the insurer to give Lessor and Mortgagees, as applicable, at least thirty (30) days’ notice prior to cancellation (including, without limitation, for nonpayment of premium) or any material change in said policies; (b) an agreement that such policies are primary and noncontributing with any insurance that may be carried by Lessor; (c) a provision that no act or omission of Lessee shall affect or limit the obligation of the insurance carrier to pay the amount of any loss sustained; (d) a waiver by the insurer of all rights of subrogation against Lessor and its authorized parties in connection with any loss or damage thereby insured against; and (e) terms providing that any loss covered by such insurance may be adjusted with Lessor and Lessee, but shall be payable to the holder of a Mortgage, who shall agree to receive and disburse all proceeds of such insurance, subject to the duty of Lessee to repair or restore, as set forth in Sections 11.1 and 11.2 hereof.

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

**Section 6.4 Failure to Maintain.** If Lessee fails to maintain such insurance, Lessor, at its election and after three (3) days written notice to Lessee, may procure such insurance as may be necessary to comply with the above requirements (but shall not be obligated to procure same), and Lessee agrees to repay to Lessor as Additional Rent the cost of such insurance.

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

**ARTICLE 7 MAINTENANCE, ALTERATIONS, REPAIRS AND REPLACEMENTS**

**Section 7.1 Maintenance of Leased Premises.** During the Term at Lessee’s sole cost and expense, Lessee shall keep and maintain the Leased Premises, the Rental Development, and all appurtenances thereunto belonging, in good and safe order, condition and repair. In addition, all maintenance and repair of the Residential Units shall conform and comply with the
Legal Requirements affecting the Leased Premises. Lessee shall notify the Management Agent in writing if Lessee discovers or is notified of any water damage to, or mold within, any Residential Unit or common space within the Rental Development.

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

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

(b) No Alterations of the Leased Premises (other than roof repair or replacement) shall be undertaken which have a cost greater than Two Hundred Fifty Thousand Dollars ($250,000), or demolition of any portion of the Development, without first presenting to Lessor complete plans and specifications therefor and obtaining Lessor’s written consent thereto (which consent shall not unreasonably be withheld so long as, in Lessor’s judgment, such Alterations will not violate the Legal Requirements, this Lease, the Regulatory Agreements, or impair the value of the Rental Development);

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

(d) Any Alterations shall be performed in good and worker-like manner using new materials of the same or better quality as the original Rental Development, and in compliance with the Regulatory Agreements, all applicable Legal Requirements and all applicable Insurance Requirements.

Section 7.3 Indemnifications. Notwithstanding any other provision of this Lease to the contrary, Lessee hereby agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to Lessor) Lessor, its commissioners, officers, directors, agents and employees from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith, including, but not limited to, reasonable attorneys’ fees and expenses (collectively “claims”), arising from or relating to Lessee’s obligations under this Lease, and the Rehabilitation or operations of the Rental Development, except to the extent caused by (i) the gross negligence or willful misconduct of Lessor, any of its commissioners, officers, directors, affiliates, agents or employees, or (ii) an act or omission that occurred prior to the Commencement Date.

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

The liability of Lessee under this Section 7.3 shall not be limited by any provisions or limits of insurance set forth in this Lease. This indemnity shall survive the termination of this Lease.

Section 7.4  Management. Lessee shall, at all times, keep the Leased Premises in good condition and repair and shall use best efforts to keep the Development fully leased, all in accordance with this Lease and the DDA. Lessee shall (a) carefully and efficiently operate, lease and manage the Leased Premises; (b) maintain separate books and records for the Leased Premises; (c) timely collect all rents, and pay and discharge all costs, expenses, liabilities and obligations of or relating to the Leased Premises; (d) use commercially reasonable efforts to operate and maintain the Leased Premises substantially in accordance with the Operating Budget approved by Lessor pursuant to Section 4.9; (e) maintain such reserves as may be required by the Mortgagees; and (f) timely furnish Lessor with accounting documents and other information regarding the Rental Development and the operation thereof as may be reasonably required by Lessor.

Section 7.5  Delegation of Management Duties.

(a) The Leased Premises shall be managed by the Management Agent approved by Lessor pursuant to the DDA, the Acquisition Loan Documents or this Lease, as applicable. Each management contract relating to the Leased Premises shall provide that it may be terminated by Lessor at any time after the termination of this Lease upon thirty (30) days’ notice to the Management Agent. All service and supply contracts shall also by their terms be terminable by Lessor at any time after the termination of this Lease upon thirty (30) days’ notice. Lessee shall not enter into any contract requiring payment for services or supplies in excess of that ordinarily paid for such services or supplies by the operators of comparable housing projects in Southern California. Lessor’s approval of any management agent in accordance with the DDA shall not be construed as a representation, endorsement, or warranty by Lessor as to the reputation, ability or qualifications of the same.

(b) Notwithstanding Section 7.5(a) above, at any time following the fifth anniversary of Permanent Loan Conversion, Lessor or its Affiliate (as defined in the DDA) (in either case, the “Authority Manager”) shall have the option to take over property management of the Rental Development if (i) the Authority Manager has obtained the written approval of the Investor and the lenders of the Approved Financing, (ii) the Authority Manager has obtained the written approval of TRCC, and (iii) the Authority Manager has issued all guaranties and indemnities required by the Investor, the lenders of the Approved Financing and any other party with respect to the Rental Development. TRCC’s form of Management Agreement will be used for all property managers, including, if applicable, the Authority Manager.

(c) The annual operating budget for the Rental Development shall include a line item for social services in the amount of $133,289, which amount shall be subject to an annual increase equal to 3%.

Section 7.6  Management and Operation of the Residential Units.

(a) Lessee shall be responsible, at its sole cost and expense, for the repair and maintenance of the Residential Units in full compliance with this Lease, the DDA, the
Acquisition Loan Documents, and all Legal Requirements (including, without limitation, any applicable U.S. Department of Housing and Urban Development ("HUD") regulations and guidelines applicable to the RAD Units and PBV Units), and for paying all costs relating to such Residential Units (including, without limitation, taxes and insurance). Lessor shall have the right to inspect, monitor, and audit the operations of Lessee (including, but not limited to, evaluating housing quality standards and the tenant selection process) with respect to the operation and maintenance of the Residential Units in its capacity as contract administrator for HUD of any PBV HAP Contract or RAD HAP Contract, and Lessee shall cooperate fully with respect to such activities by Lessor (including, without limitation, providing Lessor with such information regarding the operation and maintenance of the Residential Units as may reasonably by requested by Lessor).

(b) On or prior to the date hereof, Lessee shall prepare for Lessor’s reasonable approval the Property Management and Re-Occupancy Plan. Lessor and Lessee shall comply with the provisions of the approved Property Management and Re-Occupancy Plan, which requires: (i) Lessee to rent all vacant RAD Units and PBV Units to eligible families referred and approved by Lessor; (ii) Lessor and Lessee to determine tenant eligibility in accordance with any applicable HUD regulations and guidelines; and (iii) the Parties to cooperate in good faith with respect to the lease-up process to ensure, among other matters that lease up and occupancy occurs in a timely manner and complies with the requirements of Approved Financing and the Regulatory Agreements.

(c) Subject to the RAD Requirements applicable to residential tenants of the RAD Units, Lessor and Lessee agree that the Tax Credit Units developed on the Leased Premises must be rented to residential tenants who meet the eligibility requirements of TCAC, California Debt Limit Allocation Committee, and HCD (to the extent restricted by HCD), and the Investor and other Project lenders in connection with their Regulatory Agreements and Approved Financing Documents. Lessor shall only refer to Lessee those residential tenants who meet the requirements of TCAC, California Debt Limit Allocation Committee, the bond issuer, HCD and the RAD Requirements, as applicable. The referral process shall be detailed in the Property Management and Re-Occupancy Plan. Lessee shall provide all Residents tenant protections provided in the Property Management and Re-Occupancy Plan and all occupants of the Residential Units supportive services as provided in the Supportive Services Plan in the Property Management and Re-Occupancy Plan.

(d) For the term of this Lease, except for any Tenant residing in a Residential Unit prior to the commencement of this Lease (an “Existing Tenant”), Residential Units shall be affordable to and occupied by households having an income not greater than eighty percent (80%) of area median income at commencement of tenancy. All Existing Tenants shall have the right to return to a Residential Unit in the Rental Development regardless of income. Once a Residential Unit occupied by an Existing Tenant becomes vacant, then, subject to Section 3.6 above, such Residential Unit shall be leased to a household having an income not greater than eighty percent (80%) of area median income, or such lesser income requirement imposed by Tax Credit Regulatory Agreement if it is still then in effect.

Section 7.7 Certain Limitation on Work. Lessee shall not do or knowingly permit any Work which would adversely and materially affect the value, rentability or rental value of the Leased Premises, and Lessee shall not, without the prior written consent of Lessor, demolish or remove, or cause, knowingly suffer or knowingly permit the demolition or removal of, the Rental Development other than such demolition and/or removal as may be permitted following any event described in Articles 10 and 11.
Section 7.8  **Alterations Required by Law.** Without limitation on the other provisions of this Lease, if any Work shall be required with respect to the Leased Premises or any part thereof by any present or future laws, ordinances or regulations, the same shall be done by and the cost thereof borne by Lessee.

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

**ARTICLE 8**

**PERMITTED MORTGAGES AND INVESTOR RIGHTS**

Section 8.1  **Right to Encumber.** Lessee shall have the right during the Term to encumber, through a Mortgage or Regulatory Agreement, all of Lessee’s right, title and interest in the Leased Premises subject to approval of Lessor, which approval shall not be unreasonably withheld. Lessor hereby approves all Mortgages and Regulatory Agreements contemplated by the Approved Financing Documents. Notwithstanding the foregoing, or anything to the contrary set forth herein, Lessee may refinance the Bank Loan without the prior consent of the Lessor (the “Refinanced Bank Loan”), provided that (i) the principal balance of the Refinanced Bank Loan does not exceed the then outstanding principal balance of the Bank Loan at such time plus the costs of refinancing the Bank Loan, and (ii) the interest rate under such Refinanced Bank Loan does not exceed the greater of the interest rate under the Bank Loan, or the then-prevailing interest rate for loans made by institutional lenders to finance similarly situated affordable housing projects.

Section 8.2  **Notice to Mortgagee.** During any period in which a Mortgage is in place, Lessor shall give any such Mortgagee of which Lessor has received notice from Lessee or Mortgagee a duplicate copy of all notices of default or other notices that Lessor may give to or serve in writing upon Lessee pursuant to the terms of this Lease and all such duplicate copies of notices of default and other notices shall be distributed simultaneously to both Lessee and Mortgagee. Additionally, Lessor shall give Mortgagee written notice of any rejection of this Lease in bankruptcy proceedings. Lessor shall not serve a notice of cancellation or termination upon Lessee unless a copy of any prior notice of default shall have been given to Mortgagee and the time for curing such default pursuant to Section 8.3 below shall have expired without the same having been cured, and no such notice of default shall be effective as to such Mortgagee not receiving actual notice thereof. Lessor further agrees that it shall notify Mortgagee in writing of the failure of Lessee to cure a default within any applicable grace period under this Lease and of the curing of any default by Lessee under this Lease, and Mortgagee shall have the additional cure periods pursuant to Section 8.3 below. The performance by Mortgagee of any condition or agreement on part of Lessee to be performed hereunder will be deemed to have been performed with the same force and effect as though performed by Lessee. The address of Mortgagee originally designated in a Mortgage may be changed upon written notice delivered to Lessor in the manner specified in Section 17.12 herein below. Lessor’s failure to give any such notice to any such Mortgagee shall not constitute a default under Section 12.4.

Section 8.3  **Right of Mortgagee to Cure.** Notwithstanding any default by Lessee under this Lease, Lessor shall have no right to terminate or cancel this Lease unless Lessor shall have given each Mortgagee written notice of such default pursuant to Section 8.2 above.
and such Mortgagees shall have failed to remedy such default or acquire Lessee’s leasehold estate created by this Lease or commence foreclosure or other appropriate proceedings as set forth in, and within the time specified by, this Section.

Any Mortgagee which has an outstanding Mortgage shall have the right, but not the obligation, at any time to pay any or all of the Rents due pursuant to the terms of this Lease, and do any other act or thing required of Lessee by the terms of this Lease, to prevent termination of this Lease. After receipt of notice from Lessor that Lessee has failed to cure such default within the period specified in this Lease, Mortgagee shall have one hundred twenty (120) days (subject to reasonable extension if required by the Investor or any Mortgagee) from the receipt of such notice to cure such default. All payments so made and all things so done shall be as effective to prevent a termination of this Lease as the same would have been if made and performed by Lessee instead of by Mortgagee.

In addition to the cure period provided in this Section 8.3 above, if the default is such that possession of the Property may be reasonably necessary to remedy the default, any Mortgagee shall have a reasonable time after the expiration of such one hundred twenty (120) day period within which to remedy such default, provided that (i) such Mortgagee shall have fully cured any default in the payment of any monetary obligations of Lessee under this Lease within such one hundred twenty (120) day period and Lessee or such Mortgagee shall continue to pay currently such monetary obligations when the same are due, subject to any grace periods herein and (ii) such Mortgagee shall have acquired Lessee’s leasehold estate hereunder or commenced foreclosure or other appropriate proceedings prior to or within such period, and shall be diligently prosecuting the same.

Any default under this Lease which by its nature cannot be remedied by any Mortgagee shall be deemed to be remedied if (i) within one hundred twenty (120) days after receiving written notice from Lessor that Lessee has failed to cure such default within the period specified in this Lease, or prior thereto, any Mortgagee shall have acquired Lessee’s leasehold estate or commenced foreclosure or other appropriate proceedings or other remedies available to such Mortgagee under the applicable Mortgage, (ii) Mortgagee shall diligently prosecute any such proceedings or remedies referenced in subsection (i) above to completion, and (iii) Mortgagee shall have fully cured any default in the payment of any monetary obligations of Lessee hereunder which does not require possession of the Property.

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

Section 8.4 Additional Rights of Mortgagee.

(a) No Modification or Termination Without Consent of Mortgagee. Lessor agrees that, without the prior written consent of Mortgagee (which consent shall not be unreasonably withheld, conditioned or delayed), Lessor shall have no right to (A) enter into any agreement amending, modifying, or waiving any material provision of, or terminating this Lease (except as otherwise provided herein), or (B) cancel or terminate or agree to or accept a
cancellation, termination or surrender of this Lease (except in the event of default by Lessee and provided Mortgagee shall have been provided with written notice and opportunity to cure such default as set forth in Section 8.3 above). Any actions described under this Section 8.4(a) taken by Lessor without Mortgagee’s prior written consent shall be voidable by Mortgagee.

(b) **Delegation to Mortgagee.** Lessee may delegate irrevocably to Mortgagee the authority to exercise any or all of Lessee’s rights hereunder, including, but not limited to the right of Mortgagee to participate (in conjunction with or to the exclusion of Lessee) in any proceeding, arbitration or settlement involving condemnation or eminent domain affecting Lessee’s leasehold interest in the Leased Premises, but no such delegation shall be binding upon Lessor unless and until either Lessee or Mortgagee in question shall give to Lessor a true copy of a written instrument effecting such delegation, in form required for recording. Any provision of this Lease that gives Mortgagee the privilege of exercising a particular right of Lessee hereunder on condition that Lessee shall have failed to exercise such right shall not be deemed to diminish any privilege that Mortgagee may have, by virtue of a delegation of authority from Lessee, to exercise such right without regard to whether or not Lessee shall have failed to exercise such right.

(c) **Third Party Beneficiary.** Each Mortgagee shall be a third party beneficiary of the rights and benefits granted to Mortgagees under this Lease. Neither the Lessee nor the Lessor shall be deemed to be a third party beneficiary of the rights granted hereunder to a Mortgagee and no Mortgagee shall have any obligation to the Lessee or the Lessor to account for any decision, action or election it may take or the exercise of its rights hereunder, nor shall any Mortgagee have any duty to the Lessee or the Lessor to exercise any right hereunder in any particular manner or order, other than that which such Mortgagee, in its sole discretion (but in any event subject to the terms of this Lease) shall deem appropriate and in its own best interests.

**Section 8.5 Limitation on Liability of Mortgagee.** No Mortgagee shall be or become liable to Lessor as an assignee of this Lease or otherwise unless it expressly assumes by written instrument executed by Lessor and Mortgagee such liability (in which event the Mortgagee’s liability shall be limited to the period of time during which it is the owner of the leasehold estate created hereby) and no assumption shall be inferred from or result from foreclosure or other appropriate proceedings in the nature thereof or as the result of any other action or remedy provided for by such Mortgage or other instrument or from a conveyance from Lessee pursuant to which the purchaser at foreclosure or grantee shall acquire the rights and interest of Lessee under the terms of this Lease.

**Section 8.6 Estoppel Certificates.** Lessor and Lessee agree that at any time and from time to time upon not less than twenty (20) days’ prior written notice by the other Party, or upon request from any Mortgagee or Investor or a permitted assignee or other interested party, Lessor or Lessee will execute, acknowledge and deliver to the other Party or to such Mortgagee or Investor a statement in writing certifying (a) that this Lease is unmodified and in full force and effect; (b) the date through which the Rents have been paid; and (c) that, to the knowledge of the certifier (if such be the case), there is no default (or any conditions existing which, but for the passage of time or the giving of notice, would constitute a default), set off, defense or other claim against Lessor or Lessee, as applicable, other than those, if any, so specified under the provisions of this Lease. In addition to clauses (a) through (c) above, if a Mortgagee requires such a statement in writing from Lessor, Lessor, in its statement, shall (x) confirm that Lessor consents to the Mortgage in question; (y) identify all of the relevant documents that evidence the Lease; and (z) provide any other statements or provisions reasonably requested by Mortgagee.

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It is intended that any such statement may be relied upon by any persons proposing to acquire the interest of Lessor, Lessee or any Mortgagee or Investor, as the case may be, in this Lease or by any prospective Mortgagee or Investor or permitted assignee of any Mortgagee or Investor.

Section 8.7 Registration of Mortgages. Upon written request by Lessor, Lessee shall provide written notice to Lessor of the name and address of each Mortgagee under this Lease.

Section 8.8 New Lease. In the event of the termination or cancellation of this Lease prior to the natural expiration of the Term of this Lease due to a default of Lessee or operation of law or otherwise (including, without limitation, the bankruptcy filing of Lessee or the commencement of an insolvency proceeding or similar proceeding, an act of condemnation or eminent domain against a portion of the Leased Premises by a government agency or body, the destruction or damage of the Leased Premises, or a change in the control or management of Lessee), Lessor shall also be obligated to give notice to Mortgagee simultaneously with such notice given to Lessee and shall include in the notice a statement of all sums which would be due under this Lease at the time of termination and all other defaults of Lessee existing at such time. No such notice to Lessee shall be effective with respect to termination or cancellation of this Lease unless Mortgagee shall also have been so notified. Lessor, upon written request from any Mortgagee within sixty (60) days of receiving such notice of termination or cancellation, shall enter into a new lease with such Mortgagee or its designee in accordance with and upon the same terms and conditions as set forth herein and with the same relative priority in time and in right as this Lease (to the extent possible) and having the benefit of and vesting in Mortgagee, or its designee, of all the rights, title, interest, powers and privileges of Lessee hereunder (the “New Lease”). In this regard, in the event of the filing of a petition in bankruptcy by the Lessee, and the Lessee rejects this Lease under the then applicable provisions of the Bankruptcy Code, Lessor shall, upon the request of a Mortgagee within the time period specified above, affirm this Lease, and Lessor will enter into a New Lease immediately upon Lessee’s rejection of this Lease. In the event of the filing of a petition in bankruptcy by the Lessor, and the Lessor rejects this Lease and the Lessee does not affirm it, a Mortgagee will have, within a reasonable amount of time not less than thirty (30) days, the authority to affirm this Lease on behalf of the Lessee and to keep the Lease in full force and effect.

After cancellation and termination of this Lease and upon compliance with the provisions of this Section 8.8 by Mortgagee, or its designee, within such time, Lessor shall thereupon execute and deliver such New Lease to such Mortgagee or its designee, having the same relative priority in time and right as this Lease (to the extent possible) and having the benefit of all the right, title, interest, powers and privileges of Lessee hereunder in and to the Leased Premises.

Upon the execution and delivery of the New Lease, title to the Rental Development shall automatically vest in the Mortgagee or the designee until the expiration or earlier termination of the term of the New Lease.

Section 8.9 Rights of Investor. The Investor shall have the same notice and cure and other rights as any Mortgagee; provided, however, (i) all references in Section 8.3 to Mortgagee acquiring Lessee’s leasehold interest or commencing foreclosure proceedings shall instead refer to the removal of one or both of the general partners of Lessee or the commencement of such removal process, and (ii) subject to the rights of the senior Mortgagee, Investor shall have
the right to receive a New Lease pursuant to the provisions of Section 8.8 hereof. The address for any notices to same, as of the date hereof, is provided in Section 17.14 hereof.

ARTICLE 9
REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 9.1 Representations, Warranties and Covenants of Lessee. As an inducement to Lessor to enter into and to proceed under this Lease, Lessee warrants and represents to Lessor as follows, which warranties, representations and covenants are true and correct as of the date of this Lease:

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

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

(c) Lessee (i) shall not cause or permit any Hazardous Materials to be placed, held, located or disposed of on, under or at the Leased Premises or any part thereof, except in commercially reasonable amounts used in the Rehabilitation and operation of the Rental Development and in accordance with Legal Requirements, and (ii) shall not cause or permit any Hazardous Materials contamination of the Leased Premises or any part thereof; provided, however, that Lessee shall not be in violation of this Subsection 9.1(c) or otherwise be liable or obligated hereunder for any of the foregoing occasioned solely by reason of the existence of soils, water or materials already located on the Leased Premises as of the Commencement Date; and

(d) At all times during the Term, Lessee or its authorized representative shall use, maintain and operate the Leased Premises and the Rental Development thereon in accordance with all Legal Requirements and Regulatory Agreements.

Section 9.2 Hazardous Materials.

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

(1) The Lessee shall not knowingly permit the Leased Premises or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Materials or otherwise knowingly permit the presence of Hazardous Materials in, on or under the Leased Premises in violation of any applicable law;

(2) The Lessee shall keep and maintain the Leased Premises and each portion thereof in compliance with, and shall not cause or permit the Leased Premises or any portion thereof to be in violation of, any Hazardous Materials Laws;

(3) Upon receiving actual knowledge of the same, the Lessee shall immediately advise the Lessor in writing of:
(A) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against the Lessee or the Leased Premises pursuant to any applicable Hazardous Materials Laws;

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

(C) the presence of any Hazardous Materials in, on or under the Leased Premises in such quantities which require reporting to a government agency; or

(D) the Lessee’s discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Leased Premises classified as “borderzone property” under the provisions of California Health and Safety Code, Sections 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Leased Premises under any Hazardous Materials Laws.

If the Lessor reasonably determines that the Lessee is not adequately responding to a Hazardous Material Claim or any condition in Sections 9.2(a)(3)(C) or (D), the Lessor shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any such Hazardous Materials Claims and to have its reasonable attorney’s fees in connection therewith paid by the Lessee.

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

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

(1) The failure of the Lessee or any other person or entity on or after the Commencement Date, to comply with any Hazardous Materials Law relating in any way whatsoever to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation or disposal of Hazardous Materials into, on, under or from the Leased Premises;

(2) Any release or discharge of any Hazardous Materials into, on, under or from the Leased Premises, arising on or after the Commencement Date, or the
presence in, on, or under the Leased Premises of any Hazardous Materials that occurs on the Leased Premises after the Commencement Date; or

(3) Any activity or omission of activity carried on or undertaken on or off the Leased Premises, on or after the Commencement Date, and whether by the Lessee or any employees, agents, contractors or subcontractors of the Lessee or any successor in title that is related to the Lessee occupying or present on the Leased Premises, in connection with the handling, treatment, removal, storage, decontamination, cleanup, transport or disposal of any Hazardous Materials located or present on or under the Leased Premises. The Lessee’s indemnity obligations as they pertain to activities occurring off the Leased Premises shall only extend to activities performed by or arising from activities performed by the Lessee or any employees, agents, contractors or subcontractors of the Lessee.

The foregoing indemnity shall further apply to any residual contamination on or under the Leased Premises, or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the generation, use, handling, treatment, storage, transport or disposal of any such Hazardous Materials, and irrespective of whether any of such activities were or will be undertaken in accordance with Hazardous Materials Laws. The provisions of this subsection shall survive expiration of the Term or other termination of this Lease, and shall remain in full force and effect. This indemnity obligation shall not extend to any claim arising from the Lessor’s gross negligence or willful misconduct.

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

Section 9.3 As-Is Conveyance.

(a) This Lease is made “AS IS,” with no warranties or representations by the Lessor concerning the condition of the Leased Premises, including the presence or absence of any Hazardous Materials. Lessee hereby agrees and acknowledges that except in the event of any fraud, misrepresentation, or withholding of information by Lessor: (i) neither Lessor, nor anyone acting for or on behalf of Lessor, has made any representation, statement, warranty or promise to Lessee concerning the development potential or condition of the Leased Premises; (ii) in entering into this Lease, Lessee has not relied on any representation, statement or warranty of Lessor, or anyone acting for or on behalf of Lessor, other than as may expressly be contained in writing in this Lease; (iii) all matters concerning the Leased Premises have been or shall be independently verified by Lessee and that Lessee shall purchase or lease the Leased Premises on Lessee’s own prior examination thereof; and (iv) THAT LESSEE IS PURCHASING OR LEASING THE LEASED PREMISES, AS APPLICABLE, IN AN “AS IS” PHYSICAL CONDITION AND IN AN “AS IS” STATE OF REPAIR.

(b) General Release. Subject to Section 9.3(a) above, Lessee and its owners, employees, agents, assigns and successors agree that upon the Closing, Lessee shall be deemed conclusively to have released and discharged Lessor and its agents, employees, trustees, assigns and successors, from any and all damages, losses, demands, claims, debts, liabilities, obligations, causes of action and rights, whether known or unknown, by Lessee regarding the Leased Premises, including, but not limited to, the environmental condition of the
Leased Premises (collectively, the “Released Claims”). Notwithstanding anything to the contrary contained herein, the Released Claims shall not include any claims arising pursuant to Lessee’s Amended and Restated Partnership Agreement (or any ancillary documents executed in connection therewith, including, without limitation, any development agreement or guaranty, the Acquisition Loan Documents or the DDA.

(c) Waiver of Civil Code § 1542. Lessee agrees that, with respect to the General Release contained in Section 9.3(b) above, the General Release extends to all matters regarding the Leased Premises, whether or not claimed or suspected, to and including the date of execution hereof, and constitutes a waiver of each and all the provisions of the California Civil Code § 1542, which reads as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXISTS IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

Lessee herein acknowledges that the effect and import of the provisions of Civil Code § 1542 have been explained to it by its own counsel. Lessee understands and acknowledges the significance and the consequence of such specific waiver of unknown claims and hereby assumes full responsibility for any injuries, damages, losses or liabilities that it may hereinafter incur from the waiver of these unknown claims.

ARTICLE 10
EMINENT DOMAIN

Section 10.1 Termination of Lease. Lessor and Lessee agree that, in the event of a Taking such that Lessee reasonably determines that the Leased Premises cannot continue to be operated, at reasonable cost, for its then current use, then, subject to the rights and with the prior consent of Mortgagee and Investor, this Lease shall, at Lessee’s sole option, terminate as of the Taking Date.

Section 10.2 Continuation of Lease and Presumption of Restoration. Lessor and Lessee agree that, in the event of a Taking that does not result in the termination of this Lease pursuant to Section 10.1 above, this Lease shall continue in effect as to the remainder of the Leased Premises and, subject to Section 10.4 and any applicable requirements of Mortgagee, the Net Condemnation Award will be disbursed according to Sections 10.5 below, and shall be used so as to make the same a complete, unified and efficient operating unit as nearly as reasonably possible to the condition existing prior to the Taking.

Section 10.3 Temporary Taking. If there shall be a temporary Taking with respect to all or any part of the Leased Premises or of Lessee’s interest in this Lease, then the Term shall not be reduced and Lessee shall continue to pay all Rents, Impositions and other charges required herein, without reduction or abatement thereof at the times herein specified; provided, however, that Lessee shall not be required to perform such obligations that Lessee is prevented from performing by reason of such temporary Taking.
Section 10.4  Mortgagee Protection.  Notwithstanding anything contained in this Lease to the contrary, any and all of the Net Condemnation Award related to the Lessee's Estate shall be paid first to the Mortgagee, if any, to be applied in accordance with the Mortgage and other documents that govern the loan secured by the Mortgage to reduce the Mortgage if required by the Mortgage documents.

Section 10.5  Award.  After the Closing, subject to the rights of Mortgagee, if there is a Taking, whether whole or partial, Lessor and Lessee shall be entitled to receive and retain such separate awards and portions of lump sum awards as may be allocated to their respective interests in any condemnation proceedings, or as may be otherwise agreed, taking into consideration the fact that Lessor's interest in the Leased Premises is limited to the land as encumbered by this Lease, and a reversionary interest in the Leased Premises upon the expiration of the Term. If the Leased Premises shall be restored as is contemplated in Section 10.2 above, Lessee shall be entitled to recover the costs and expenses incurred in such restoration out of any Net Condemnation Award, subject to Mortgagee's rights pursuant to Section 10.4 and as set forth in the applicable Approved Financing Documents. Thereafter, if the condemning authority does not make separate awards, and the Parties are unable to agree as to the exact amount of such allocation amounts that are to be allocated to the respective interests of each Party, then each Party shall select an independent M.A.I. real estate appraiser (an “Appraiser”). Each Appraiser shall separately determine the amount of the balance of the Net Condemnation Award that is to be allocated to the interests of each Party. If the percentage of the balance of the Net Condemnation Award each Appraiser allocates to Lessor (a) are within ten percent (10%) of each other, the two allocations shall be averaged, and such average shall be the final allocation of the Net Condemnation Award, or (b) are not within ten percent (10%) of each other, the two Appraisers shall then select a third Appraiser, who shall independently allocate the Net Condemnation Award between Lessor and Lessee, and the middle of such three allocations shall be the final allocation of the Net Condemnation Award. Notwithstanding anything to the contrary contained herein, any Net Condemnation Award recovered by or allocated to Lessor shall in no event be greater than the value of Lessor's fee interest in the unimproved land that constitutes the Leased Premises and any Net Condemnation Award recovered by or allocated to Lessee or Mortgagee shall in no event be less than the total Net Condemnation Award minus the value of Lessor's fee interest in the unimproved land.

Section 10.6  Joinder.  If a Mortgage exists, the Mortgagees, to the extent permitted by law, shall be made a party to any Taking proceeding.

ARTICLE 11

DAMAGE OR DESTRUCTION

Section 11.1  Damage or Destruction to Leased Premises.  Lessee shall give prompt written notice to Lessor after the occurrence of any fire, earthquake, act of God or other casualty causing damage or destruction to or in connection with the Leased Premises, the Rental Development or any portion thereof (hereinafter sometimes referred to as a “Casualty”). Subject to Section 11.2 below, and the rights of any Mortgagees, if during the Term the Rental Development shall be damaged or destroyed by Casualty, Lessee shall repair or restore the Rental Development, so long as Lessee determines, in its sole discretion, that it is feasible to do so and in such event Lessee provides or causes to be provided sufficient additional funds which, when added to such insurance proceeds, will fully effect such repair or restoration. In the event that Lessee shall determine, subject to the rights and with the consent of Mortgagee and Investor, by notice to Lessor given within thirty (30) days after receipt by Lessee of any such insurance proceeds, that it is not economically practical to restore the Rental Development
and/or the Leased Premises to substantially the same condition in which they existed prior to
the occurrence of such Casualty, then Lessee may terminate this Lease as of a date that is not
less than thirty (30) days after the date of such notice. If Lessee terminates this Lease pursuant
to this Section 11.1, Lessee shall surrender possession of the Leased Premises to Lessor
immediately and assign to Lessor (or, if same has already been received by Lessee, pay to
Lessor) all of its right, title and interest in and to the proceeds from Lessee’s insurance upon the
Leased Premises, subject to the prior rights of any Mortgagee therein, as referenced in Section
11.2 below.

Section 11.2 Mortgagee Protection. The following provisions are for the protection of a
Mortgagee and shall, notwithstanding anything contained in this Lease to the contrary, control:

(a) Insurance. Any insurance proceeds payable from any policy of insurance
(other than liability insurance) required by this Lease shall be paid to the Mortgagee, if any, to
the extent required by the Mortgage and shall be applied in accordance with the requirements of
the Mortgage. The Mortgagee, if any, shall have the right to participate in all adjustments,
settlements, negotiations or actions with the insurance company regarding the amount and
allocation of any such insurance proceeds. Any insurance policies permitted or required by this
Lease shall name the Mortgagee, if any, as an additional insured or loss payee, as appropriate,
if required by such Mortgage.

(b) Restoration. Lessee shall use best efforts to apply for and collect all
applicable insurance proceeds recoverable with respect to any Casualty and shall restore or
repair the Rental Development subject to the sufficiency of the insurance proceeds actually
received. A Mortgagee shall have no obligation to restore or repair damage to the Rental
Development unless the Mortgagee takes possession of the Leased Premises pursuant to its
remedies under the Lease. Lessee shall have no obligation to restore or repair damage to the
Rental Development if the casualty occurs during the last five (5) years of the Term. In the
event such a loss occurs in the last five (5) years, then, at the election of Lessee to be exercised
within one hundred twenty (120) days of such Casualty, with the prior written consent of the
Mortgagee, if any, Lessee may terminate this Lease and insurance proceeds shall be used, first,
to clear the Leased Premises of the damaged improvements and any debris, and second, the
balance shall be used to either restore or repair the Rental Development or to reduce or pay in
full the Mortgage, as more particularly provided in the documents evidencing the Mortgage. Any
remaining amounts shall be paid to Lessor concurrent with such termination. If Lessee
terminates this Lease pursuant to this Section 11.2, Lessee shall surrender possession of the
Leased Premises to Lessor immediately and assign to Lessor (or, if same has already been
received by Lessee, pay to Lessor) all of its right, title and interest in and to any remaining
proceeds from Lessee’s insurance upon the Leased Premises.

ARTICLE 12
EVENTS OF DEFAULT

Section 12.1 Events of Default. Each of the following shall be an “Event of Default” by
Lessee hereunder:

(a) failure by Lessee to pay any Rents when due or to pay or cause to be
paid any Impositions, insurance premiums or other liquidated sums of money herein stipulated
to be paid by Lessee, if such failure shall continue for a period of thirty (30) days after notice
thereof has been given by Lessor to Lessee;
(b) failure by Lessee to perform or observe any of the provisions of this Lease stipulated in this Lease to be observed and performed by Lessee (including, but not limited to the failure to comply with Section 3.6), if such failure shall continue for a period of thirty (30) days after written notice thereof has been given by Lessor to Lessee; provided, however, that if any such failure cannot reasonably be cured within such thirty (30)-day period, then Lessor shall not have the right to terminate this Lease or Lessee’s right to possession hereunder so long as Lessee promptly commences the curing of any such failure and thereafter proceeds in good faith and with due diligence to remedy and correct such failure within a reasonable period of time; provided, however, that such period shall not extend for more than one hundred eighty (180) days after the date of Lessor’s written notice to Lessee;

(c) the failure of Lessee to cure, within the prescribed time period, (i) any declaration of default by the holder of a Mortgage encumbering the Rental Development, or (ii) any breach or violation of any Approved Financing Document, following notice to Lessee and expiration of the applicable cure period;

(d) the subjection of any right or interest of Lessee in this Lease to attachment, execution or other levy, or to seizure under legal process, if not released within ninety (90) days; provided that the foreclosure of any Mortgage shall not be construed as an Event of Default within the meaning of this Subsection 12.1(d);

(e) the appointment of a receiver, not including receivership pursuant to any Mortgage, to take possession of Lessee’s Estate or of Lessee’s operations on the Leased Premises for any reason, if such receivership is not terminated, dismissed or vacated within ninety (90) days after the appointment of the receiver;

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

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

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

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

(j) the Lessee abandons all or a portion of the Lessee’s Estate;
(k) violation of the RAD Use Agreement if such failure shall continue for a period of sixty (60) days after written notice thereof has been given by Lessor to Lessee and Investor; or

(l) subject to Section 3.4(c) of the DDA, a breach or default by the Lessee under the DDA in any way pertaining to the Rental Development, which breach or default is not cured within the grace or cure period (if any) set forth in the DDA.

Section 12.2 Rights and Remedies.

(a) At any time after the occurrence of an Event of Default hereunder, Lessor, subject in all respects to the provisions of this Lease with respect to Lessor’s rights to cure defaults by Lessee and with respect to the rights of Investor and any Mortgagees under Article 8 and Mortgagees rights under Section 8.4(a), and subject further to the provisions of Section 12.3 of this Lease, may terminate this Lease by giving Lessee written notice thereof (with a copy of such notice to the Mortgagees and to the Investor), setting forth in such notice an effective date for termination which is not less than thirty (30) days after the date of such notice, in which event this Lease and Lessee’s Estate created hereby and all interest of Lessee and all parties claiming by, through or under Lessee shall automatically terminate upon the effective date for termination as set forth in such notice, with the same force and effect and to the same extent as if the effective date of such notice had been the date originally fixed in Article 2 hereof for the expiration of the Term. In such event, Lessor, its agents or representatives, shall have the right, without further demand or notice, to reenter and take possession of the Leased Premises (including the Rental Development) at any time from and after the effective termination date without being deemed guilty of any manner of trespass and without prejudice to any remedies for arrears of rent or existing breaches of covenants; provided that Lessor shall not be entitled to disturb possession of any Tenants or others in possession pursuant to Tenant Leases with Lessee so long as such Tenants or others are not in default thereunder and attorn to Lessor as their lessor.

(b) Upon the exercise of Lessor’s remedies pursuant to this Section 12.2, Lessee shall execute such releases, deeds and other instruments in recordable form as Lessor shall reasonably request in order to accurately set forth of record the then current status of Lessee’s Estate and Lessee’s rights hereunder.

Section 12.3 Deficiency Judgments. Lessor, for itself and for each and every succeeding owner of Lessor’s Estate in the Leased Premises, agrees that it shall never be entitled to seek a personal judgment against Lessee or its partners and that (a) upon any Event of Default hereunder, the rights of Lessor to enforce the obligations of Lessee, its successors or assigns, or to collect any judgment, shall be limited to the termination of this Lease and of Lessor’s Estate and the enforcement of any other rights and remedies specifically granted to Lessor hereunder, provided, however, that the limitations set forth in this Section 12.3 shall not be applicable to (i) fraud or (ii) misappropriation of any Net Condemnation Award or insurance.

Section 12.4 Default by Lessor.

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

(b) **Right to Cure; Lessee's Remedies.** Subject to Section 12.5 below, if
Lessor shall have failed to cure a default by Lessor after expiration of the applicable time for
cure of a particular default, Lessee, at its election, but without obligation therefor (i) may seek
specific performance of any obligation of Lessor, after which Lessee shall retain, and may
exercise and enforce, any and all rights that Lessee may have against Lessor as a result of
such default, (ii) from time to time without releasing Lessor in whole or in part from the
obligations to be performed by Lessor hereunder, may cure the default at Lessor's cost, (iii) may
terminate this Lease, and/or (iv) may exercise any other remedy given hereunder or now or
hereafter existing at law or in equity. Any reasonable costs incurred by Lessee in order to cure
such a default by Lessor shall be due immediately from Lessor, together with interest, and may
be offset against any amounts due from Lessee to Lessor.

Section 12.5 **Notices.** Notices given by Lessor under Section 12.1 or by Lessee under
Section 12.4 shall specify the alleged default and the applicable Lease provisions, and shall
demand that Lessee or Lessor, as applicable, perform the appropriate provisions of this Lease
within the applicable period of time for cure. No such notice shall be deemed a forfeiture or
termination of this Lease unless expressly set forth in such notice.

**ARTICLE 13**

**QUIET ENJOYMENT AND POSSESSION; INSPECTIONS**

Section 13.1 **Quiet Enjoyment.** Lessor covenants and warrants that Lessee, upon
payment of all sums herein provided and upon performance and observance of all of its
covenants herein contained, shall peaceably and quietly have, hold, occupy, use and enjoy, and
shall have the full, exclusive and unrestricted use and enjoyment of, all of the Leased Premises
during the Term, subject only to the provisions of this Lease and all applicable Legal
Requirements.

Section 13.2 **Lessor’s Right of Inspection.** Notwithstanding Section 13.1 above,
Lessor, in person or through its agents, upon reasonable prior notice to Lessee, shall have the
right, subject to the rights of Tenants, to enter upon the Leased Premises for purposes of
reasonable inspections performed during reasonable business hours in order to assure
compliance by Lessee with its obligations under this Lease. In addition to the aforementioned
inspection rights, Lessee grants a right of access to the Lessor, or any of its authorized
representatives, with respect to any books, documents, papers, or other records related to this
Lease in order to make audits, examinations, excerpts, and transcripts.

Section 13.3 **Consent for Lessor Mortgage.** Lessor shall not mortgage or otherwise
encumber its fee estate without the prior written consent of Lessee and any Mortgagee, which
consent shall be given in Lessee’s sole discretion.

Section 13.4 **Representation and Warranty Regarding No Lessor Mortgage.** Lessor
hereby represents and warrants that, as of the date hereof, it has not mortgaged or otherwise
encumbered its fee estate in and to the Leased Premises.
ARTICLE 14
VACATION OF LEASED PREMISES

Section 14.1  Vacating Premises.  Lessee covenants that upon any termination of this Lease, whether by lapse of time or because of any of the conditions or provisions contained herein, Lessee will peaceably and quietly yield and surrender possession of the Leased Premises to Lessor. The foregoing, however, will be subject to the rights of Tenants or others in possession pursuant to Tenant Leases with Lessee, provided that such Tenants are not in default thereunder and attorn to Lessor as their lessor. An action of forcible detainer shall lie if Lessee holds over after a demand for possession is made by Lessor. Notwithstanding anything to the contrary herein, Lessee shall not and Lessor shall not accept any voluntary vacating or surrendering of the Leased Premises by Lessee while a Mortgage remains outstanding.

ARTICLE 15
NON-MERGER

Section 15.1  Non-Merger. For so long as any debt secured by a Mortgage upon the leasehold created by this Lease shall remain outstanding and unpaid, unless Mortgagee shall otherwise consent in writing, there shall be no merger of either this Lease or Lessee’s Estate created hereunder with the fee estate of the Leased Premises or any part thereof by reason of the fact that the same person may acquire, own or hold, directly or indirectly, (a) this Lease, Lessee’s Estate created hereunder or any interest in this Lease or Lessee’s Estate (or the Rental Development), and (b) the fee estate in the Leased Premises or any part thereof or any interest in such fee estate (or the Rental Development), unless and until all persons, including any assignee of Lessor, having an interest in (i) this Lease or Lessee’s Estate created hereunder, and (ii) the fee estate in the Leased Premises or any part thereof, shall join in a written instrument effecting such merger and shall duly record the same, and shall have obtained the prior written consent of Mortgagee.

ARTICLE 16
ASSIGNMENTS AND TRANSFERS; FORECLOSURE

Section 16.1  Consent Required. Except as expressly provided herein, Lessee shall not, without the prior written consent of Lessor, Transfer this Lease or any interest therein. A Transfer shall be deemed to include any attempt by Lessee to (a) demolish all or any portion of the Leased Premises after the Rehabilitation; (b) make or permit any voluntary or involuntary, total or partial, sale, lease, assignment, conveyance, mortgage, pledge, encumbrance, or other transfer of any or all of the Leased Premises, the Rental Development; or (c) transfer, convey or assign (i) any interest of a managing member, general partner, or controlling affiliate or stockholder (any such interest being referred to as a “Controlling Interest”) in the Lessee or (ii) a Controlling Interest in any entity which has a Controlling Interest in the Lessee, or (iii) any other interest in the Lessee, or in any partner or member thereof. Any person to whom any Transfer is attempted without the consent of Lessor (if applicable) shall have no claim, right or remedy whatsoever hereunder against Lessor, and Lessor shall have no duty to recognize any person claiming under or through the same. Notwithstanding the foregoing, Lessor acknowledges and agrees that (a) nothing herein shall limit or restrict the right to remove a general partner set forth in the Amended and Restated Partnership Agreement or applicable law, or grant Lessor the right to approve any such removal; provided, that Lessor shall have the right to approve any withdrawal or replacement of the administrative general partner of Lessee unless such administrative general partner is removed as a result of a default under the Amended and Restated Partnership Agreement or applicable law, and (b) Lessor shall not unreasonably
withhold its consent to the admission of any replacement general partner(s) to Lessee pursuant to the terms of the Amended and Restated Partnership Agreement so long as any such new general partner is reasonably acceptable to the Lessor and is selected with reasonable promptness. For purposes of subsection 16.1(b) above, Lessor hereby preapproves [insert name of investor limited partner or its affiliate], as a new general partner in Lessee, as provided in the Amended and Restated Partnership Agreement, if such entity is admitted as a new general partner in Lessee following the removal of a prior general partner of Lessee as a result of a default under the Amended and Restated Partnership Agreement or applicable law.

Section 16.2 Limitations on Consent Requirement. Notwithstanding the foregoing:

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

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

(2) mortgage of Lessee’s interest in the Leased Premises and Rental Development to any approved Mortgagee, and transfer of the Leased Premises and Rental Development to such Mortgagee by foreclosure or deed-in-lieu of foreclosure (or the leasehold equivalent thereof), or to a third-party purchaser pursuant to a foreclosure sale (or the leasehold equivalent thereof);

(3) after Closing, the transfer by the Investor of the Investor’s limited partner Partnership interests; or

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

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

Section 16.3 Subsequent Assignment. In cases where Lessor’s consent is required, Lessor’s consent to one assignment will not waive the requirement of its consent to any subsequent assignment.

Section 16.4 Request for Consent. If Lessee requests Lessor’s consent to a specific assignment, Lessee shall provide to Lessor such information as may reasonably be required by Lessor.

Section 16.5 Consent of Lessor Not Required. The foreclosure of a Mortgage or any sale thereunder, whether by judicial proceedings or by virtue of any power contained in any Mortgage, or any conveyance of the Lessee’s Estate to any Mortgagee, its affiliate or third party nominee or designee through, or in lieu of, foreclosure or other appropriate proceedings in the nature thereof, or the enforcement by any Mortgagee of any of its rights or remedies under a Mortgage, shall not breach any provision of or constitute an Event of Default under this Lease, and upon such foreclosure, sale or conveyance, Lessor shall recognize any Mortgagee or such affiliate or designee of any Mortgagee, or any purchaser at any such foreclosure sale, as Lessee hereunder; provided, however, that Lessor may disapprove a subsequent Lease Transfer after foreclosure, deed in lieu of foreclosure or other appropriate proceedings where the proposed transferee has (a) insufficient prior experience in managing affordable multifamily
rental housing, (b) demonstrated poor performance in managing affordable multifamily rental housing, or (c) has been debarred or suspended by HUD.

Section 16.6 Transfer After Foreclosure. This Lease may be transferred, without the consent of Lessor, to any Mortgagee, an affiliate thereof or a third party designee, pursuant to foreclosure or similar proceedings, or pursuant to a Transfer of this Lease to such Mortgagee (or affiliate or a third party designee) in lieu thereof, and may be thereafter transferred by such Mortgagee (or its affiliate or a third party designee) without the consent of Lessor, and any Mortgagee (or its affiliate) shall be liable to perform the obligations herein imposed on Lessee only for and during the period it is in possession or ownership of the leasehold estate created hereby. In no event shall any Mortgagee (or its affiliate or a third party designee) be (i) liable for any prior act or omission of Lessee unless and to the extent such act or omission is continuing following the foreclosure or other transfer and is capable of being cured by Mortgagee, or (ii) subject to any offsets or defenses which Lessor may have against Lessee.

Section 16.7 Grant of Purchase Option to Lessor or Affiliate. Notwithstanding anything to the contrary set forth in any other provision of this Lease, nothing shall prohibit (i) the granting of a purchase option and right of first refusal described in Section 7.4 of the DDA, and/or (ii) the exercise of such option or right of first refusal in accordance with their terms; provided, however, that any such option rights described herein this Section 16.7 shall be subordinate and subject to the Approved Financing Documents.

ARTICLE 17
MISCELLANEOUS PROVISIONS

Section 17.1 Entire Agreement: Modifications. This Lease supersedes all prior discussions and agreements between the Parties with respect to the leasing of the Leased Premises. This Lease contains the sole and entire understanding between the parties with respect to the leasing of the Leased Premises pursuant to this Lease, and all promises, inducements, offers, solicitations, agreements, representations and warranties heretofore made between the Parties, if any, are merged into this Lease. This Lease may be amended by mutual agreement of the Parties, subject to the prior written approval of each Mortgagee, provided that any such amendment must be in writing and signed by both Parties.

Section 17.2 Holding Over. No holding over after the termination or expiration of this Lease shall be permitted for any reason whatsoever. Any holding over by Lessee after expiration or earlier termination shall not constitute a renewal or extension of this Lease, nor shall it give Lessee any rights in or to the Rental Development and/or Leased Premises, or any part thereof.

Section 17.3 Removal of Personal Property. Title to the Personal Property shall remain in Lessee. If Lessee or Mortgagee shall not have removed the Personal Property from the Leased Premises upon a reasonable period of time following the expiration or earlier termination of the Lease (such period not to be less than thirty (30) days following delivery of written notice from Lessor to Lessee and Mortgagee), then Lessor shall have the right, at its election, in addition or in the alternative to its other rights with respect to the same, to either (i) deem such Personal Property abandoned and retain the same as its property, or dispose of the same without accountability in such manner as Lessor may see fit (and Lessor shall be promptly reimbursed by Lessee for all reasonable expenses of such disposition upon written demand therefor), or (ii) remove and store the same in a place satisfactory to Lessor, in which event all reasonable expenses of such removal and storage shall be charged to and be borne by Lessee,
Section 17.4 Amendments. Lessor shall not unreasonably withhold its consent to any amendments to this Lease that are reasonably requested by a Mortgagee, including, without limitation, for the purpose of implementing the mortgage protection provisions contained in this Lease to allow Mortgagee reasonable means to protect or preserve the lien of its Mortgage upon occurrence of a default under the terms of this Lease. Lessor and Lessee each agree to execute and deliver (and to acknowledge for recording purposes, if necessary) such agreement(s) or instrument(s) reasonably required to effect such amendments. Notwithstanding the foregoing, however, Lessor and/or Lessee may, in their sole and absolute discretion, refuse to consent to any other proposed amendments to this Lease.

Section 17.5 Governing Law. This Lease, and the rights and obligations of the Parties hereunder, shall be governed by and construed in accordance with the substantive laws of the State of California.

Section 17.6 Binding Effect. This Lease shall inure to the benefit of and be binding upon the Parties hereto, their heirs, successors, administrators, executors and permitted assigns.

Section 17.7 Severability. In the event any provision or portion of this Lease is held by any court of competent jurisdiction to be invalid or unenforceable, such holdings shall not affect the remainder hereof, and the remaining provisions shall continue in full force and effect to the same extent as would have been the case had such invalid or unenforceable provision or portion never been a part hereof, except to the extent the rights and obligations of the parties have been materially altered by such unenforceability.

Section 17.8 Further Assurances. From and after the date of this Lease, Lessor and Lessee, at the request of the other Party, shall make, execute and deliver or obtain and deliver all such affidavits, deeds, certificates, resolutions and other instruments and documents, and shall do or cause to be done all such other things that either Party may reasonably require in order to effectuate the provisions and the intention of this Lease.

Section 17.9 Captions. All captions, headings, paragraphs, subparagraphs, letters and other reference captions are solely for the purpose of facilitating convenient reference to this Lease, shall not supplement, limit or otherwise vary the text of this Lease in any respect, and shall be wholly disregarded when interpreting the meaning of any terms or provisions hereof. All references to particular articles, sections, subsections, paragraphs and subparagraphs by number refer to the text of such items as so numbered in this Lease.

Section 17.10 Gender. Words of any gender used in this Lease shall be held and construed to include any other gender, and words of a singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

Section 17.11 Exhibits. Each and every exhibit referred to or otherwise mentioned in this Lease is attached to this Lease and is and shall be construed to be made a part of this Lease by such reference or other mention at each point at which such reference or other
mention occurs, in the same manner and with the same effect as if each exhibit were set forth in full at length every time it is referred to and otherwise mentioned.

Section 17.12 References. All references to paragraphs or subparagraphs shall be deemed to refer to the appropriate paragraph or subparagraph of this Lease. Unless otherwise specified in this Lease, the terms “herein,” “hereof,” “hereinafter,” “hereunder” and other terms of like or similar import, shall be deemed to refer to this Lease as a whole, and not to any particular paragraph or subparagraph hereof.

Section 17.13 Rights Cumulative. Except as expressly limited by the terms of this Lease, all rights, powers and privileges conferred hereunder shall be cumulative and not restrictive of those provided at law or in equity.

Section 17.14 Notices. All notices, requests, demands, or other communications required or permitted to be given hereunder shall be in writing and shall be addressed and delivered by hand or by certified mail, return receipt requested, or by Federal Express, or by hand delivery by a recognized, reputable courier, to each party at the addresses set forth below. Any such notice, request, demand or other communication shall be considered given or delivered, as the case may be, on the date of receipt. Rejection or other refusal to accept or inability to deliver because of changed address of which proper notice was not given shall be deemed to be receipt of the notice, request, demand or other communication. By giving prior written notice thereof, any Party, from time to time, may change its address for notices hereunder. Legal counsel for the respective Parties may send to the other Party any notices, requests, demands or other communications required or permitted to be given hereunder by such Party.

If to Lessor, to: The Housing Authority of the City of Los Angeles
2600 Wilshire Blvd.
Los Angeles, CA 90057
Attention: Doug Guthrie, President and Chief Executive Officer

With a copy to: Goldfarb & Lipman LLP
1300 Clay Street
Suite 1100
Oakland, CA 94612
Attention: Michelle Brewer, Esq.

And a copy to: The Housing Authority of the City of Los Angeles
2600 Wilshire Blvd., Third Floor
Los Angeles, CA 90057
Attention: Becky Churchill Clark, Esq., Senior Staff Attorney

If to Lessee, to: Pueblo del Sol 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

With a copy to: Bocarsly Emden Cowan Esmail & Arndt, LLP
633 W. Fifth Street, 64th Floor
Los Angeles, California 90071
Attention: Lance Bocarsly, Esq.

If to Investor, to: GSB LIHTC Investor LLC
Urban Investment Group
c/o Goldman Sachs Group
200 West Street
New York, New York 10282
Attention: Urban Investment Group Portfolio Manager
Email: gs-uig-portfolio-manager@gs.com

With a copy to: GSB LIHTC Investor LLC
Urban Investment Group
c/o Goldman Sachs Group
200 West Street
New York, NY 10282
Attention: Scott Maxfield
Email: scott.maxfield@gs.com

With a copy to:
Gs-uig-docs@gs.com

Section 17.15 Counterparts. This lease may be executed in several counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute one and the same agreement.

Section 17.16 Time of Essence. Time is and shall be of the essence in this Lease.

Section 17.17 Relationship of Parties. No relationship exists between Lessor and Lessee other than landlord and tenant. The parties hereto expressly declare that, in connection with the activities and operations contemplated by this Lease, they are neither partners nor joint venturers, nor does a debtor-creditor, principal-agent or any other relationship except as aforesaid, exist between them.

Section 17.18 Multiple Leasehold Mortgages. If at any time there shall be more than one Mortgage, the Mortgagee under the Bank Loan (“Bank Loan Mortgagee”) shall be prior in lien and shall be vested with all of the rights of Mortgagee under this Lease, including, without limitation, the rights of Mortgagee under Articles 8, 10, 11, 14, 15, and 16 of this Lease (other than the provisions for receipt of notices) to the exclusion of any junior Mortgage and junior Mortgagee; provided, however, that (a) if the Bank Loan Mortgagee fails to or refuses to exercise its rights as a Mortgagee set forth under this Lease within the time periods prescribed herein for the exercise of such rights, each holder of a junior Mortgage in the order of priority of their respective liens shall have the right to exercise such rights; and (b) with respect to the right of a Mortgagee under Section 8.8 (right to request a New Lease), such right may, notwithstanding the limitation of time set forth in Section 8.8, if any, be exercised by the holder of any junior Mortgage, in the event the holder of a senior Mortgage shall have refused in writing to exercise such right or failed to have exercised such right within the time period set forth in Section 8.8.
Section 17.19 Conflicts with Mortgage. In the event of a default under a Mortgage, such Mortgagee may exercise with respect to the Leased Premises any right, power or remedy under the Mortgage which is not in conflict with the provisions of this Lease.

Section 17.20 Attorney’s Fees. In the event that any action, suit or proceeding is brought for the enforcement of, or the declaration of, any right or obligation pursuant to this Lease or as a result of any alleged breach of any provision of this Lease, each party shall bear its own costs and expenses, including attorneys’ fees, and any judgment or decree rendered in such a proceeding shall not include an award thereof.

Section 17.21 Non-Liability of Governmental Officials and Employees; Conflicts of Interest. No member, official, employee, agent, consultant, or contractor of Lessor shall be personally liable to Lessee or any successor or assign of Lessee in the event of any default or breach by Lessor hereunder, or for any amount which may become due to Lessee or any successor or assign of Lessee as a result of such default or breach, or for any of Lessor’s obligations under this Lease; provided, however, that the foregoing shall not void or diminish the obligations of Lessor under this Lease.

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

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

Section 17.22 Consent; Reasonableness. Except as otherwise specified herein, in the event that Lessor or Lessee shall require the consent or approval of the other Party in fulfilling any agreement, covenant, provision or condition contained in this Lease, such consent or approval shall not be unreasonably withheld or delayed by the Party from whom such consent or approval is sought, or, if no time is given, within ten (10) business days of request therefor. Except as may be otherwise expressly set forth herein, approvals and disapprovals on the part of Lessor may be given by Lessor’s chief executive officer.

Section 17.23 Non-Waiver of Governmental Rights. Nothing in this Lease shall be construed to in any way obligate Lessor or any other governmental agency or authority to take any discretionary action relating to the construction, development or operation of the Rental Development, including, but not limited to, condemnation, rezoning, variances, subdivision, environmental clearances or any other governmental approvals which are or may be required pursuant to Legal Requirements. Nothing in this Lease shall be construed to restrict or impair in any manner whatsoever any Legal Requirement or the exercise by Lessor of any governmental powers or rights thereunder.
ARTICLE 18
PARTICULAR COVENANTS

Section 18.1 Non-Discrimination. Lessee shall not discriminate against, or segregate any person or group of persons on the grounds of race, color, creed, religion, sex, sexual orientation, condition of Acquired Immune Deficiency Syndrome (AIDS) or AIDS related complex, marital status, national origin or ancestry or disability in the lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Leased Premises nor shall Lessee, or any person claiming under or through Lessee, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of Tenants, lessees, subtenants, sublessees or vendees of the Leased Premises. The foregoing covenant shall run with the land. Lessor shall be entitled to invoke any remedies available at law or in equity to redress any breach of this subsection or to compel compliance therewith by Lessee. The obligations of Lessee to comply with this Section 18.1 shall inure to the benefit of Lessor. Lessor shall be entitled to invoke any remedies available at law or in equity to redress any breach of this Article 18 or to compel compliance therewith by Lessee.

Section 18.2 Mandatory Language in All Subsequent Deeds, Leases and Contracts.

All deeds, leases or contracts entered into by the Lessee on or after the date of execution of this Agreement as to any portion of the Rental Development or Leased Premises shall contain the following language:

(a) In deeds: “Grantee herein covenants by and for itself, its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, sex, sexual orientation, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed nor shall the grantee or any person claiming under or through the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land.”

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

(c) In contracts: “There shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, creed, sex, sexual orientation, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the land.”
Section 18.3 TCAC Lease Rider. At the time required by TCAC, Lessor and Lessee agree to execute and record against the Leased Premises in the official records of the County of Los Angeles a lease rider in the form required by TCAC.

ARTICLE 19
RAD PROVISIONS

Section 19.1 RAD Use Agreement. Notwithstanding any other clause or provision in this Lease, including but not limited to any mortgagee protection provision, and so long as the RAD Use Agreement dated as of substantially even date herewith, is in effect, the following provisions shall apply:

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

2. The provisions in this Article 19 are required to be inserted into this Lease by HUD and may not be amended without HUD’s prior written approval.

3. Violation of the RAD Use Agreement constitutes a default of this Lease.

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

5. Neither the Lessee nor any of its partners shall have any authority to:
   a. Take any action in violation of the RAD Use Agreement; or
   b. Fail to renew the RAD HAP Contract upon such terms and conditions applicable at the time of renewal when offered for renewal by Lessor or HUD.
   c. Except to the extent permitted by the RAD HAP Contract or RAD Use Agreement and the normal operation of the Development, neither the Lessee nor any of Lessee’s partners shall have any authority without the consent of Lessor to sell, transfer, convey, assign, mortgage, pledge, sublease or otherwise dispose of, at any time, the Development or any part thereof.
IN WITNESS WHEREOF, this Lease is made and entered into as of the Commencement Date.

LESSOR:

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

By: ________________________________
   Name: 
   Title: 

APPROVED AS TO FORM:

________________________________________
Authority Legal Counsel

By: ________________________________
   Becky Churchill Clark, Esq.

APPROVED AS TO FORM AND LEGALITY:

GOLDFARB & LIPMAN LLP,
Authority Special Counsel

By: ________________________________
   Michelle Brewer, Esq.

[signatures continue on following page]
LESSEE:

PUEBLO DEL SOL I HOUSING PARTNERS, L.P., a California limited partnership

By: Related/ Pueblo del Sol I Development Co., LLC, a California limited liability company, its administrative general partner

By: __________________________
    Frank Cardone, President

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

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

By: __________________________
    Tina Smith-Booth, President
EXHIBIT A

LEASED PREMISES
MEMORANDUM OF GROUND LEASE

THIS MEMORANDUM OF GROUND LEASE (the “Memorandum”) is made as of August ____, 20__, by and among the Housing Authority of the City of Los Angeles, California a public body, corporate and politic, (“Lessor”) and Pueblo del Sol I Housing Partners, L.P., a California limited partnership (“Lessee”) with respect to that certain Ground Lease dated as of ________________ (the “Lease”), between Lessor and Lessee.

Pursuant to the Lease, Lessor hereby leases to Lessee and Lessee leases from Lessor that certain real property, more particularly described in Exhibit A, attached hereto and incorporated herein (the “Property”). The Lease commenced on ________________ (the “Commencement Date”), and shall continue from such date until the fifty-seventh (57th) anniversary of the Commencement Date, unless sooner terminated in accordance with the terms of and conditions of the Lease.

This Memorandum shall incorporate herein all of the terms and provisions of the Lease as though fully set forth herein.

This Memorandum is solely for recording purposes and shall not be construed to alter, modify, amend or supplement the Lease, of which this is a memorandum.
IN WITNESS WHEREOF, the parties have caused this Memorandum to be duly executed as of the date first above written.

LESGOR:

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

By: _______________________________
Name: ______________________________
Title: ______________________________

APPROVED AS TO FORM:

__________________________________
Authority Legal Counsel

By: ________________________________
Becky Churchill Clark, Esq.

APPROVED AS TO FORM AND LEGALITY:

GOLDFARB & LIPMAN,
Authority Special Counsel

By: ________________________________
Michelle Brewer, Esq.

[signatures continue on following page]
LESSEE:

PUEBLO DEL SOL I HOUSING PARTNERS, L.P., a California limited partnership

By: Related/ Pueblo del Sol I Development Co., LLC, a California limited liability company, its administrative general partner

By: __________________________
    Frank Cardone, President

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

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

By: __________________________
    Tina Smith-Booth, President

[SIGNATURES MUST BE NOTARIZED]
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.

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**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California  
County of Los Angeles  

On _______________ before me, _______________,

Date _______________  [Here Insert Name and Title of the Officer]

personally appeared _______________,

Name(s) of Signer(s)

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 ___________________  Signature of Notary Public

Place Notary Seal Above
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of Los Angeles

On before me, ,
Date

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 ____________________________
Signature of Notary Public

Place Notary Seal Above
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.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of Los Angeles

On [Date] before me, [Here Insert Name and Title of the Officer],

personally appeared [Name(s) of Signer(s)],

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.

[Place Notary Seal Above]

[Signature of Notary Public]
ACQUISITION LOAN AGREEMENT

between

HACLA PDS LLC

and

PUEBLO DEL SOL I HOUSING PARTNERS, L.P.

(Pueblo del Sol-Phase I)
ACQUISITION LOAN AGREEMENT
(Pueblo del Sol-Phase I)

This Acquisition Loan Agreement (the "Agreement") is entered into as of ______________, 2020, by and between HACLA PDS LLC, a California limited liability company (the "Lender"), and PUEBLO DEL SOL I HOUSING PARTNERS, L.P., a California limited partnership ("Borrower"), each a "Party" and collectively the "Parties," with reference to the following facts:

RECITALS

A. WHEREAS, these Recitals refer to and use certain capitalized terms that are defined in Section 1.1 of this Agreement, and the Parties intend to refer to those definitions in connection with their use of these Recitals.

B. WHEREAS, in 2001, the Housing Authority of the City of Los Angeles, a public body, corporate and politic (the “Authority”) as lessor and Aliso Village Housing Partners, L.P. a California limited partnership ("AVHP") as lessee, entered into a ground lease for that certain property located in the City of Los Angeles and more particularly described in Exhibit A hereto (the "Property").

C. WHEREAS, the Property constituted the site of the first phase of a two-phase redevelopment of a former public housing project known as Aliso Village, now known as Pueblo del Sol, in which AVHP caused the development of a two hundred one (201) unit low-income rental apartment project (the "Original Development").

D. WHEREAS, the Authority has formed and is the sole member and manager of the Lender.

E. WHEREAS, the Lender and Borrower desire to rehabilitate both phases of Pueblo del Sol to convert the public housing units in Pueblo del Sol to Section 8 units subsidized under the HUD Rental Assistance Demonstration ("RAD") Program and to convert certain units to Section 8 project-based voucher units, with the Property being the site of the first phase of the rehabilitation project.

F. WHEREAS, Borrower is a California limited partnership duly formed and authorized to do business in the State of California as Pueblo del Sol I Housing Partners, L.P., having Related/Pueblo del Sol I Development Co., L.L.C., a California limited liability company ("Related"), as its administrative general partner, and having LOMOD PDS LLC, a California limited liability company, or its affiliate, as its managing general partner.

G. WHEREAS, pursuant to the terms of that certain Disposition and Development Agreement for Pueblo del Sol-Phase I, between the Authority and Borrower, dated as of November 13, 2019 (the "DDA"), Borrower intends to rehabilitate the Original Development in accordance with the DDA, which rehabilitated development (the "Rental Development") will
consist of two hundred one (201) units of rental housing that comply with all applicable tax rules and regulations under Section 42 of the Internal Revenue Code of 1986, as amended.

H. WHEREAS, the Lender acquired fee title to the Original Improvements from AVHP as described in the DDA, as amended;

I. WHEREAS, to facilitate the rehabilitation of the Original Development, the Authority and Borrower will enter into a new ground lease of the Property and the Lender will sell the Original Improvements to Borrower in fee. The sale of the Original Improvements to the Borrower will be partially financed by seller carry-back financing in the form of the loan made by the Lender to the Borrower pursuant to this Agreement in the amount of Twenty-Two Million Eight Hundred Eight Thousand Dollars ($22,808,000).

J. WHEREAS, the Rental Development shall be owned and operated during the Tax Credit Compliance Period by Borrower, and the rent-restricted units shall be leased to income-qualified tenants at affordable rents pursuant to all applicable requirements. The Parties acknowledge that, pursuant to an option and right of first refusal agreement to be executed at or about the time of this Agreement, the Authority or its instrumentality shall have the right to exercise an option to purchase the Rental Development.

NOW, THEREFORE, in consideration of the foregoing and other valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 1. DEFINITIONS AND EXHIBITS; EFFECT OF DOCUMENTS

Section 1.1 Definitions.

The following capitalized terms have the meanings set forth in this Section 1.1 wherever used in this Agreement, unless otherwise provided:

(a) "Agreement" shall mean this Loan Agreement;

(b) "Approved Financing" shall mean all of the following loans acquired by the Borrower and approved by the Lender for the purpose of financing the Development, in addition to the Loan:

(i) the Bank Loan;

(ii) the Loan under this Agreement; and

(iii) Investor equity funds in the approximate amount of [Nineteen Million Sixty-Four Thousand Seven Hundred Forty-One and No/100 Dollars ($19,064,741)], approximately [Three Million Eight Hundred Twelve Thousand Nine Hundred Forty-Eight and No/100 Dollars ($3,812,948)] of which will be provided prior to Permanent Loan Conversion.

(c) "Authority" shall mean the Housing Authority of the City of Los Angeles, a public body, corporate and politic;
(d)  "AVHP" shall mean Aliso Village Housing Partners, L.P. a California limited partnership;

(e)  "Bank Loan" shall mean that certain tax-exempt loan from the Housing Authority of the City of Los Angeles to Borrower, as evidenced by a certain Multifamily Note in the approximate amount of [Thirty One Million Ninety Thousand and 00/100 Dollars] ($[31,090,000]), dated as of [____], 2020, as endorsed to the Citibank, N.A., a national banking association;

(f)  "Borrower" shall mean Pueblo del Sol I Housing Partners, L.P., a California limited partnership;

(g)  "Borrower's Leasehold Estate" shall mean Borrower's leasehold interest in the Property acquired pursuant to the Ground Lease;

(h)  "Closing" shall mean the date on which the Deed of Trust is recorded against the Borrower's Leasehold Estate;

(i)  "Controlling Interest" shall have the meaning set forth in Section 4.10(a) below;

(j)  "DDA" shall mean that certain Disposition and Development Agreement between the Authority and Borrower identified in Recital G;

(k)  "Deed of Trust" shall mean that certain Acquisition Loan Leasehold Deed of Trust, Fixture Filing, Assignment of Rents, and Security Agreement that will encumber the Borrower's Leasehold Estate and the Improvements to secure repayment of the Loan in the form provided by the Lender;

(l)  "Default" shall mean the occurrence of any event or circumstance described as such in Section 5.1, below;

(m)  "Excess Proceeds" shall have the meaning given in Section 4.3;

(n)  "Ground Lease" shall mean the lease entered into between the Authority as lessor and the Borrower as lessee, creating Borrower's Leasehold Estate;

(o)  "Hazardous Materials" shall have the meaning ascribed in the Ground Lease;

(p)  "HUD" shall mean the United States Department of Housing and Urban Development;

(q)  "Imposition" shall have the meaning set forth in Section 4.7(a);

(r)  "Improvements" shall mean the 201 affordable Units to be rehabilitated within the Rental Development, together with every other structure or other immovable property
affixed to the Property, of every kind and nature, to be acquired in fee by Borrower or later
constructed, and comprising part of the Rental Development;

(s) "Investor" shall mean GSB LIHTC Investor LLC, a Delaware limited
liability company and its successors and assigns;

(t) "Loan" shall mean the Lender seller-carryback loan to Borrower to be
made under this Agreement in the amount of Twenty-Two Million Eight Hundred Eight
Thousand Dollars ($22,808,000), as evidenced by the Note and secured by the Deed of Trust;

(u) "Loan Documents" shall mean this Agreement, the Note, and the Deed of
Trust;

(v) "LOMOD" shall mean LOMOD PDS LLC, a California limited liability
company, or such affiliate, successor, or assign thereof as the managing general partner of
Borrower pursuant to the Amended and Restated Partnership Agreement;

(w) "Net Cash Flow" shall have the meaning given in Section 2.6(b);

(x) "Note" shall mean the promissory note that will evidence Borrower's
obligation to repay the Loan in the form provided by the Lender;

(y) "Original Development" shall have the meaning given in Recital C;

(z) "Original Improvements" shall mean the improvements comprising the
Original Development;

(aa) "Party" or "Parties" shall mean the Lender and Borrower;

(bb) "Permanent Loan Conversion" shall mean the conversion of the tax-
exempt bond loan obtained by Borrower for the Rental Development from an interest-only
construction phase to an amortizing permanent phase. The Permanent Loan Conversion shall
occur after the Developer completes the rehabilitation and leases up the Rental Development.

(cc) "Property" shall mean the real property located in the City of Los Angeles,
County of Los Angeles, State of California, more particularly described in the attached
Exhibit A;

(dd) "RAD" means the HUD Rental Assistance Demonstration Program;

(ee) "Regulatory Agreements" shall mean, collectively, the RAD Use
Agreement, California Tax Credit Allocation Committee regulatory agreement, bond regulatory
agreement and any and all other regulatory agreements setting forth certain terms and conditions
under which the Rental Development will be operated, including by restricting Units for
occupancy by lower income households and placing limits on gross rents that may be charged to
tenants;
(ff) "Related" shall mean Related/Pueblo del Sol I Development Co., LLC, a California limited liability company, or such affiliate, successor, or assign thereof as the administrative general partner of Borrower pursuant to the Amended and Restated Partnership Agreement;

(gg) "Rental Development" shall mean the rehabilitated Original Development, as described in Recital G;

(hh) "Term" shall have the meaning set forth in Section 2.6(a);

(ii) "Transfer" shall have the meaning set forth in Section 4.9 below;

(jj) "TRCC" shall mean the Related Companies of California, LLC, a California limited liability company, the same being the parent company of Related;

(kk) "Unit" means one of the two hundred one (201) apartment units to be rehabilitated within the Rental Development.

Section 1.2 Exhibit.

The following exhibit is attached to this Agreement and incorporated into this Agreement by this reference:

EXHIBIT A: Legal Description of the Property

Section 1.3 Effect of Documents.

The Loan Documents, the DDA, and the Ground Lease shall all govern the rights and obligations of the Parties until the expiration of the Term of the DDA (as defined in the DDA) or other termination of the DDA ("DDA Termination"), each of which shall be interpreted to have full force and effect to the greatest extent possible; provided, however, that in the event of any inconsistency between the documents before the DDA termination, the DDA shall control as to issues of development and construction pertaining to the rehabilitation of the Rental Development. After DDA Termination, the Loan Documents and the Ground Lease exclusively shall govern the rights and obligations of the Parties with respect to the Property and the Rental Development, except where the DDA expressly provides that certain provisions shall survive termination. After termination of the Loan Documents, the Ground Lease exclusively shall govern the rights and obligations of the Parties with respect to the Property and the Rental Development, except where the Loan Documents expressly provide that certain provisions shall survive termination.

ARTICLE 2. LOAN PROVISIONS

Section 2.1 Loan.

To facilitate the sale of the Original Improvements to Borrower, the Lender shall provide Borrower seller carry-back financing in the form of the Loan in the principal amount of Twenty-Two Million Eight Hundred Eight Thousand Dollars ($22,808,000) for the purpose set forth in
Section 2.3 of this Agreement. The obligation to repay the Loan shall be evidenced by the Note in the form provided by the Lender and payable pursuant to Section 2.6, below.

Section 2.2 Interest.

The Loan shall earn interest at a rate of three percent (3%) per annum compounding annually.

Section 2.3 Use of Loan Funds.

The Loan is given as seller carry-back financing to assist Borrower in acquiring the Original Improvements and for no other purpose.

Section 2.4 Security.

Borrower shall secure its obligation to repay the Loan, as evidenced by the Note, by executing and recording the Deed of Trust on the Borrower's Leasehold Estate. The Deed of Trust shall be junior in lien priority to the deeds of trust securing the Bank Loan. The Lender agrees to subordinate the Deed of Trust to the lien of the deeds of trust securing the Bank Loan, provided the Lender receives adequate notice and cure rights pursuant to subordination agreements executed or agreed upon before Closing in a form approved by the Lender.

Section 2.5 Conditions Precedent to Closing.

The Lender shall not be obligated to proceed with the Closing under the Loan Documents unless and until each of the conditions precedent set forth in Sections 3.1 and 3.2 of the DDA have been satisfied or waived in accordance with the DDA.

Section 2.6 Repayment Schedule.

The Loan shall be repaid as follows:

(a) Term. The Loan and this Agreement shall have a term that expires on the earlier of: (i) the date that is fifty-five (55) years following the date of Permanent Loan Conversion; and (ii) the repayment of all principal and interest outstanding under the Loan (collectively, the "Term").

(b) Annual Payments. Commencing on ______ of the year following Permanent Loan Conversion, and on ______ of each year thereafter for the Term of the Loan, Borrower shall make repayments of the Loan from Net Cash Flow, as defined below, and seventy percent (70%) of Net Cash Flow shall be paid to the Lender toward the outstanding balance of the Loan until paid in full. Net Cash Flow to be inserted consistent with the DDA.

(c) Payment in Full. All principal and accrued interest on the Loan shall be due in full on the earlier to occur of, (i) the date of any Transfer not authorized by the Lender or otherwise permitted in accordance with this Agreement; (ii) the date of any Default; and (iii) the expiration of the Term.
(d) **Prepayment.** The Borrower shall have the right to prepay the Loan at any time without premium or penalty.

Section 2.7 **Reports and Accounting of Net Cash Flow.**

(a) **Audited Financial Statements.** In connection with the annual repayment of the Loan, the Borrower shall furnish to the Lender, on or before one hundred twenty (120) days after the end of Borrower's fiscal year, audited financial statements duly certified by an independent firm of certified public accountants reasonably acceptable to the Lender, setting forth the computation and amount of Net Cash Flow during the preceding calendar year and including an accounting of all revenue (including rental revenue, rental assistance payments and miscellaneous revenue), operating expenses, debt service payments, deposits to reserves and distributions to Borrower or other parties. The report shall include certification of the required deposits to, withdrawals from and balances of the replacement and operating reserves.

(b) **Accounting Records: Audit.** Borrower shall maintain on the Property, or at its primary office in Southern California, full and accurate books of account, records, cash receipts, and other pertinent data showing the Net Cash Flow relating to each calendar year, for a period of at least three (3) years following such calendar year. Such records shall include, without limitation, invoices, receipts, and other documentations of expenditures. The Lender shall have the right to inspect and audit such materials as set forth in subdivision (c) of this Section. If any audit by the Lender reveals that Borrower has underpaid any annual payment amounts owed under Section 2.6, above, then Borrower shall pay the amount of the underpayment promptly, together with interest thereon at the lesser of the maximum rate allowed by law or ten percent (10%). If the underpayment exceeds three percent (3%) of the correct amount, then Borrower shall also pay to the Lender the reasonable cost of such audit.

(c) **Inspection of Books and Records.** The Lender shall have the right, at its own cost and expense (except as set forth in Subsection (b) of this Section), from time to time upon five (5) days' prior written notice to Borrower, to inspect, copy, make transcripts of, and audit Borrower's books and records regarding the Rental Development as pertinent to the purposes of the Loan Documents, and to ascertain the accuracy of all payments to be made to the Lender under said Loan Documents. The Lender agrees to use its best efforts to conduct such inspections and audits in an orderly, non-disruptive manner. If the Lender finds any of Borrower's records insufficient, the Lender shall give Borrower written notice of the same, and Borrower shall have fifteen (15) calendar days from receipt of notice to correct the deficiency; provided that if more than fifteen (15) days reasonably are required to correct the deficiency, Borrower shall begin to correct the deficiency within fifteen (15) days, and shall correct the deficiency as soon as reasonably possible thereafter.

Section 2.8 **Non-Recourse.**

Except as provided below, neither the Borrower nor any partner of the Borrower shall have any direct or indirect personal liability for payment of the principal of, or interest on, the Loan or the performance of the covenants of the Borrower under the Deed of Trust. The sole recourse of the Lender with respect to the principal of, or interest on, the Note and defaults by Borrower in the performance of its covenants under the Deed of Trust shall be to the property
described in the Deed of Trust; provided, however, that nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for the Note of all the rights and remedies of the Lender thereunder, or (b) be deemed in any way to impair the right of the Lender to assert the unpaid principal amount of the Note as demand for money within the meaning and intention of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on the Note and the performance of the Borrower's obligations under the Deed of Trust, except as hereafter set forth; nothing contained herein is intended to relieve the Borrower of its obligation to indemnify the Lender under Section 7.4 of this Agreement, for liability for: (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by Borrower other than in accordance with the Deed of Trust; and (iv) the misappropriation of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Property.

ARTICLE 3. COMPLIANCE WITH THE DDA AND GROUND LEASE

Section 3.1 Compliance with the DDA.

Subject to Section 1.3 of this Agreement, Borrower shall comply with the DDA prior to the DDA Termination, and shall comply thereafter with any provisions of the DDA that expressly survive the DDA Termination. Without limiting the generality of the foregoing, Borrower shall comply specifically with the provisions of the DDA relating to the development and construction of the Rental Development, including, without limitation, those provisions set forth in Articles 5 and 6 of the DDA.

Section 3.2 Compliance with the Ground Lease.

Borrower shall comply in all with respects with the Ground Lease, including, without limitation, Article 7 regarding maintenance of the Rental Development.

ARTICLE 4. LOAN REQUIREMENTS

Section 4.1 Annual Operating Budgets and Reports to Lender.

(a) At least sixty (60) calendar days prior to the commencement of the Development’s fiscal year, Borrower shall submit to the Lender for its review and approval a proposed operating budget for the coming year, in a form satisfactory to the Lender. The proposed operating budget shall include projected income from all sources, projected expenses, including operating expenses, debt service and deposits to reserves. If the Lender has not responded to any submission of the proposed operating budget by Borrower within twenty (20) business days of receipt of such operating budget, the operating budget shall be deemed approved by the Lender.
(b) Not later than one hundred twenty (120) days after the close of each calendar year, Borrower shall submit to the Lender a statistical report, in form reasonably acceptable to the Lender, including income, occupancy, and rent data for all Units.

(c) In addition, within fifteen (15) days after receipt of a written request, Borrower shall provide any other information or completed forms reasonably requested by the Lender.

Section 4.2 Reserves.

Owner must deposit each year into a replacement reserve for the Property a minimum amount equal to $_____ per Unit. The Lender reserves the right to request an updated replacement reserve analysis every five (5) years. The Lender must approve in advance any withdrawal from the replacement reserve or the operating reserve in excess of $______.

Section 4.3 Post-Completion Audit; Cost Savings. No later than sixty (60) days following full occupancy of the Development, Borrower shall provide to Lender a financial accounting of all sources and uses of funds for the Development. Within ten (10) business days after Borrower’s receipt of its limited partner(s)’ capital contribution following the issuance of the IRS Form 8609 for the Project, Borrower shall pay to the Lender as a reduction of the outstanding principal balance of this Loan, a one-time payment in the amount of Excess Proceeds. “Excess Proceeds” shall mean the sum of all sources of financing received by Borrower for acquisition, construction and permanent financing of the Development, less the sum of actual uses as shown on the final cost certificate for the Development. In the event that any “upward tax credit adjuster” is paid to Borrower that has not been included in the calculation of Excess Proceeds pursuant to this Section, such amount shall be paid to the Lender as a reduction of the outstanding principal balance of this Note within thirty (30) days after Borrower’s receipt of such funds.

Section 4.4 Information and Reporting.

(a) Borrower shall provide any information reasonably requested by the Lender in connection with the Development within five (5) business days, unless a shorter or longer time is requested by the Lender, including all information the Lender may need to comply with HUD reporting requirements. Such HUD requirements may include, but are not limited to, monthly tracking of occupancy/vacancy, household size and income for all Units, including Units not subsidized by project- or tenant-based Section 8 vouchers.

(b) Such information and records may be inspected, copied, transcribed, or audited in a like manner as records described in Section 2.7 of this Agreement. Such information and records shall also be retained for the time period and in a like manner as records described in Section 2.7, unless HUD imposes additional requirements, including a longer retention period. Borrower shall correct any deficiency in its record keeping identified by the Lender on fifteen (15) days' written notice, in a like manner as described in Section 2.7.

Section 4.5 Hazardous Materials.
Borrower shall comply fully with Section 9.2 of the Ground Lease relating to Hazardous Materials, which is incorporated herein by this reference as though fully set forth, including all provisions for indemnification.

Section 4.6 Maintenance and Damage.

(a) Borrower hereby covenants that the Rental Development shall be maintained in a neat and orderly condition to the extent practicable and in accordance with industry health and safety standards. Any damage to the premises shall be repaired promptly in accordance with the Ground Lease, so as to protect the Lender's security interest in the Property.

(b) Notwithstanding anything to the contrary contained herein or in any of the Loan Documents, in the event of a casualty to the Property or any portion thereof or a condemnation affecting the Property or any portion thereof, if, as reasonably determined by Lender and Borrower, it is economically feasible to restore the Property to a physical condition substantially the same or functionally equivalent to that which existed prior to such casualty or condemnation, then (unless Lender and Borrower agree otherwise), Borrower shall deposit the insurance or condemnation proceeds, as applicable, into an account created by Borrower to be disbursed for reconstruction of the Property in accordance with such commercially reasonable construction disbursement requirements and procedures as Lender shall require. Notwithstanding the foregoing, to the extent that the holder of senior lien mortgage or deed of trust on the Property directs or consents to the rebuilding or restoration of the Property following a casualty or condemnation, Lender shall not declare a default hereunder and shall consent to such rebuilding or restoration and shall consent to the construction disbursement requirements and procedures required by such senior lien holder.

Section 4.7 Impositions and Utility Charges.

(a) Prior to delinquency, Borrower shall pay all fees, assessments, taxes, charges, and levies imposed by any public authority ("Impositions"), except that if any Imposition that Borrower is obligated to pay in whole or in part is permitted by law to be paid in installments, Borrower may pay or cause to be paid such Imposition (or its proportionate part thereof) in installments prior to delinquency. Upon the written request of the Lender, Borrower shall exhibit and deliver to the Lender evidence satisfactory to the Lender of payment of all Impositions. During the first and last years of the Term, all Impositions that shall become payable during each calendar, fiscal, or tax year, as applicable, shall be ratably adjusted on a per diem basis between Borrower and the Lender in accordance with the respective portions of such calendar, fiscal, or tax year during the Term. If any special assessments are payable in installments, Borrower shall pay only those installments that are due and for which the delinquency date occurs during the Term for periods occurring during the Term. The Parties acknowledge that Borrower intends to apply for an exemption for ad valorem taxes under Section 214(g) of the California Revenue and Taxation Code.

(b) Borrower may contest any Imposition as set forth in Article 5 of the Ground Lease.
(c) Borrower shall pay all utilities used, rendered, or supplied upon or in connection with the Rental Development including, but not limited to, all charges for gas, electricity, light, heat, or power, all telephone and other communications services, all water rents and sewer service charges, and all sanitation fees or charges levied or charged against the Property or Rental Development during the Term; provided, however, that Borrower shall have no responsibility hereunder for the payment of utilities supplied by the respective providers directly to Borrower's tenants for such tenants' use in connection with the occupancy of their respective Units. The Lender shall have no responsibility for the payment of utility costs.

(d) If Borrower shall fail to pay any Imposition or utility charge before the same becomes delinquent, the Lender may, at its election in order to protect its security interest, pay such Imposition or utility charge (but shall have no obligation to pay the same), together with any interest and penalties due thereon, and the amount so paid by the Lender shall be payable to the Lender by Borrower within 60 days after the Lender's demand.

Section 4.8 Notice of Litigation.

Borrower shall promptly notify the Lender in writing of any litigation materially affecting Borrower, the Property, or the Rental Development, and of any claims or disputes that involve a material risk of such litigation.

Section 4.9 Nondiscrimination.

(a) Borrower covenants by and for itself and its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, sex, sexual orientation, gender, gender identification, disability, marital status, ancestry, or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property or of the Rental Development by Borrower, nor shall Borrower or any person claiming under or through Borrower establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Rental Development.

(b) During the operation of the Rental Development, there shall be no discrimination by Borrower on the basis of race, color, creed, religion, sex, sexual orientation, gender, gender identification, marital status, national origin, ancestry, or disability in the hiring, firing, promoting, or demoting of any person engaged in the operation of the Rental Development.

Section 4.10 Transfer.

(a) For purposes of this Agreement, "Transfer" shall mean any attempt by Borrower to, (i) demolish all or any portion of the Rental Development; (ii) make or permit any voluntary or involuntary, total or partial, sale, lease, assignment, conveyance, mortgage, pledge, encumbrance, or other transfer of any or all of any interest of Borrower in the Property (including any of the Improvements); or (iii) transfer, convey, or assign, (x) any interest in a managing member, general partner, or controlling affiliate or stockholder (any such interest being referred to as a "Controlling Interest") in Borrower, (ii) a Controlling Interest in any entity
which has a Controlling Interest in Borrower, or (iii) any other interest in Borrower, or any partner or member thereof. The term "Transfer" also includes any assignment of the rights or duties under this Agreement, but excludes the leasing of any single Unit in the Rental Development to an occupant in compliance with the Regulatory Agreements.

(b) Except as provided in Article 16 of the Ground Lease, no Transfer shall be permitted without the prior written consent of the Lender, which the Lender may withhold in its discretion. The Loan shall automatically accelerate and be due in full upon any unauthorized Transfer. The Lender approves the grant of the security interests in the Property securing the Approved Financing, above, as well as the realization upon any security interest referenced therein. Further, the Parties hereby consent to the assignment by the Lender to the Authority, at any time, of any and all rights, duties, and obligations of the Lender under the Loan Documents.

(c) Any person to whom any Transfer is attempted without compliance with the requirements of this Section shall have no claim, right, or remedy whatsoever hereunder against the Lender, and the Lender shall have no duty to recognize any person claiming under or through the same.

Section 4.11 Insurance Requirements.

(a) During the Term, and without limiting Borrower's indemnification obligations hereunder, Borrower shall keep and maintain in force, at no cost or expense to the Lender, insurance in amounts required by, and in accordance with all provisions of, Article 6 of the Ground Lease, including, without limitation, "all risks" insurance covering all risks of physical loss or damage to the Rental Development, commercial general liability insurance, automobile liability insurance, and workers' compensation insurance.

(b) The obligations under this Section shall be subject to the terms and provisions of the Approved Financing documents, as set forth in Section 6.1 of the Ground Lease.

Section 4.12 Applicable Laws.

Borrower shall comply with all applicable federal, state and local laws, regulations and administrative requirements governing the Rehabilitation or the Rental Development, including any contractual obligations of any applicable housing assistance payments contract with the Authority. All such laws, regulations, administrative requirements, or contractual obligations shall govern in the event of any conflict with any provision of this Agreement.

Section 4.13 Construction Responsibility.

With respect to the Rehabilitation or subsequent construction activity, Borrower is solely responsible for all aspects of Borrower's conduct in connection with the Rental Development, including (but not limited to) the quality and suitability of the plans and specifications, the supervision of construction work, and the qualifications, financial condition, and performance of all architects, engineers, contractors, subcontractors, suppliers, consultants, and property managers. Any review or inspection undertaken by the Lender with reference to the Rental Development is solely for the purposes of determining whether Borrower is complying with its
obligations to the Lender, and may not be relied upon by Borrower or any third parties as a warranty or representation by the Lender as to the quality of the design or construction of the Rental Development.

Section 4.14 Regulatory Agreements.

Borrower shall, at all times throughout the Term, comply with all applicable requirements of the Regulatory Agreements for the term set forth in each such agreement unless the agreement is related pursuant to a foreclosure upon a mortgage; provided, however that, (i) in no event will any action be taken which violates Section 42(h)(6)(E)(ii) of the Internal Revenue Code of 1986, as amended, regarding prohibitions against evicting, terminating tenancies, or increasing rent of tenants for a period of three (3) years after acquisition of a building by foreclosure or deed-in-lieu of foreclosure; and (ii) following foreclosure or deed-in-lieu of foreclosure, the Rental Development shall thereafter be subject to a post-foreclosure rent restriction, as defined in the Ground Lease.

ARTICLE 5. DEFAULT AND REMEDIES

Section 5.1 Events of Default.

Each of the following shall constitute a "Default" by Borrower under this Agreement if not cured by Borrower or Investor within the cure periods set forth below:

(a) Failure to Construct. Any default under Section 10.1 of the DDA.

(b) Failure to Make Payment. Failure to repay the principal and any interest on the Loan within thirty (30) days of receipt of written notice from the Lender that such payment is due pursuant to the Loan Documents.

(c) Breach of Covenants. Failure by Borrower to duly perform, comply with, or observe any of the conditions, terms, or covenants of any of the Loan Documents or the DDA, such failure having continued uncured for thirty (30) days after receipt of written notice thereof from the Lender to the Borrower; provided, however, that if the breach cannot be cured within thirty (30) days, the Borrower shall not be in breach so long as Borrower is diligently undertaking to cure such breach as promptly as reasonably possible not to exceed one hundred ninety (90) days; and provided further that if a different period or notice requirement is specified under any other section of this Article 5, the specific provisions shall control.

(d) Default Under Other Loans. Failure to make any payment or perform any of Borrower's covenants, agreements, or obligations under the loan documents evidencing and securing the Approved Financing following expiration of all applicable notice and cure periods and the acceleration by such lender of all amounts due.

(e) Insolvency. If Borrower (i) is or becomes insolvent or bankrupt or otherwise ceases to pay its debts as they mature or makes any arrangement with or for the benefit of its creditors or consents to or acquiesces in the appointment of a receiver, trustee, or liquidator of the Rental Development or for any substantial part of it; (ii) institutes any bankruptcy, winding up, reorganization, insolvency, arrangement, or similar proceeding under the laws of
any jurisdiction, or any such proceeding is instituted against Borrower in any jurisdiction that is not stayed or dismissed within 90 days after its institution; (iii) files any action or answer admitting, approving, or consenting to any such proceeding; (iv) becomes subject to levy of any distress, execution, or attachment upon its property that interferes with its performance hereunder, and Borrower or Related (as applicable) fails within 90 days to discharge such levy, execution, or attachment, or to substitute another entity (whether or not an affiliate of Borrower or Related) acceptable to the Lender to perform the obligation of Borrower without material delay in performance; or (v) is convicted of any criminal offense or violation of the law.

(f) Fraud or Willful Misconduct. Any fraud or willful misconduct on the part of Borrower or Related with respect to this Agreement.

(g) Suspension; Termination. Borrower shall have voluntarily suspended its business, or Borrower shall have been dissolved or terminated other than a technical termination of the partnership for tax purposes.

(h) Liens on Development. There shall be filed any claim of lien (other than liens approved in writing by the Lender) against the Rental Development or any part thereof, or any interest or right made appurtenant thereto, or the service of any notice to withhold proceeds of the Loan and the continued maintenance of said claim of lien or notice to withhold for a period of twenty (20) days without discharge or satisfaction thereof or provision therefor (including, without limitation, the posting of bonds) satisfactory to the Lender.

(i) Condemnation. The condemnation, seizure, or appropriation of all or the substantial part of the Property and the Rental Development.

(j) Unauthorized Transfer. Any Transfer other than as permitted by Section 4.9.

(k) Representation or Warranty Incorrect. Any Borrower representation or warranty contained in this Agreement proving to have been knowingly incorrect in any material respect when made. After completion of the Improvements, Default may be declared under this subsection only if the failure of representation or warranty also has a material adverse effect on the operation of the Rental Development.

Section 5.2 Notice to Investor.

The Lender shall give to Investor at the address set forth in Section 7.9 hereof a duplicate copy of all notices of default or other notices that Lender may give to or serve in writing upon Borrower pursuant to the terms of this Agreement. The address of Investor set forth in Section 7.9 may be changed upon written notice delivered to Lender in the manner specified in Section 7.9 herein below. No notice of default given to Borrower shall be effective until the Investor receives such notice.

Section 5.3 Right of Investor to Cure.

The Investor shall have the right, but not the obligation, to cure any Default of Borrower during any applicable cure period described in the Loan Documents.
Section 5.4 Remedies.

The occurrence of any Default hereunder, following the expiration of all applicable notice and cure periods set forth in this Article, will give the Lender the right to proceed with any and all remedies set forth in this Agreement and the Loan Documents, including but not limited to the following:

(a) Acceleration of Note. The Lender shall have the right to cause all indebtedness of the Borrower to the Lender under this Agreement and the Note, together with any accrued interest thereon, to become immediately due and payable. The Borrower waives all right to presentment, demand, protest or notice of protest or dishonor. The Lender may proceed to enforce payment of the indebtedness and to exercise any or all rights afforded to the Lender as a creditor and secured party under the law including the Uniform Commercial Code, including foreclosure under the Deed of Trust. The Borrower shall be liable to pay the Lender on demand all reasonable expenses, costs and fees (including, without limitation, reasonable attorneys' fees and expenses) paid or incurred by the Lender in connection with the collection of the Loan and the preservation, maintenance, protection, sale, or other disposition of the security given for the Loan.

(b) Specific Performance. The Lender shall have the right to mandamus or other suit, action or proceeding at law or in equity to require Borrower to perform its obligations and covenants under the Loan Documents or to enjoin acts on things which may be unlawful or in violation of the provisions of the Loan Documents.

(c) Right to Cure at Borrower's Expense. The Lender shall have the right (but not the obligation) to cure any monetary default by Borrower under a loan other than the Loan. The Borrower agrees to reimburse the Lender for any funds advanced by the Lender to cure a monetary default by Borrower upon demand therefor, together with interest thereon at the lesser of the maximum rate permitted by law or ten percent (10%) per annum from the date of expenditure until the date of reimbursement.

Section 5.5 Right of Contest.

Borrower shall have the right to contest in good faith any claim, demand, levy, or assessment the assertion of which would constitute a Default hereunder. Any such contest shall be prosecuted diligently and in a manner that is not prejudicial to the Lender or the rights of the Lender hereunder.

Section 5.6 Remedies Cumulative.

No right, power, or remedy given to the Lender by the terms of this Agreement or the Loan Documents is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given to the Lender by the terms of any such instrument, or by any statute or otherwise against Borrower and any other person. Neither the failure nor any delay on the part of the Lender to exercise any such rights and remedies shall operate as a waiver thereof, nor shall any single or partial exercise by the Authority of any such right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy.
ARTICLE 6. REPRESENTATIONS AND WARRANTIES OF BORROWER

Section 6.1 Borrower's Warranty of Good Standing and Lender.

Borrower hereby represents and warrants to the Lender as follows:

(a) Organization. Borrower is duly organized and validly existing and is (or shall be prior to the commencement of activities under this Agreement) in good standing under the laws of the State of California, and has the power and authority to own its property and carry on its business as now being conducted. Borrower shall provide an opinion to this effect from its counsel at the time of execution of this Agreement.

(b) Authority of Borrower. Borrower has full power and authority to execute and deliver this Agreement and to make and accept the borrowings contemplated hereunder, to execute and deliver the Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, and to perform and observe the terms and provisions of all of the above.

(c) Authority of Persons Executing Documents. This Agreement and the Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement have been or will be executed and delivered by persons who are duly authorized to execute and deliver the same for and on behalf of Borrower, and all actions required under Borrower's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and the Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, have been duly taken (to the extent such actions are required as of the date of execution and delivery of the above-named documents).

(d) Valid and Binding Agreements. This Agreement and the Loan Documents and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will when so executed and delivered constitute, legal, valid and binding obligations of Borrower enforceable against it in accordance with their respective terms, subject to the laws affecting creditors rights and principles of equity.

(e) No Breach of Law or Agreement. To the best knowledge of Borrower, after due inquiry, neither the execution nor delivery of this Agreement and the Loan Documents or of any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Agreement, nor the performance of any provision, condition, covenant or other term hereof or thereof, will conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency whatsoever binding on Borrower, or any provision of the organizational documents of Borrower, or will conflict with or constitute a breach of or a default under any agreement to which Borrower is a party, or will result in the creation or imposition of any lien upon any assets or property of Borrower, other than liens established pursuant to the Loan Documents.

(f) Pending Proceedings. Except as disclosed in writing to Lender prior to execution of this Agreement, to the best knowledge of Borrower, after due inquiry, Borrower is
not in default under any law or regulation or under any order of any court, board, commission or agency whatsoever, and, to the best of its knowledge, there are no claims, actions, suits or proceedings pending or, to the knowledge of Borrower, threatened against or affecting Borrower or the Development, at law or in equity, before or by any court, board, commission or agency whatsoever.

(g) Financial Statements. The financial statements of Borrower and other financial data and information furnished by Borrower to the Lender fairly present the information contained therein. As of the date of this Agreement, there has not been any adverse, material change in the financial condition of Borrower from that shown by such financial statements and other data and information.

ARTICLE 7. GENERAL PROVISIONS

Section 7.1 Relationship of Parties.

Nothing contained in this Agreement shall be interpreted or understood by any of the Parties, or by any third persons, as creating the relationship of employer and employee, principal and agent, limited or general partnership, or joint venture between the Lender and Borrower or its agents, employees or contractors, and Borrower shall at all times be deemed an independent contractor and shall be wholly responsible for the manner in which it or its agents, or both, perform the services required of it by the terms of this Agreement. Borrower has and retains the right to exercise full control of employment, direction, compensation, and discharge of all persons assisting in the performance of services under the Agreement. In regards to the acquisition of the Property, construction of the Improvements, and operation of the Rental Development, Borrower shall be solely responsible for all matters relating to payment of its employees, including compliance with Social Security, withholding, and all other laws and regulations governing such matters, and shall include requirements in each contract that contractors shall be solely responsible for similar matters relating to their employees. Borrower shall be solely responsible for its own acts and those of its agents and employees.

Section 7.2 No Claims.

Nothing contained in this Agreement shall create or justify any claim against the Lender by any person that Borrower may have employed or with whom Borrower may have contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the acquisition of the Property, the construction of the Improvements, or the operation of the Rental Development, and Borrower shall include similar requirements in any contracts entered into for the acquisition of the Property, the construction of the Improvements, or the operation of the Rental Development.

Section 7.3 Amendments.

No alteration or variation of the terms of this Agreement shall be valid unless made in writing by the Parties.

Section 7.4 Indemnification.
Notwithstanding any other provision of any of the Loan Documents to the contrary, Borrower hereby agrees to indemnify, protect, hold harmless, and defend (by counsel reasonably satisfactory to the Lender) the Lender, its commissioners, officers, directors, agents, and employees from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith, including, but not limited to, reasonable attorneys' fees and expenses, arising from or relating to Borrower's obligations under this Agreement, and the rehabilitation or operations of the Rental Development, except to the extent caused by the gross negligence or willful misconduct of the Lender, any of its commissioners, officers, directors, affiliates, agents, or employees.

Section 7.5 Non-Liability of Lender Officials, Employees and Agents.

No commissioner, officer, director, agent, or employee of the Lender shall be personally liable to Borrower in the event of any default or breach by the Lender, for any amount which may become due to Borrower or its successors or assigns, or on any obligation under the terms of this Agreement.

Section 7.6 No Third Party Beneficiaries.

There shall be no third party beneficiaries to this Agreement.

Section 7.7 Discretion Retained By Lender.

The Lender's execution of this Agreement in no way limits the discretion of the Lender in the review and approval process in connection with development of the Development.

Section 7.8 Conflict of Interest.

Borrower represents and warrants that to its actual knowledge, no member, official, employee, agent, consultant, or contractor of the Lender or of the City of Los Angeles has any direct or indirect personal interest in this Agreement or has participated in any decision relating to this Agreement that affects his or her personal interests or the interests of any corporation, partnership, partnership, or other entity in which he or she is, directly or indirectly, interested. Borrower further represents and warrants to the Lender that it has not paid or given, and will not pay or give, to any third party (other than as specifically set forth in the Loan Documents, the Ground Lease, or the DDA) any money or consideration for obtaining this Agreement.

Section 7.9 Notices, Demands and Communications.

Formal notices, demands, and communications under this Agreement shall be sufficiently given if, and shall not be deemed given unless, dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered by express delivery service, return receipt requested, or delivered personally, to the principal office of the Parties as follows:

Lender:
HACLA PDS LLC  
c/o Housing Authority of the City of Los Angeles  
2600 Wilshire Blvd.  
Los Angeles, CA 90057  
Attention: Doug Guthrie,  
President and Chief Executive Officer  

With a copy to:  

Goldfarb & Lipman LLP  
1300 Clay Street, 11th Floor  
Oakland, CA 94612  
Attention: Michelle D. Brewer  

Borrower:  

Pueblo del Sol I Housing Partners, L.P.  
c/o The Related Companies of California, LLC  
18201 Von Karman Avenue, Suite 900  
Irvine, CA 92612  
Attention: Frank Cardone  

with a copy to:  

Bocarsly Emden Cowan Esmail & Arndt, LLP  
633 W. Fifth Street, 64th Floor  
Los Angeles, CA 90071  
Attention: Lance Bocarsly, Esq.  

Investor:  

GSB LIHTC INVESTOR LLC  
Urban Investment Group  
c/o Goldman Sachs Group  
200 West Street  
New York, New York 10282  
Attention: Urban Investment Group Portfolio Manager  
Email: gs-uig-portfolio-manager@gs.com  

with a copy to:  

GSB LIHTC INVESTOR LLC  
Urban Investment Group  
c/o Goldman Sachs Group  
200 West Street  
New York, NY 10282 Attention:  
Scott Maxfield Email:  
scott.maxfield@gs.com
with a copy to:

gs-uig-docs@gs.com

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected Party (or the Investor) may from time to time designate by mail as provided in this Section. Receipt shall be deemed to have occurred on the date shown on a written receipt as the date of delivery or refusal of delivery (or attempted delivery if undeliverable). Copies of notice, sent to Borrower shall also be sent to any limited partner of Borrower who requests such notice in writing and provides its address.

Section 7.10 Applicable Law.

This Agreement shall be governed by California law.

Section 7.11 Parties Bound.

Except as otherwise limited herein, the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their heirs, executors, administrators, legal representatives, successors, and assigns. This Agreement is intended to run with the land and shall bind Borrower and its successors and assigns in the Property and the Rental Development for the entire Term, and the benefit hereof shall inure to the benefit of the Lender and its successors and assigns.

Section 7.12 Attorneys' Fees.

In the event that any action, suit, or proceeding is brought for the enforcement of, or the declaration of, any right or obligation pursuant to this Agreement or as a result of any alleged breach of any provision of this Agreement, each Party shall bear its own costs and expenses, including attorneys' fees, and any judgment or decree rendered in such a proceeding shall not include an award thereof.

Section 7.13 Severability.

If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

Section 7.14 Force Majeure.

In addition to specific provisions of this Agreement, performance by either Party shall not be deemed to be in default where delays or defaults are due any cause beyond the control and without the fault or negligence of the Party. Such causes shall include, without limitation, (i) acts of God or of the public enemy; (ii) court order, acts, delays, failure or refusal to act on the part of a government entity in either its sovereign or contractual capacity; (iii) acts of a
contractor (other than the Party asserting the existence of a force majeure) or subcontractor, in
the performance of an agreement with the Lender (and not pursuant to a contract with the Party);
(iv) riots, war, or acts of terrorism; (v) fires; (vi) floods or earthquakes; (vii) pandemics; (viii)
quarantine restrictions; (ix) strikes or lockouts; (x) freight embargoes; (xi) litigation not due to a
default by the Party asserting the existence of a force majeure, or its affiliates; (xii) non-issuance
of permits; (xiii) lack of HUD approval, if required; (xiv) unusually severe weather; (xv)
the presence of hazardous materials or archeological finds on the Property; or (xvi) delays of
subcontractors or suppliers at any tier arising from unforeseeable causes and not the fault of the
Party asserting the existence of a force majeure. An extension of time for any cause will be
deemed granted if notice by the Party claiming such extension is sent to the other within ten (10)
days from the commencement of the cause and such extension of time is not rejected in writing
by the other Party within ten (10) days of receipt of the notice. In no event shall the Lender be
required to agree to cumulative delays in excess of one hundred eighty (180) days.

Section 7.15 Lender Approval.

(a) For all actions requiring Lender approval, Borrower shall submit the
request for approval and supporting information with a notice that bears a bold face legend
substantially as follows: “Important: Your Response is Required in ___ [insert number of
days from applicable provision of this Agreement] Days.”

(b) The Lender shall have a specified number of days to respond in writing.
Lender’s response, if not an approval, must include the basis for any objection in reasonable
detail and suggested modifications to obtain approval. Unless otherwise specified in the Loan
Documents, the amount of response time shall be stated in the notice, and shall be proportionate
to the type and magnitude of the decision. For example, but not in limitation, the decision time
for emergency situations shall be shorter than the time for review and approval of budgets.

(c) If Borrower does not receive a response within the specified number of
days, it may send the Lender a notice of non-response, which shall be delivered care of the
Authority and to the President and Chief Executive Officer of the Authority in accordance with
the formal notice provisions hereof and which shall bear the bold-faced legend, “Important:
Notice of Non-response.” Following the giving of this notice, the Lender will have five (5)
days in which to respond. If the Lender does not respond within such five (5) days, the Lender
shall be deemed to have approved the action.

(d) Whenever this Agreement calls for Lender approval, consent, or waiver,
the written approval, consent, or waiver of the President and Chief Executive Officer of the
Authority shall constitute the approval, consent, or waiver of the Lender, without further
authorization required from the Lender board. Any consents or approvals required under this
Agreement shall not be unreasonably withheld or made, except where it is specifically provided
that a sole discretion standard applies. The President and Chief Executive Officer is also hereby
authorized to approve, on behalf of the Lender, requests by Borrower for reasonable extensions
of time deadlines set forth in this Agreement. The Lender shall not unreasonably delay in
reviewing and approving or disapproving any proposal by Borrower made in connection with
this Agreement.
Section 7.16 Waivers.

Any waiver by the Lender of any obligation or condition in this Agreement must be in writing. No waiver will be implied from any delay or failure by the Lender to take action on any breach or default of Borrower or to pursue any remedy allowed under this Agreement or applicable law. Any extension of time granted to Borrower to perform any obligation under this Agreement shall not operate as a waiver or release from any of its obligations under this Agreement. Consent by the Lender to any act or omission by Borrower shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for the Lender's written consent to future waivers.

Section 7.17 Title of Parts and Sections.

Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in interpreting any part of the Agreement's provisions.

Section 7.18 Entire Understanding of the Parties.

This Agreement constitutes the entire understanding and agreement of the Parties with respect to the Loan.

Section 7.19 Multiple Originals; Counterpart.

This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

Section 7.20 Exhibits.

Exhibits A is incorporated into and hereby made a part of this Agreement.
WHEREAS, this Agreement has been entered into by the undersigned as of the date first above written.

LENDER:

HACLA PDS LLC, a California limited liability company

By: HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic, its sole member and manager

By: __________________________

Name: __________________________

Its: ___________________________

APPROVED AS TO FORM:

By: ____________________________
Counsel to HACLA PDS LLC

APPROVED AS TO FORM AND LEGALITY:

GOLDFARB & LIPMAN LLP,
Authority Special Counsel

By: ____________________________
Michelle Brewer, Esq.
BORROWER:

PUEBLO DEL SOL I HOUSING PARTNERS, L.P., a California limited partnership

By: Related/Pueblo del Sol I Development Co., LLC, a California limited liability company, its administrative general partner

By: ______________________
    Frank Cardone, President

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

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

By: ______________________
    Tina Smith-Booth, President
EXHIBIT A

The land referred to is situated in the County of Los Angeles, City of Los Angeles, State of California, and is described as follows:
PROMISSORY NOTE
(Pueblo del Sol-Phase I)

$22,808,000 Los Angeles, California
____________, 2020

FOR VALUE RECEIVED, the undersigned, PUEBLO DEL SOL I HOUSING PARTNERS, L.P., a California limited partnership ("Borrower"), promises to pay to the order of HACLA PDS LLC, a California limited liability company ("the Lender") at its office at 2600 Wilshire Boulevard, Los Angeles, CA 90057, or at such other place or places as the holder of this Note may from time to time designate, in lawful money of the United States, the principal sum of Twenty-Two Million Eight Hundred Eight Thousand Dollars ($22,808,000), plus interest thereon pursuant to Section 2 below.

1. Borrower's Obligation.

This promissory note (the "Note") evidences the Borrower's obligation to pay the Lender the principal amount of Twenty-One Million Eight Hundred Fifteen Thousand Dollars ($21,815,000) for the funds loaned to the Borrower by the Lender as seller-financing for the acquisition of the Original Development described in the Acquisition Loan Agreement between the Borrower and the Lender of even date herewith (the "Loan Agreement"). All capitalized terms not otherwise defined in this Note shall have the meanings set forth in the Loan Agreement.

2. Interest.

The outstanding principal balance of this Note shall bear interest at a rate of three percent (3%) per annum compounding annually, as set forth in the Loan Agreement; provided, however, that if a Default occurs, interest on the principal balance shall begin to accrue, as of the date of the Default and continuing until such time as the Loan funds are repaid in full or the Default is cured, at the default rate of the lesser of ten percent (10%), compounded annually, or the highest rate permitted by law.

3. Term and Repayment Requirements.

The term of this Note (the "Term") shall commence on the date of this Note and shall expire on the earlier of: (i) the date that is fifty-five (55) years following the date of Permanent Loan Conversion; or (ii) the repayment of all outstanding principal and interest due under this Note. This Note shall be due and payable as set forth in Section 2.6 of the Loan Agreement.

4. Assumption.

Borrower consents to the assignment of this Note, and of all rights, duties, and obligations of the Lender under this Note, by the Lender to the Housing Authority of the City of Los Angeles, a public body corporate and politic. This Note shall not be assumable by the
successors and assigns of Borrower without the prior written consent of the Lender, except as provided in the Loan Agreement.

5. **Security.**

This Note is secured by a Leasehold Deed of Trust, Fixture Filing, Assignment of Rents and Security Agreement (the "Deed of Trust"), of even date herewith, wherein the Borrower is the Trustor and the Lender is the Beneficiary, covering the Borrower's Leasehold Estate.

6. **Terms of Payment.**

   (a) All payments due under this Note shall be paid in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

   (b) All payments on this Note shall be paid to the holder of this Note at the Housing Authority of the City of Los Angeles, 2600 Wilshire Boulevard, Los Angeles, CA 90057, Attention: President and Chief Executive Officer, or to such other place as the Lender may from time to time designate.

   (c) All payments on this Note shall be without expense to the Lender, and the Borrower agrees to pay all costs and expenses, including re-conveyance fees and reasonable attorneys' fees of the Lender incurred in connection with the payment of this Note and the release of any security hereof.

   (d) Notwithstanding any other provision of this Note, or any instrument securing the obligations of the Borrower under this Note, if, for any reason whatsoever, the payment of any sums by the Borrower pursuant to the terms of this Note would result in the payment of interest which would exceed the amount that the Lender may legally charge under the laws of the State of California, then the amount by which payments exceeds the lawful interest rate shall automatically be deducted from the principal balance owing on this Note, so that in no event shall the Borrower be obligated under the terms of this Note to pay any interest which would exceed the lawful rate.

   (e) This Note shall be nonrecourse to the Borrower, pursuant to, and except as provided in Section 2.8 of the Loan Agreement.

7. **Default.**

   (a) Subject to the notice and cure periods set forth in the Loan Agreement, any of the following shall constitute an event of default under this Note:

      i. Any failure to pay, in full, any payment required under this Note within ten (10) days of written notice that such payment is due;

      ii. Any failure in the performance by the Borrower of any term, condition, provision or covenant set forth in this Note subject to the notice and cure period set forth in Section 5.1 of the Loan Agreement;
iii. The occurrence of any event of Default under the Loan Agreement or Deed of Trust or other instrument securing the obligations of the Borrower under this Note, subject to notice and cure periods, if any, set forth therein.

(b) Upon the occurrence of such an event of default, subject to all applicable notice and cure periods, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under this Note and the Deed of Trust shall at the option of the Lender become immediately due and payable upon written notice by the Lender to the Borrower without further demand.

(c) The failure to exercise the remedy set forth in Subsection 7(b) above or any other remedy provided by law upon the occurrence of one or more of the foregoing events of default shall not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other default. The acceptance by the Lender of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of the Lender, except as and to the extent otherwise provided by law. Any cure of any default or event of default made or tendered hereunder by the Investor shall be accepted or rejected on the same basis as if made or tendered by Borrower.

8. Waivers.

(a) The Borrower hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, and notice of dishonor of this Note. The Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time, and that the Lender may accept further security or release any security for this Note, all without in any way affecting the liability of the Borrower.

(b) No extension of time for payment of this Note or any installment hereof made by agreement by the Lender with any person now or hereafter liable for payment of this Note shall operate to release, discharge, modify, change or affect the original liability of the Borrower under this Note, either in whole or in part.

(c) The obligations of the Borrower under this Note shall be absolute and the Borrower waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reason whatsoever.


(a) All notices to the Lender or the Borrower shall be given in the manner and at the addresses set forth in the Loan Agreement, or to such addresses as the Lender and the Borrower may hereinafter designate. Copies of notices to Borrower from the Lender shall also be provided by the Lender to the Investor at the address set forth in the Loan Agreement.

(b) The Borrower promises to pay all costs and expenses, including reasonable attorneys' fees, incurred by the Lender in the enforcement of the provision of this Note.
(c) This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

(d) This Note shall be governed by and construed in accordance with the laws of the State of California.

(e) The times for the performance of any obligations hereunder shall be strictly construed, time being of the essence.

(f) This document, together with the Loan Documents, contains the entire agreement between the parties as to the Loan.

(g) The indebtedness evidenced by this Note is and shall be subordinate in right of payment to the prior payment in full of all amounts then due and payable (including, but not limited to, all amounts due and payable by virtue of any default or acceleration or upon maturity) with respect to the indebtedness evidenced by the Note (as defined by that certain Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing by the Borrower in favor of the Housing Authority of the City of Los Angeles, in its capacity as Governmental Lender thereunder, and assigned to U.S. Bank National Association, a national banking association, as fiscal agent, on behalf of Citibank, N.A.), in the original maximum principal amount of $31,090,000, executed by Borrower and payable to Citibank, N.A. (“Senior Lender”), to the extent and in the manner provided in that certain Subordination and Intercreditor Agreement, dated as of October 1, 2020, between Senior Lender and the holder of this Note (the “Subordination Agreement”). The rights and remedies of the payee and each subsequent holder of this Note shall be deemed, by virtue of such holder’s acquisition of this Note, to have agreed to perform and observe all of the terms, covenants and conditions to be performed or observed by the “Junior Lender” under the Subordination Agreement.
IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered on the date set forth above.

BORROWER:

PUEBLO DEL SOL I HOUSING PARTNERS,
L.P., a California limited partnership

By: Related/Pueblo del Sol I Development Co.,
    LLC, a California limited liability company, its
    administrative general partner

By: ______________________________
    Frank Cardone, President

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

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

By: ______________________________
    Tina Smith-Booth, President
ACQUISITION LOAN
LEASEHOLD DEED OF TRUST, FIXTURE FILING, ASSIGNMENT OF RENTS,
AND SECURITY AGREEMENT
(Pueblo del Sol-Phase I)

THIS LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS AND SECURITY
AGREEMENT ("Deed of Trust") is made as of __________, 2020, by and among PUEBLO
DEL SOL I HOUSING PARTNERS, L.P., a California limited partnership ("Trustor"),
__________________________, a California corporation ("Trustee"), and HACLA PDS LLC, a
California limited liability company ("Beneficiary").

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein
recited and the trust herein created, the receipt of which is hereby acknowledged, Trustor hereby
irrevocably grants, transfers, conveys and assigns to Trustee, IN TRUST, WITH POWER OF
SALE, for the benefit and security of Beneficiary, under and subject to the terms and conditions
hereinafter set forth, Trustor's leasehold interest in the property located in the City of Los
Angeles, County of Los Angeles, State of California, that is described in the attached Exhibit A,
incorporated herein by this reference (the "Property").

TOGETHER WITH all interest, estates or other claims, both in law and in equity which
Trustor now has or may hereafter acquire in the Property and the rents;

TOGETHER WITH all easements, rights-of-way and rights used in connection therewith
or as a means of access thereto, including (without limiting the generality of the foregoing) all
tenements, hereditaments and appurtenances thereof and thereto;

TOGETHER WITH any and all buildings and improvements of every kind and
description now or hereafter erected thereon, and all property of the Trustor now or hereafter
affixed to or placed upon the Property;

TOGETHER WITH all building materials and equipment now or hereafter delivered to
said property and intended to be installed therein;
TOGETHER WITH all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Property, and any and all sidewalks, alleys and strips and areas of land adjacent to or used in connection with the Property;

TOGETHER WITH all estate, interest, right, title, other claim or demand, of every nature, in and to such property, including the Property, both in law and in equity, including, but not limited to, all deposits made with or other security given by Trustor to utility companies, the proceeds from any or all of such property, including the Property, claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Trustor now has or may hereafter acquire, any and all awards made for the taking by eminent domain or by and proceeding or purchase in lieu thereof of the whole or any part of such property, including without limitation, any awards resulting from a change of grade of streets and awards for severance damages to the extent Beneficiary has an interest in such awards for taking as provided in Article 4 herein; and

TOGETHER WITH all of Trustor's interest in all building materials, fixtures, equipment, work in process and other personal property to be incorporated into the Property; all goods, materials, supplies, fixtures, equipment, machinery, furniture and furnishings, signs and other personal property now or hereafter appropriated for use on the Property, whether stored on the Property or elsewhere, and used or to be used in connection with the Property; all rents, issues and profits, and all inventory, accounts, accounts receivable, contract rights, general intangibles, chattel paper, instruments, documents, notes, drafts, letters of credit, insurance policies, insurance and condemnation awards and proceeds, trade names, trademarks and service marks arising from or related to the Property and any business conducted thereon by Trustor; all replacements, additions, accessions and proceeds; and all books, records and files relating to any of the foregoing.

All of the foregoing, together with the Property, is herein referred to as the "Security." To have and to hold the Security together with acquittances to the Trustee, its successors and assigns forever.

FOR THE PURPOSE OF SECURING:

A. Payment of just indebtedness of Trustor to Beneficiary as set forth in the Note (defined in Article 1 below) until paid or cancelled. Said principal, interest and other payments shall be due and payable as provided in the Note. Said Note and all its terms are incorporated herein by reference, and this conveyance shall secure any and all extensions thereof, however evidenced; and

B. Payment of any sums advanced by Beneficiary to protect the Security pursuant to the terms and provisions of this Deed of Trust following a breach of Trustor's obligation to advance said sums and the expiration of any applicable cure period, with interest thereon as provided herein; and

C. Performance of every obligation, covenant or agreement of Trustor contained herein and in the Loan Documents (defined in Section 1.3 below).
AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

ARTICLE 1.
DEFINITIONS

In addition to the terms defined elsewhere in this Deed of Trust, the following terms shall have the following meanings in this Deed of Trust:

Section 1.1. The term "Hazardous Materials" means any oil or any fraction thereof or petroleum products or "hazardous substance" as defined in Section 101(14) of CERCLA (42 U.S.C. Section 9601(14) or Section 25281(h) or 25316 of the California Health and Safety Code at such time; any "hazardous waste," "infectious waste" or "hazardous material" as defined in Section 25117, 25117.5 or 25501(j) of the California Health and Safety Code at such time; any other waste, substance or material designated or regulated in any way as "toxic" or "hazardous" in the RCRA (42 U.S.C. Section 6901 et seq.), CERCLA Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), Safe Drinking Water Act (42 U.S.C. Section 300(f) et seq.), Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), Clean Air Act (42 U.S.C. Section 7401 et seq.), California Health and Safety Code (Section 25100 et seq., Section 39000 et seq.), or California Water Code (Section 13000 et seq.), at such time; and any additional wastes, substances or material which at such time are classified, considered or regulated as hazardous or toxic under any other present or future environmental or other similar laws relating to the Property, but excluding any substances or materials used in the rehabilitation or the maintenance or operation of the Rental Development, so long as the same are used in accordance with all applicable laws.

Section 1.2. The term "Hazardous Materials Law" means all federal, state, and local laws, ordinances, regulations, orders and directives pertaining to Hazardous Materials in, on or under the Property or any portion thereof.

Section 1.3. The term "Loan Agreement" means that certain Acquisition Loan Agreement between the Trustor and the Beneficiary, of even date herewith, providing for the Beneficiary to loan to the Trustor Twenty-One Million Eight Hundred Fifteen Thousand Dollars ($21,815,000) to assist in acquisition of certain improvements located on the Property, as provided in the Loan Agreement. Terms not defined elsewhere in this Deed of Trust shall have the meaning ascribed to them in the Loan Agreement.

Section 1.4. The term "Loan Documents" means this Deed of Trust, the Note, the Loan Agreement, and any other debt, loan or security instruments between Trustor and the Beneficiary relating to the Property.

Section 1.5. The term "Note" means that certain promissory note in the amount of Twenty-One Million Eight Hundred Fifteen Thousand Dollars ($21,815,000) of even date herewith executed by the Trustor in favor of the Beneficiary, the payment of which is secured by this Deed of Trust. (Copies of the Note are on file with the Beneficiary and terms and provisions of the Note are incorporated herein by reference.) The Note shall be nonrecourse to Trustor, pursuant to and except as provided in Section 2.8 of the Loan Agreement.
Section 1.6. The term "Principal" means the principal amount of the loan secured hereby, in the amount of Twenty-One Million Eight Hundred Fifteen Thousand Dollars ($21,815,000), as stated in the Note.

ARTICLE 2.
MAINTENANCE AND MODIFICATION OF THE PROPERTY AND SECURITY

Section 2.1. Maintenance and Modification of the Property by Trustor.

The Trustor agrees that at all times prior to full payment of the sum owed under the Note, the Trustor will, at the Trustor's own expense, maintain, preserve and keep the Security or cause the Security to be maintained and preserved in good condition. The Trustor will from time to time make or cause to be made all repairs, replacements and renewals deemed proper and necessary by it. The Beneficiary shall have no responsibility in any of these matters or for the making of improvements or additions to the Security.

The Trustor agrees to pay fully and discharge (or cause to be paid fully and discharged) all claims for labor done and for material and services furnished in connection with the Security, diligently to file or procure the filing of a valid notice of cessation upon the event of a cessation of labor on the work or construction on the Security for a continuous period of thirty (30) days or more, and to take all other reasonable steps to forestall the assertion of claims of lien against the Security of any part thereof. The Trustor irrevocably appoints, designates and authorizes the Beneficiary as its agent (said agency being coupled with an interest) with the authority, but without any obligation, to file for record any notices of completion or cessation of labor or any other notice that the Beneficiary deems necessary or desirable to protect its interest in and to the Security or the Loan Documents; provided, however, that the Beneficiary shall exercise its rights as agent of the Trustor only in the event that the Trustor shall fail to take, or shall fail to diligently continue to take, those actions as hereinbefore provided.

Upon demand by Beneficiary, the Trustor shall make or cause to be made such demands or claims as the Beneficiary shall specify upon laborers, materialmen, subcontractors or other persons who have furnished or claim to have furnished labor, services or materials in connection with the Security. Nothing herein contained shall require the Trustor to pay any claims for labor, materials or services which the Trustor in good faith disputes and is diligently contesting provided that the Trustor shall, within thirty (30) days after the filing of any claim of lien, record in the Office of the Registrar-Recorder/County Clerk of the County of Los Angeles, a surety bond in an amount one and one-half times the amount of such claim item to protect against a claim of lien.

Section 2.2. Granting of Easements.

Trustor may not grant easements, licenses, rights-of-way or other rights or privileges in the nature of easements with respect to any property or rights included in the Security except those required or desirable for installation and maintenance of public utilities including, without limitation, water, gas, electricity, sewer, telephone or those required by law, including easements, licenses, rights-of-way or similar rights or privileges required as conditions of approval of any subdivision map or other entitlement necessary to develop the Property in the
manner contemplated by the parties. As to these exceptions, Beneficiary will grant and/or direct the Trustee to grant such easements as requested by Trustor in writing.

Section 2.3. Assignment of Rents.

As part of the consideration for the indebtedness evidenced by the Note, Trustor hereby absolutely and unconditionally assigns and transfers to Beneficiary all the rents and revenues of the Property including those now due, past due, or to become due by virtue of any lease or other agreement for the occupancy or use of all or any part of the Property, regardless of to whom the rents and revenues of the Property are payable. Trustor hereby authorizes Beneficiary or Beneficiary’s agents to collect the aforesaid rents and revenues and hereby directs each tenant of the Property to pay such rents to Beneficiary or Beneficiary’s agents; provided, however, that prior to written notice given by Beneficiary to Trustor of the breach by Trustor of any covenant or agreement of Trustor in the Loan Documents, Trustor shall collect and receive all rents and revenues of the Property as trustee for the benefit of Beneficiary and Trustor to apply the rents and revenues so collected to the sums secured by this Deed of Trust with the balance, so long as no such breach has occurred, to the account of Trustor, it being intended by Trustor and Beneficiary that this assignment of rents constitutes an absolute assignment and not an assignment for additional security only. Upon delivery of written notice by Beneficiary to Trustor of any covenant or agreement of Trustor in the Loan Documents, after the expiration of applicable notice and cure periods, and without the necessity of Beneficiary entering upon and taking and maintaining full control of the Property in person, by agent or by a court-appointed receiver, Beneficiary shall immediately be entitled to possession of all rents and revenues of the Property as specified in this Section 2.3 as the same become due and payable, including but not limited to rents then due and unpaid, and all such rents shall immediately upon delivery of such notice be held by Trustor as trustee for the benefit of Beneficiary only; provided, however, that the written notice by Beneficiary to Trustor of the breach by Trustor shall contain a statement that Beneficiary exercises its rights to such rents. Trustor agrees that commencing upon delivery of such written notice of Trustor’s breach by Beneficiary to Trustor, each tenant of the Property shall make such rents payable to and pay such rents to Beneficiary or Beneficiary’s agents on Beneficiary’s written demand to each tenant therefor, delivered to each tenant personally, by mail or by delivering such demand to each rental unit, without any liability on the part of said tenant to inquire further as to the existence of a default by Trustor.

Except pursuant to financing approved by the Beneficiary, Trustor hereby covenants that Trustor has not executed any prior assignment of said rents, that Trustor has not performed, and will not perform, any acts or has not executed and will not execute, any instrument which would prevent Beneficiary from exercising its rights under this Section 2.3, and that at the time of execution of this Deed of Trust, there has been no anticipation or prepayment of any of the rents of the Property for more than two (2) months prior to the due dates of such rents. Trustor covenants that Trustor will not hereafter collect or accept payment of any rents of the Property more than two (2) months prior to the due dates of such rents. Trustor further covenants that Trustor will execute and deliver to Beneficiary such further assignments of rents and revenues of the Property as Beneficiary may from time to time request.
Upon Trustor's breach of any covenant or agreement of Trustor in the Loan Documents, and following the expiration of applicable notice and cure periods, Beneficiary may in person, by agent or by a court-appointed receiver, regardless of the adequacy of Beneficiary's security, enter upon and take and maintain full control of the Property in order to perform all acts necessary and appropriate for the operation and maintenance thereof including, but not limited to, the execution, cancellation or modification of leases, the collection of all rents and revenues of the Property, the making of repairs to the Property and the execution or termination of contracts providing for the management or maintenance of the Property, all on such terms as are deemed best to protect the security of this Deed of Trust. In the event Beneficiary elects to seek the appointment of a receiver for the Property upon Trustor's breach of any covenant or agreement of Trustor in this Deed of Trust and following the expiration of applicable notice and cure periods, Trustor hereby expressly consents to the appointment of such receiver. Beneficiary or the receiver shall be entitled to receive a reasonable fee for so managing the Property.

All rents and revenues collected subsequent to delivery of written notice by Beneficiary to Trustor of the breach by Trustor of any covenant or agreement of Trustor in the Loan Documents shall be applied first to the costs, if any, of taking control of and managing the Property and collecting the rents, including, but not limited to, attorney's fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the Property, premiums on insurance policies, taxes, assessments and other charges on the Property, and the costs of discharging any obligation or liability of Trustor as lessor or landlord of the Property and then to the sums secured by this Deed of Trust. Beneficiary or the receiver shall have access to the books and records used in the operation and maintenance of the Property and shall be liable to account only for those rents actually received. Beneficiary shall not be liable to Trustor, anyone claiming under or through Trustor or anyone having an interest in the Property by reason of anything done or left undone by Beneficiary under this Section 2.3.

If the rents of the Property are not sufficient to meet the costs, if any, of taking control of and managing the Property and collecting the rents, any funds expended by Beneficiary for such purposes shall become indebtedness of Trustor to Beneficiary secured by this Deed of Trust pursuant to Section 3.3 hereof. Unless Beneficiary and Trustor agree in writing to other terms of payment, such amounts shall be payable upon notice from Beneficiary to Trustor requesting payment thereof and shall bear interest from the date of disbursement at the rate stated in Section 3.3.

Any entering upon and taking and maintaining of control of the Property by Beneficiary or the receiver and any application of rents as provided herein shall not cure or waive any default hereunder or invalidate any other right or remedy of Beneficiary under applicable law or provided herein. This assignment of rents of the Property shall terminate at such time as this Deed of Trust ceases to secure indebtedness held by Beneficiary.

ARTICLE 3.
TAXES AND INSURANCE; ADVANCES

Section 3.1. Taxes, Other Governmental Charges and Utility Charges.
Trustor shall pay, or cause to be paid, prior to the date of delinquency, all taxes, assessments, charges and levies imposed by any public authority or utility company which are or may become a lien affecting the Security or any part thereof; provided, however, that Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as (a) the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings, and (b) Trustor maintains reserves adequate to pay any liabilities contested pursuant to this Section 3.1. With respect to taxes, special assessments or other similar governmental charges, Trustor shall pay such amount in full prior to the attachment of any lien thereon on any part of the Security; provided, however, if such taxes, assessments or charges may be paid in installments, Trustor may pay in such installments. Except as provided in clause (b) of the first sentence of this paragraph, the provisions of this Section 3.1 shall not be construed to require that Trustor maintain a reserve account, escrow account, impound account or other similar account for the payment of future taxes, assessments, charges and levies.

In the event that Trustor shall fail to pay any of the foregoing items required by this Section to be paid by Trustor, Beneficiary may (but shall be under no obligation to) pay the same, after the Beneficiary has notified the Trustor of such failure to pay and the Trustor fails to fully pay such items within seven (7) business days after receipt of such notice. Any amount so advanced therefor by Beneficiary, together with interest thereon from the date of such advance at the maximum rate permitted by law, shall become an additional obligation of Trustor to the Beneficiary and shall be secured hereby, and Trustor agrees to pay all such amounts.

Section 3.2. Provisions Respecting Insurance.

Trustor agrees to provide insurance conforming in all respects to that required under the Loan Documents during the course of construction and following completion, and at all times until all amounts secured by this Deed of Trust have been paid and all other obligations secured hereunder fulfilled, and this Deed of Trust reconveyed.

All such insurance policies and coverages shall be maintained at Trustor's sole cost and expense. Certificates of insurance for all of the above insurance policies, showing the same to be in full force and effect, shall be delivered to the Beneficiary upon demand therefor at any time prior to the Beneficiary's receipt of the entire Principal and all amounts secured by this Deed of Trust.

Trustor is aware that California Civil Code Section 2955.5(a) provides that no lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.

Section 3.3. Advances.

In the event the Trustor shall fail to maintain the full insurance coverage required by this Deed of Trust or shall fail to keep the Security in accordance with the Loan Documents, the Beneficiary, after at least seven (7) days prior notice to Trustor, may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and all
amounts so advanced therefor by the Beneficiary shall become an additional obligation of the Trustor to the Beneficiary (together with interest as set forth below) and shall be secured hereby, which amounts the Trustor agrees to pay on the demand of the Beneficiary, and if not so paid, shall bear interest from the date of the advance at the lesser of ten percent (10%) per annum or the maximum rate permitted by law.

ARTICLE 4.
DAMAGE, DESTRUCTION OR CONDEMNATION

Section 4.1. Insurance Proceeds.

Subject to the rights of senior lenders and the terms of the Loan Agreement, all judgments, awards of damages, settlements and compensation made in connection with or in lieu of (1) taking of all or any part of or any interest in the Property by or under assertion of the power of eminent domain, (2) any damage to or destruction of the Property or in any part thereof by insured casualty, and (3) any other injury or damage to all or any part of the Property ("Funds") are hereby assigned to and shall be paid to the Beneficiary by a check made payable to the Beneficiary. The Beneficiary is authorized and empowered (but not required) to collect and receive any funds and is authorized to apply them in whole or in part upon any indebtedness or obligation secured hereby, in such order and manner as the Beneficiary shall determine at its sole option. The Beneficiary shall be entitled to settle and adjust all claims under insurance policies provided under this Deed of Trust and may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in connection with any such settlement or adjustment. All or any part of the amounts so collected and recovered by the Beneficiary may be released to Trustor upon such conditions as the Beneficiary may impose for its disposition. Application of all or any part of the Funds collected and received by the Beneficiary or the release thereof shall not cure or waive any default under this Deed of Trust. The rights of the Beneficiary under this Article 4 are subject to the rights of any senior mortgage Beneficiary and to the rights of lessor under the ground lease. Notwithstanding the provisions of this Section 4.1, the Beneficiary shall release the Funds to Trustor to be used to reconstruct the improvements on the Property provided that Beneficiary reasonably determines that Trustor has sufficient funds to rebuild.

Section 4.2. Reconstruction of the Property.

Notwithstanding anything to the contrary, but subject to the rights of senior lenders, contained herein or in any of the documents evidencing or securing the Loan, in the event of a casualty to the Security (or any portion thereof) or a condemnation affecting the Security or any portion thereof: if, as reasonably determined by Trustor and Beneficiary, adequate proceeds are available to restore the Security to a physical condition substantially the same or functionally equivalent to that which existed prior to such casualty or condemnation, then (unless Trustor and Beneficiary agree otherwise), Trustor shall deposit the insurance or condemnation proceeds, as applicable, into an account created by Trustor to be disbursed for reconstruction of the Security in accordance with such commercially reasonable construction disbursement requirements and procedures as Beneficiary shall require. Notwithstanding the foregoing, to the extent that the holder of senior lien mortgage or deed of trust on the Property directs or consents to the rebuilding or restoration of the Property following a casualty or condemnation, Beneficiary shall
not declare a default hereunder and shall consent to such rebuilding or restoration and shall consent to the construction disbursement requirements and procedures required by such senior lien holder.

ARTICLE 5.
AGREEMENTS AFFECTING THE PROPERTY; FURTHER ASSURANCES; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.1. Other Agreements Affecting Property.

The Trustor shall duly and punctually perform all terms, covenants, conditions and agreements binding upon it under the Loan Documents and any other agreement of any nature whatsoever now or hereafter involving or affecting the Security or any part thereof.

Section 5.2. Agreement to Pay Attorneys' Fees and Expenses.

In the event of any Event of Default (as defined below) hereunder, and if the Beneficiary should employ attorneys or incur other expenses for the collection of amounts due or the enforcement of performance or observance of an obligation or agreement on the part of the Trustor in this Deed of Trust, the Trustor agrees that it will, on demand therefor, pay to the Beneficiary the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Beneficiary; and any such amounts paid by the Beneficiary shall be added to the indebtedness secured by the lien of this Deed of Trust, and shall bear interest from the date such expenses are incurred at the lesser of ten percent (10%) per annum or the maximum rate permitted by law.

Section 5.3. Payment of the Principal.

The Trustor shall pay to the Beneficiary the Principal and any other payments as set forth in the Note in the amounts and by the times set out or referred to therein.

Section 5.4. Personal Property.

To the maximum extent permitted by law, the personal property subject to this Deed of Trust shall be deemed to be fixtures and part of the real property and this Deed of Trust shall constitute a fixtures filing under the California Commercial Code. As to any personal property not deemed or permitted to be fixtures, this Deed of Trust shall constitute a security agreement under the California Commercial Code.

Section 5.5. Financing Statement.

The Trustor shall execute and deliver to the Beneficiary such financing statements pursuant to the appropriate statutes, and any other documents or instruments as are required to convey to the Beneficiary a valid perfected security interest in the Security. The Trustor agrees to perform all acts which the Beneficiary may reasonably request so as to enable the Beneficiary to maintain such valid perfected security interest in the Security in order to secure the payment of the Note in accordance with its terms. The Beneficiary is authorized to file a copy of any such
financing statement in any jurisdiction(s) as it shall deem appropriate from time to time in order to protect the security interest established pursuant to this instrument.

Section 5.6. Operation of the Security.

The Trustor shall operate the Security (and, in case of a transfer of a portion of the Security subject to this Deed of Trust, the transferee shall operate such portion of the Security) in full compliance with the Loan Documents.

Section 5.7. Inspection of the Security.

At any and all reasonable times upon twenty-four (24) hours' prior written notice, the Beneficiary and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right, without payment of charges or fees, to inspect the Security.

Section 5.8. Nondiscrimination.

The Trustor herein covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, gender, gender identity, disability, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Security, nor shall the Trustor or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the Security. The foregoing covenants shall run with the land.

ARTICLE 6.
HAZARDOUS WASTE

Section 6.1. Covenants.

The Trustor hereby covenants and agrees that:

(a) Trustor shall not knowingly permit the Property or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Materials or otherwise knowingly permit the presence of Hazardous Materials in, on or under the Property in violation of any applicable law;

(b) Trustor shall keep and maintain the Property and each portion thereof in compliance with, and shall not cause or permit the Property or any portion thereof to be in violation of, any Hazardous Materials Laws;

(c) Upon receiving actual knowledge of the same, Trustor shall immediately advise Beneficiary in writing of:
(1) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against Trustor or the Property pursuant to any applicable Hazardous Materials Laws;

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

(3) the presence of any Hazardous Materials in, on or under the Property in such quantities which require reporting to a government agency; or

(4) Trustor's discovery of any occurrence or condition in violation of the provisions of California Health and Safety Code Sections 25220 et seq., or any regulation relating thereto, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Property under any Hazardous Materials Laws.

If Beneficiary reasonably determines that Trustee is not adequately responding to a Hazardous Material Claim or any condition in described in this Section, Beneficiary shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any such Hazardous Materials Claims and to have its reasonable attorney’s fees in connection therewith paid by the Lessee.

(d) Without Beneficiary's prior written consent, which shall not be unreasonably withheld or delayed, Trustor shall not take any remedial action in response to the presence of any Hazardous Materials on, under, or about the Property (other than in emergency situations or as required by governmental agencies having jurisdiction), nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Materials Claims.

Section 6.2. Trustor's Knowledge.

The Trustor hereby acknowledges and agrees that the Trustor's duties, obligations and liabilities under this Deed of Trust are in no way limited or otherwise affected by any information the Beneficiary may have concerning the Security and/or the presence within the Security of any Hazardous Materials, whether the Beneficiary obtained such information from the Trustor or from its own investigations.

Section 6.3. Indemnification.

(a) Trustor hereby agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to Beneficiary) Beneficiary, its board members, directors, commissioners, officers, agents, successors, assigns and employees (the “Indemnitees”) from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but
not limited to, attorney’s fees and expenses), arising directly or indirectly, in whole or in part, out of:

(1) The failure of Trustor or any other person or entity on or after the execution date hereof, to comply with any Hazardous Materials Law relating in any way whatsoever to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation or disposal of Hazardous Materials into, on, under or from the Property;

(2) Any release or discharge of any Hazardous Materials into, on, under or from the Property, arising on or after execution date hereof, or the presence in, on, or under the Property of any Hazardous Materials that occurs on the Property after the execution date hereof; or

(3) Any activity or omission of activity carried on or undertaken on or off the Property, on or after the execution date hereof, and whether by Trustor or any employees, agents, contractors or subcontractors of Trustor or any successor in title that is related to Trustor occupying or present on the Property, in connection with the handling, treatment, removal, storage, decontamination, cleanup, transport or disposal of any Hazardous Materials located or present on or under the Property. Trustor’s indemnity obligations as they pertain to activities occurring off the Property shall only extend to activities performed by or arising from activities performed by Trustor or any employees, agents, contractors or subcontractors of Trustor.

The foregoing indemnity shall further apply to any residual contamination on or under the Property, or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the generation, use, handling, treatment, storage, transport or disposal of any such Hazardous Materials, and irrespective of whether any of such activities were or will be undertaken in accordance with Hazardous Materials Laws. The provisions of this subsection shall survive the termination of this Deed of Trust, and shall remain in full force and effect. This indemnity obligation shall not extend to any claim arising from the Beneficiary's gross negligence or willful misconduct.

Section 6.4. Beneficiary's Rights.

The Trustor hereby acknowledges and agrees that: (i) this Article is intended as the Beneficiary’s written request for information (and the Trustor’s response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5; and (ii) each representation and warranty in this Deed of Trust or any of the other Loan Documents (together with any indemnity applicable to a breach of any such representation and warranty) with respect to the environmental condition of the property is intended by the Beneficiary and the Trustor to be an "environmental provision" for purposes of California Code of Civil Procedure Section 736.

In the event that any portion of the Property is determined to be "environmentally impaired" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an "affected parcel" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting the Beneficiary's or the Trustee's rights and remedies under this Deed of Trust, the Beneficiary may elect to exercise its
rights under California Code of Civil Procedure Section 726.5(a) to (1) waive its lien on such environmentally impaired or affected portion of the Property and (2) exercise (a) the rights and remedies of an unsecured creditor, including reduction of its claim against the Trustor to judgment, and (b) any other rights and remedies permitted by law. For purposes of determining the Beneficiary's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), the Trustor shall be deemed to have willfully permitted or acquiesced in a release or threatened release of Hazardous Materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of Hazardous Materials was knowingly or negligently caused or contributed to by any lessee, occupant, or user of any portion of the Property and the Trustor knew or should have known of the activity by such lessee, occupant, or user which caused or contributed to the release or threatened release. All costs and expenses, including (but not limited to) attorneys' fees, incurred by the Beneficiary in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the lesser of ten percent (10%) or the maximum rate permitted by law, until paid, shall be added to the indebtedness secured by this Deed of Trust and shall be due and payable to the Beneficiary upon its demand made at any time following the conclusion of such action.

ARTICLE 7.
EVENTS OF DEFAULT AND REMEDIES

Section 7.1. Events of Default.

The following shall constitute Events of Default: (1) failure to make any payment to be paid by Trustor under the Loan Documents, after the expiration of any notice and cure period set forth therein; or (2) failure to observe or perform any of Trustor's other covenants, agreements or obligations under the Loan Documents, including, without limitation, the provisions concerning discrimination, after the expiration of any notice and cure period set forth therein.

Section 7.2. Acceleration of Maturity.

If an Event of Default shall have occurred and be continuing, then at the option of the Beneficiary, the amount of any payment related to the Event of Default and the unpaid Principal of the Note shall immediately become due and payable, upon written notice by the Beneficiary to the Trustor (or automatically where so specified in the Loan Documents), and no omission on the part of the Beneficiary to exercise such option when entitled to do so shall be construed as a waiver of such right.

Section 7.3. The Beneficiary's Right to Enter and Take Possession.

If an Event of Default shall have occurred and be continuing, the Beneficiary may:

(a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, enter upon the Security and take possession thereof (or any part thereof) and of any of the Security, in its own name or in the name of Trustee, and do any acts which it deems
necessary or desirable to preserve the value or marketability of the Property, or part thereof or interest therein, increase the income therefrom or protect the security thereof. The entering upon and taking possession of the Security shall not cure or waive any Event of Default or Notice of Default (as defined below) hereunder or invalidate any act done in response to such Default or pursuant to such Notice of Default and, notwithstanding the continuance in possession of the Security, Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust, or by law upon occurrence of any Event of Default, including the right to exercise the power of sale;

(b) Commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

(c) Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Security to be sold ("Notice of Default and Election to Sell"), which notice Trustee or Beneficiary shall cause to be duly filed for record in the Official Records of the County of Los Angeles ("Official Records"); or

(d) Exercise all other rights and remedies provided herein, in the instruments by which the Trustor acquires title to any Security, or in any other document or agreement now or hereafter evidencing, creating or securing all or any portion of the obligations secured hereby, or provided by law.

Section 7.4. Foreclosure By Power of Sale.

Should the Beneficiary elect to foreclose by exercise of the power of sale herein contained, the Beneficiary shall give notice to the Trustee (the "Notice of Sale") and shall deposit with Trustee this Deed of Trust which is secured hereby (and the deposit of which shall be deemed to constitute evidence that the unpaid principal amount of the Note is immediately due and payable), and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

(a) Upon receipt of such notice from the Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Default and Election to Sell as then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Default and Election to Sell and after Notice of Sale having been given as required by law, sell the Security, at the time and place of sale fixed by it in said Notice of Sale, whether as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as it may determine unless specified otherwise by the Trustor according to California Civil Code Section 2924g(b), at public auction to the highest bidder, for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed or any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale, and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.
(b) After deducting all reasonable costs, fees and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale to payment of: (i) the unpaid Principal amount of the Note; (ii) all other amounts owed to Beneficiary under the Loan Documents; (iii) all other sums then secured hereby; and (iv) the remainder, if any, to Trustor.

(c) Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new Notice of Sale.

Section 7.5. Receiver.

If an Event of Default shall have occurred and be continuing, Beneficiary, as a matter of right and without further notice to Trustor or anyone claiming under the Security, and without regard to the then value of the Security or the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Security (or a part thereof), and Trustor hereby irrevocably consents to such appointment and waives further notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases, and all the powers and duties of Beneficiary in case of entry as provided herein, and shall continue as such and exercise all such powers until the date of confirmation of sale of the Security, unless such receivership is sooner terminated.

Section 7.6. Remedies Cumulative.

No right, power or remedy conferred upon or reserved to the Beneficiary by this Deed of Trust is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity.

Section 7.7. No Waiver.

(a) No delay or omission of the Beneficiary to exercise any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy, or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every right, power and remedy given by this Deed of Trust to the Beneficiary may be exercised from time to time and as often as may be deemed expeditious by the Beneficiary. No consent or waiver, expressed or implied, by the Beneficiary to any breach by the Trustor in the performance of the obligations hereunder shall be deemed or construed to be a consent to or waiver of performance of any other obligations of the Trustor hereunder. Failure on the part of the Beneficiary to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by the Beneficiary of its right hereunder or impair any rights, power or remedies consequent on any Event of Default by the Trustor.

(b) If the Beneficiary: (i) grants forbearance or an extension of time for the payment of any sums secured hereby; (ii) takes other or additional security or the payment of any
sums secured hereby; (iii) waives or does not exercise any right granted in the Loan Documents; (iv) releases any part of the Security from the lien of this Deed of Trust, or otherwise changes any of the terms, covenants, conditions or agreements in the Loan Documents; (v) consents to the granting of any easement or other right affecting the Security, or (vi) makes or consents to any agreement subordinating the lien hereof, any such act or omission shall not release, discharge, modify, change or affect the original liability under this Deed of Trust, or any other obligation of the Trustor or any subsequent purchaser of the Security or any part thereof, or any maker, co-signer, endorser, surety or guarantor (unless expressly released); nor shall any such act or omission preclude the Beneficiary from exercising any right, power or privilege herein granted or intended to be granted in any Event of Default then made or of any subsequent Event of Default, nor, except as otherwise expressly provided in an instrument or instruments executed by the Beneficiary shall the lien of this Deed of Trust be altered thereby.

Section 7.8. Suits to Protect the Security.

The Beneficiary shall have power to (a) institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Security and the rights of the Beneficiary as may be unlawful or any violation of this Deed of Trust, (b) preserve or protect its interest (as described in this Deed of Trust) in the Security, and (c) restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement for compliance with such enactment, rule or order would impair the Security thereunder or be prejudicial to the interest of the Beneficiary.


In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting the Trustor, its creditors or its property, the Beneficiary, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of the Beneficiary allowed in such proceedings and for any additional amount which may become due and payable by the Trustor hereunder after such date.

Section 7.10. Waiver.

The Trustor waives presentment, demand for payment, notice of dishonor, notice of protest and nonpayment, protest, notice of interest on interest and late charges, and diligence in taking any action to collect any sums owing under the Note or in proceedings against the Security, in connection with the delivery, acceptance, performance, default, endorsement or guaranty of this Deed of Trust.

ARTICLE 8.
MISCELLANEOUS

Section 8.1. Amendments.
This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by Beneficiary and Trustor.

Section 8.2. Reconveyance by Trustee.

Upon written request of Beneficiary stating that all sums secured hereby have been paid or forgiven and all obligations under the Loan Documents have been performed in full, and upon surrender of this Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee shall reconvey the Security to Trustor, or to the person or persons legally entitled thereto.

Section 8.3. Notices.

If at any time after the execution of this Deed of Trust it shall become necessary or convenient for one of the parties hereto to serve any notice, demand or communication upon the other party, such notice, demand or communication shall be in writing and shall be served personally or by depositing the same in the registered United States mail, return receipt requested, postage prepaid and (1) if intended for Beneficiary shall be addressed to:

HACLA PDS LLC  
c/o Housing Authority of the City of Los Angeles  
2600 Wilshire Boulevard  
Los Angeles, CA 90057  
Attention: Douglas Guthrie, President and Chief Executive Officer

with a copy to:

Goldfarb & Lipman LLP  
1300 Clay Street, 11th Floor  
Oakland, CA 94612  
Attention: Michelle D. Brewer

and (2) if intended for Trustor shall be addressed to:

Pueblo del Sol I Housing Partners, L.P.  
c/o The Related Companies of California, LLC  
18201 Von Karman Avenue, Suite 900  
Irvine, CA 92612  
Attention: Frank Cardone

with a copy to:

Bocarsly Emden Cowan Esmail & Arndt, LLP  
633 W. Fifth Street, 64th Floor  
Los Angeles, CA 90071  
Attention: Lance Bocarsly
and (3) if intended for Investor shall be addressed to:

GSB LIHTC INVESTOR LLC
Urban Investment Group
c/o Goldman Sachs Group
200 West Street
New York, New York 10282
Attention: Urban Investment Group Portfolio Manager
Email: gs-uig-portfolio-manager@gs.com

with a copy to:
GSB LIHTC INVESTOR LLC
Urban Investment Group
c/o Goldman Sachs Group
200 West Street
New York, NY 10282 Attention:
Scott Maxfield Email:
scott.maxfield@gs.com

with a copy to:
gs-uig-docs@gs.com

Any notice, demand or communication shall be deemed given, received, made or communicated on the date personal delivery is effected or, if mailed in the manner herein specified, on the delivery date or date delivery is refused by the addressee, as shown on the return receipt. Either party may change its address at any time by giving written notice of such change to Beneficiary or Trustor as the case may be, in the manner provided herein, at least ten (10) days prior to the date such change is desired to be effective. Beneficiary hereby agrees that any cure of an Event of Default made or tendered hereunder by the Trustor's investor limited partner shall be accepted or rejected on the same basis as if made or tendered by Trustor.

Section 8.4. Assignees, Successors and Joint Trustors.

The Trustor consents to the assignment by the Beneficiary of any and all rights, duties, and obligations of the Beneficiary under this Deed of Trust, to the Housing Authority of the City of Los Angeles, a public body, corporate and politic. Where an obligation is created herein binding upon Trustor, the obligation shall also apply to and bind any transferee or successors in interest. Where the terms of the Deed of Trust have the effect of creating an obligation of the Trustor and a transferee, such obligation shall be deemed to be a joint and several obligation of the Trustor and such transferee. Where Trustor is more than one entity or person, all obligations of Trustor shall be deemed to be a joint and several obligation of each and every entity and person comprising Trustor (but excluding any limited partner of Trustor).
Section 8.5. **Captions.**

The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Deed of Trust.

Section 8.6. **Invalidity of Certain Provisions.**

Every provision of this Deed of Trust is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court or other body of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Security, the unsecured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid or applied to the full payment of that portion of the debt which is not secured or partially secured by the lien of this Deed of Trust.

Section 8.7. **Governing Law.**

This Deed of Trust shall be governed by and construed in accordance with the laws of the State of California.

Section 8.8. **Gender and Number.**

In this Deed of Trust the singular shall include the plural and the masculine shall include the feminine and neuter and vice versa, if the context so requires.

Section 8.9. **Deed of Trust, Mortgage.**

Any reference in this Deed of Trust to a mortgage shall also refer to a deed of trust and any reference to a deed of trust shall also refer to a mortgage.

Section 8.10. **Actions.**

Trustor agrees to appear in and defend any action or proceeding purporting to affect the Security.

Section 8.11. **Substitution of Trustee.**

Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the Property is situated, shall be conclusive proof of proper appointment of the successor trustee.
Section 8.12. Statute of Limitations.

The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law.

Section 8.13. Acceptance by Trustee.

Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law the Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action of proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

ARTICLE 9.
LIMITATIONS ON CONVEYANCE

Section 9.1. Tax Credit Provisions.

Notwithstanding anything to the contrary contained herein or in any documents secured by this Deed of Trust or contained in any subordination agreement, the Beneficiary acknowledges and agrees that in the event of a foreclosure or deed-in-lieu of foreclosure (collectively, "Foreclosure") with respect to the property encumbered by this Deed of Trust, the following rule contained in Section 42(h)(6)(E)(ii) of the Internal Revenue Code of 1986, as amended, shall apply:

For a period of three (3) years from the date of Foreclosure, with respect to any unit that had been regulated by the regulatory agreement with the California Tax Credit Allocation Committee: (i) none of the tenants occupying those units at the time of Foreclosure may be evicted or their tenancy terminated (other than for good cause); (ii) nor may any rent be increased except as otherwise permitted under Section 42 of the Code.
IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first above written.

TRUSTOR:

PUEBLO DEL SOL I HOUSING PARTNERS,
L.P., a California limited partnership

By: Related/Pueblo del Sol I Development Co.,
LLC, a California limited liability company, its
administrative general partner

By: ____________________________
Frank Cardone, President

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

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

By: ____________________________
Tina Smith-Booth, President
BENEFICIARY:

HACLA PDS LLC, a California limited liability company

By: HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic, its sole member and manager

By: ____________________________

Name: __________________________

Its: ____________________________

APPROVED AS TO FORM:

By: ____________________________

Counsel to HACLA PDS LLC

APPROVED AS TO FORM AND LEGALITY:

GOLDFARB & LIPMAN LLP, Authority Special Counsel

By: ____________________________

Michelle Brewer, Esq.
STATE OF CALIFORNIA                        )
COUNTY OF _____________________________ )

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

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

WITNESS my hand and official seal.

Name: __________________________________________
Notary Public
STATE OF CALIFORNIA )
COUNTY OF ___________________ )

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

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

WITNESS my hand and official seal.

______________________________
Name: _________________________
Notary Public
EXHIBIT A

Legal Description

(Pueblo del Sol-Phase I)

The land referred to is situated in the County of Los Angeles, City of Los Angeles, State of California, and is described as follows:
OPTION AND RIGHT OF FIRST REFUSAL AGREEMENT

THIS OPTION AND RIGHT OF FIRST REFUSAL AGREEMENT (this “Agreement”) is entered into as of _____________, 2020 by and between Pueblo del Sol I Housing Partners, L.P., a California limited partnership (“Owner”), Housing Authority of the City of Los Angeles, a body corporate and politic (“Optionee”), Related/Pueblo del Sol I Development Co., LLC, a California limited liability company (“Administrative General Partner”), LOMOD PDS LLC, a California limited liability company (“Managing General Partner”), and GSB LIHTC Investor LLC, a Delaware limited liability company (“Investor Limited Partner”).

RECITALS

A. Owner has a ground leasehold interest in certain land and owns the improvements located thereon which consists of 201 residential apartment units (including one (1) manager’s unit) for families located in Los Angeles, California, which is more particularly described in Exhibit A attached to this Agreement and incorporated herein by this reference (together, the “Project”), which is intended to qualify for federal low income housing tax credits pursuant to the terms of that certain Amended and Restated Agreement of Limited Partnership of even date herewith (the “Partnership Agreement”).

B. Optionee is the ground lessor and an Affiliate of the Managing General Partner.

C. Owner has agreed to grant Optionee an option to purchase the Project or the limited partnership interest of the Investor Limited Partner (the “LP Interest”) and right of first refusal to purchase the Project.

D. The consent of the Investor Limited Partner and the General Partners is required for any sale of the Project under the Partnership Agreement and by executing this Agreement the Investor Limited Partners and the General Partners hereby consent to the sale of the Project or the LP Interest, as applicable, under the terms and conditions of this Agreement.

NOW, THEREFORE, the parties agree as follows:

ARTICLE 1
Grant of Purchase Option and Right of First Refusal

1.1 Purchase Option. The Optionee (or its designated Affiliate) shall have an option to purchase the Project or to purchase the Investor Limited Partner’s Interest (the “Purchase Option”), which option shall be exercisable beginning January 1st of the year following the final year of the Compliance Period for the last Building in the Project and ending 24-months later (“Option Period”).

1.2 Right of First Refusal. So long as Optionee (or its designated Affiliate) qualifies as an organization described in Section 42(i)(7)(A) of the Code, Optionee (or its designated
Affiliate qualified under Section 42(i)(7)(A)) shall have a right of first refusal to purchase the Project (the “Right of First Refusal”), which Right of First Refusal shall be exercisable for a period of 24 months after the conclusion of the Compliance Period with respect to the last Building in the Project (the “Right of First Refusal Period”). With respect to the exercise of the Right of First Refusal as to the Project only as opposed to the purchase of the LP Interest as currently provided for under Section 42(i)(7) of the Internal Revenue Code (the “Project Purchase Requirement”): if (A) the IRS issues a Private Letter Ruling (”PLR”) that is addressed to, and may be relied upon by, the Partnership and (B) such PLR is of specificity and wording acceptable to the Investor Limited Partner (as indicated by the Investor Limited Partner in writing) or (C) the Code and/or Regulations are changed, in each case expressly providing for the exercise of the Right of First Refusal as to the LP Interest, then the Investor Limited Partner will indicate in writing that the Project Purchase Requirement is no longer required and will allow the Optionee to exercise of the Right of First Refusal as to either the Project or the LP Interest. All determinations with respect to this clause shall be made by the Investor Limited Partner in its sole discretion.

ARTICLE 2
Manner of Exercising the Purchase Option and Right of First Refusal

2.1 Purchase Option Exercise. Optionee may exercise the Purchase Option by delivering to Owner, during the Option Period, written notice of the exercise (the “Option Notice”). The Option Notice shall state that the Purchase Option is exercised without condition or qualification.

2.2 Right of First Refusal Exercise. If the Partnership intends to dispose of the Project during the Right of First Refusal Period, then prior to accepting any bona fide, third party offer to purchase the Project, Owner shall notify Optionee of such offer and deliver to Optionee a copy thereof and Optionee shall have sixty (60) calendar days to provide written notice to the Partnership that Optionee (or its designated Affiliate qualified under Section 42(i)(7)(A)) will purchase the Project (the “Right of First Refusal Notice”). The Right of First Refusal Notice shall state that the Right of First Refusal is exercised without condition or qualification.

ARTICLE 3
Purchase Price

3.1 Purchase Price Under the Purchase Option.

(a) If the Optionee exercises its Purchase Option to purchase the Project, the purchase price shall be equal to the greater of (i) the fair market value of the Project or (ii) the sum of the amount (assuming payment of, or reservation for, prior obligations of the Partnership) necessary to (x) pay the existing debt on the Project plus (y) distribute to the Investor Limited Partner the amount of any unreimbursed adjustment payments pursuant to Sections 5.2 and 8.11(d) of the Partnership Agreement. The fair market value of the Project shall be determined in the manner set forth in Section 3.1(c)(i)-(iv) below.

(b) If the Optionee exercises its Purchase Option to purchase the Investor Limited Partner’s Interest, then the amount to be paid to the Investor Limited Partner by the Optionee for
its Interest shall equal the greater of (i) the amount the Investor Limited Partner would receive if the Project were sold for its fair market value or (ii) the amount necessary to distribute to the Investor Limited Partner the amount of any unreimbursed adjustment payments pursuant to Sections 5.2 and 8.11(d) of the Partnership Agreement. The fair market value of the Investor Limited Partner’s Interest shall be determined in manner set forth in Section 3.1(c)(i)-(iv) below, as applicable to the appraisal of the Investor Limited Partner’s Interest. For the avoidance of doubt, the purchase price under the Purchase Option shall not include any of the Investor Limited Partner’s tax liability resulting from the exercise of the Purchase Option under Section 3.1(a).

(c) For the purposes hereof, the fair market value shall be calculated as follows:

(i) The Optionee shall, subject to the Investor Limited Partner’s reasonable consent, select an independent appraiser. The appraiser shall be expert in the valuation of property comparable to the Project.

(ii) The fair market value of the Project, or the Investor Limited Partner’s Interest, as applicable, shall be the appraised value rendered by the real estate appraiser so selected.

(iii) Any real estate appraiser engaged to render an appraisal hereunder must be experienced in valuing real estate similar to the Project and/or the Partnership Interests, as applicable. The appraisers shall take into account in determining the fair market value of the Project, or the Investor Limited Partner’s Interest, as applicable, the continuing existence of any restriction on rents and income of the residents as set forth in any Project Document.

(iv) If the parties are unable to agree upon an appraiser, Optionee and the Investor Limited Partner shall each select an appraiser. If the difference between the two appraisals is within ten percent (10%) of the lower of the two appraisals, the fair market value shall be the average of the two appraisals. If the difference between the two appraisals is greater than ten percent (10%) of the lower of the two appraisals, then the two appraisers shall jointly select a third appraiser. If the two appraisers are unable jointly to select a third appraiser, either Optionee or the Investor Limited Partner may, upon written notice to the other, request that the appointment be made by the American Arbitration Association or its designee. If the third appraisal is less than either of the first two, then fair market value shall be the average of the two lowest appraisals. If the third appraisal is greater than the first two, then fair market value shall be the average of the two highest appraisals. If the third appraisal falls between the previous two appraisals, the fair market value shall be the value established by the third appraisal. The Optionee and the Investor Limited Partner shall share the cost equally of any appraiser jointly selected or shall pay the costs of the appraiser they each select and shall share the cost equally of any third appraiser.
3.2 **Purchase Price Under the Right of First Refusal.** If the Optionee exercises its Right of First Refusal to purchase the Project, the purchase price shall be equal to the sum of the amount (assuming payment of, or reservation for, prior obligations of the Partnership) necessary to (x) pay the existing debt on the Project or to which the Project is subject plus (y) distribute to the Investor Limited Partner an amount equal to the state and local transfer taxes for the Investor Limited Partner (or, if such Partner is a pass through entity for tax purposes, the collective tax liability of all the partners, members or other participants of or in such entity) resulting from the sale, and the tax liability thereon plus (z) distribute to the Investor Limited Partner the amount of any unreimbursed adjustment payments pursuant to Sections 5.2 and 8.11(d) of the Partnership Agreement. The calculation under clause (y) of the preceding sentence shall be based on the assumption that each Partner (or, if any such Partner is a pass through entity for tax purposes, each of the partners, members or participants of or in such entity) is subject to tax with respect to such disposition at the maximum marginal federal, state and local tax rates applicable to it.

**ARTICLE 4**

**Completion of Sale**

4.1 **Closing.** Upon determination of the purchase price as set forth in Section 3.1 or 3.2 above, the Partnership and the Optionee shall enter into a written contract for the purchase and sale of the Project or the Investor Limited Partner’s Interest, as applicable, in accordance with the terms of the Purchase Option or the Right of First Refusal, as applicable, and containing an “accredited investor” representation by Optionee (or its designated Affiliate) and such other terms and conditions as are standard and customary for similar commercial transactions in the geographic area which the Project is located, providing for a closing not later than 180 days after the price has been determined; provided, however, that such date may be extended for a period not to exceed 90 days, if necessary, to obtain any required Lender, HUD or Agency consents. If the closing on the Purchase Option or the Right of First Refusal, as applicable, has not occurred with such period, the Purchase Option or the Right of Refusal, as applicable, shall terminate. In the absence of any such contract, this Agreement shall be specifically enforceable upon the exercise of the Purchase Option or the Right of First Refusal, as applicable, in accordance with this Agreement. The purchase and sale of the Project hereunder shall be closed through a deed-and-money escrow with the title insurer for the Project or another mutually acceptable title company. Upon closing, the Partnership shall deliver to the Optionee along with the deed to the property, an Owner’s Policy dated as of the close of escrow in the amount of the purchase price, subject to the liens, encumbrances and other exceptions then affecting the title. If the Purchase Option or the Right of First Refusal exercised is for the Project, the Partnership shall be responsible for all costs including, but not limited to, transfer taxes, title policy premiums and recording costs. If the Purchase Option exercised is for the Investor Limited Partner’s Interest, the Optionee shall be responsible for all costs including, title policy premiums and recording costs, but shall not be responsible for any transfer taxes, title policy premiums and recording costs.

4.2 **No Waiver.** The General Partners hereby acknowledge, covenant and agree that the exercise of the Purchase Option or the Right of First Refusal shall not waive or release the General Partners of any liability or obligations to make any payments to or otherwise indemnify the Investor Limited Partner pursuant to the Partnership Agreement, including, without limitation, under Sections 8.10 and 8.11(d) thereof; provided, however, that a default by or
removal or a General Partner under the Partnership Agreement shall not limit or defeat in any way the right of the Optionee to exercise the Purchase Option or Right of First Refusal under this Agreement.

ARTICLE 5
Assignment

5.1 Optionee may not assign its rights under this Agreement except that Optionee may assign Optionee’s rights hereunder to an Affiliate of Optionee so long as, for the purposes of the Right of First Refusal, such Affiliate is qualified under Section 42(i)(7)(A). Any such assignment shall not, however, release Optionee from its obligations under this Agreement.

ARTICLE 6
Quitclaim Instrument on Termination of Purchase Option and Right of First Refusal

6.1 Upon termination of this Purchase Option and Right of First Refusal pursuant to the terms of this Agreement, Optionee agrees, upon Administrative General Partner’s or Investor Limited Partner’s request, to execute and deliver an instrument (in form appropriate for recording if this Agreement or a memorandum thereof has been recorded as of such time) relinquishing and terminating its rights under this Agreement to Owner within thirty (30) days after termination and to execute, acknowledge and deliver any other documents required by Owner’s title insurance company to remove this Agreement as an encumbrance against the Project.

ARTICLE 7
Notices

Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be personally delivered including but not limited to overnight delivery or deposited in the certified U.S. mail, return receipt requested, first class and postage prepaid, addressed to each party at the following addresses or such other address as may be designated by a notice pursuant to this Article 7:

If to Owner:

Pueblo del Sol I Housing Partners L.P.
c/o The Related Companies of California
333 South Grand Avenue, suite 4450
Los Angeles, CA 90071
Attn: ____________________

with copies to:

Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, 64th Floor
Los Angeles, CA 90071

- 5 -
Attention: Lance Bocarsly

and, if intended for Optionee, shall be addressed to:

Housing Authority of the City of Los Angeles
2600 Wilshire Boulevard
Los Angeles, CA 90057
Attn: President and CEO

With copies to:

Goldfarb & Lipman LLP
1300 Clay Street, 11th Floor
Oakland, CA 94612
Attention: Michelle Brewer

Any notice provided in accordance with this Article 8 shall be deemed to have been given on the delivery date or the date that delivery is refused by the addressee, as shown on the return receipt.

ARTICLE 8
Attorneys’ Fees

In the event of any action, arbitration, or proceeding at law or in equity to enforce any provision of this Agreement or to protect or establish any right or remedy of any party hereunder, each party shall bear its own attorneys’ fees, costs and expenses.

ARTICLE 9
Miscellaneous

(a) Each party hereby agrees to indemnify the other party from and against any real estate brokerage commissions or similar obligations incurred by the indemnifying party as a result of the negotiations or exercise of the Purchase Option or the Right of First Refusal.

(b) Contemporaneously with the execution of this Agreement, the parties may execute, acknowledge and record the Memorandum of Option evidencing this Agreement in the Official Records of the County in which the Project is located.

(c) The rights and obligations of the parties to this Agreement shall inure to the benefit of and bind their respective permitted successors and assigns.

(d) The captions used herein are for convenience of reference only and are not part of this Agreement and do not in any way limit or amplify the terms and provisions hereof.
(e) Time is of the essence of each and all of the agreements, covenants and conditions of this Agreement.

(f) This Agreement shall be interpreted in accordance with and governed by the laws of the State of California.

(g) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior offers and negotiations, oral and written. This Agreement may not be amended or modified in any respect whatsoever except by an instrument in writing signed by the parties.

(h) All capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in the Partnership Agreement.

(i) This Agreement may be executed in one or more counterparts by some or all of the parties hereto, each of which counterparts shall be an original and all of which taken together shall constitute a single agreement.

(j) Notwithstanding any provisions to the contrary set forth elsewhere herein, this Agreement and the rights of the Optionee hereunder shall be subject and subordinate in all respects to (i) the RAD Use Agreement, (ii) the lien, security interest and rights granted under the leasehold mortgages securing the Construction Loan, the Subordinate Loan, and the Permanent Loan and the Loan Documents, (iii) all advances or charges made or accruing under or secured by the Loan Documents, and (iv) any extensions, modifications or renewals of the indebtedness secured by the Loan Documents.

[THE NEXT PAGE IS THE SIGNATURE PAGE]
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

OWNER:

Pueblo del Sol I Housing Partners, L.P., a California limited partnership

By: Related/Pueblo del Sol I Development Co., LLC, a California limited liability company, its Administrative General Partner

By: ______________________________________
Name: ____________________________________
Title: _____________________________________

By: LOMOD PDS LLC, a California limited liability company, its Managing General Partner

By: ______________________________________
Name: ____________________________________
Title: _____________________________________

OPTIONEE:

Housing Authority of the City of Los Angeles, a body corporate and politic of the State of California

By: ______________________________________
Name: ____________________________________
Title: _____________________________________
ADMINISTRATIVE GENERAL PARTNER:

Related/Pueblo del Sol I Development Co., LLC, a California limited liability company

By: ____________________________
Name:                          
Title:                         

MANAGING GENERAL PARTNER:

LOMOD PDS LLC, a California limited liability company

By: ____________________________
Name:                          
Title:                         

INVESTOR LIMITED PARTNER:

GSB LIHTC Investor LLC, a Delaware limited liability company

By: ____________________________
Name: Andrea Gift Allan
Title: Authorized Signatory
EXHIBIT A

(Legal Description)

All that certain land situated in the County of Los Angeles, City of Los Angeles, State of California, described as follows: