RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR HIS DESIGNEE, TO ENTER INTO A REVISED DISPOSITION AND DEVELOPMENT AGREEMENT, LONG-TERM GROUND LEASE AND HACLA CNI LOAN NOTE WITH THE JORDAN DOWNS PHASE 2, LP (“PARTNERSHIP”), FOR THE DEVELOPMENT OF JORDAN DOWNS PHASE S2, AN 81-UNIT AFFORDABLE RESIDENTIAL DEVELOPMENT WITH COMMUNITY AMENITIES

Douglas Guthrie  
President & Chief Executive Officer

Geoffrey Moen  
Director of Development

Purpose: To execute a revised Disposition and Development Agreement (“DDA”), HACLA CNI loan note and Ground Lease with Jordan Downs Phase S2, LP (the “Developer” or “Partnership”) for the development of Jordan Downs Phase S2 (the “Project” or “Phase S2”) in order to retain an equivalent Fair Market Value of the land under the ground lease and provide the Developer and their investor with underwriting security; production of the maximum possible tax credits; and assurance that the 81-unit development can be placed in service after construction.

Regarding: On June 28, 2012, HACLA’s Board of Commissioners (“Board”) unanimously authorized the President and CEO to execute a Master Development Agreement (“MDA”) with Jordan Downs Community Partners, LLC, (“Master Developer”), a joint venture of BRIDGE Housing Corporation, a California nonprofit public benefit corporation (“BRIDGE”), and The Michaels Development Company I, L.P., a New Jersey limited partnership (“Michaels”), for the redevelopment of Jordan Downs. The MDA between HACLA and the Master Developer was executed on August 1, 2012 and was amended by the First Amendment to the MDA (“First Amendment”) dated July 13, 2017 and approved by Resolution No. 9327; further amended by the Second Amendment to MDA (“Second Amendment”) dated October 4, 2017 and approved by Resolution No. 9282; and further amended by the Third Amendment to MDA (“Third Amendment”) dated July 7, 2020 and approved by Resolution No. 9594.

On February 25, 2021 the Board, by Resolution 9682, approved authorizing the President and CEO, or his designee, to enter into a Disposition and Development Agreement, long-term Ground Lease, Purchase Option, Right of First Refusal, a RAD Use Agreement and Choice Neighborhoods declaration with the U.S. Department of Housing and Urban Development (“HUD”), and Acquisition Loan documents with the Jordan Downs Phase 2, LP (the “Partnership”).

Issues:

Background

The financial closing of Jordan Downs Phase S2 (the Project”) was approved by HACLA’s Board on February 25, 2021, pursuant to Resolution No. 9682. As approved, the Project included a capitalized ground lease payment of $3,400,000 payable to HACLA by the delivery of a HACLA Acquisition Note from Jordan Downs Phase S2, LP (the “Partnership”) in the amount of
$3,400,000 (the “Acquisition Loan”). The Acquisition Loan was approved by the BOC with a 55-year term, 3% simple interest rate, and repayments from 80% of available Partnership cash flow after payment of the Developer Fee, HACLA Service Coordination Fee and Partnership Management Fees. The Acquisition Loan was to be secured by a HACLA Acquisition Leasehold Deed of Trust encumbering the Property.

Subsequent to Board approval of the Project, the Partnership disclosed concerns regarding the tax-exempt bond 50% test on behalf of Berkadia Jordan Downs Phase S2 Investor LP, the Partnership’s investor limited partner (the “Equity Investor”). In brief, to qualify for 4% low income housing tax credits, at least 50% of eligible costs (typically the cost of land and the new buildings) in a residential rental project must be financed with tax-exempt bonds (the “50% Test”). The Equity Investor typically requires a 50% Test that yields between 53% and 55%, ensuring a cushion in the 50% Test for cost overruns during construction, and providing corresponding confidence that 4% low income housing tax credits (“LIHTC’s”) will be available to the Project following construction completion.

The current estimated eligible costs of Jordan Downs S2 Project are $56,462,114 and the approved tax-exempt bonds allocated by CDLAC are $29,030,000. The Developer underestimated their construction costs, which have significant cost increases for materials such as lumber. The combined amount of the construction costs as currently established in the competitively bid General Contractor’s contract and the $3.4M Acquisition Loan resulted in a 50% Test of less than 50.5%. Although, this theoretically currently meets the 50% test, it is well below the required underwriting cushion of most equity investors who require projects to start out with a 53-55% Test result at time of initial construction closing.

The Partnership considered applying for a supplemental allocation of tax-exempt bonds from the California Debt Limit Allocation Committee (“CDLAC”) as a potential means of increasing the Project’s 50% Test result. However, the earliest possible date on which CDLAC could approve a supplemental bond allocation would be August 11, 2021, which would extend the closing date by several months. HACLA and the Partnership will take actions to allow for the flexibility to still pursue a Supplemental bond if additional funding will be necessary to cover known and unanticipated costs. However, by restructuring HACLA’s ground lease and CNI Loan to the Project immediate resolution of the 50% Test can be met to the satisfaction of all parties allowing a pathway to close on construction financing sooner.

The Partnership and HACLA staff have developed an alternative ground rent structure for the Project which maintains substantially similar economic returns for HACLA. In lieu of the Acquisition Loan of $3,400,000, HACLA will receive an annual ground lease payment from the Partnership in the amount of approximately $237,000, escalating at 4% annually (“Annual Rent”) in year 1 through year 18. The annual payment has been front loaded in the first 18 years to allow HACLA to be in a similar economic position in regards to the annual cash payments as well as outstanding balances in year 18 at time of resyndication and beyond until the outstanding liability is paid off, projected to year 2056. Similar to the original Ground Lease Note terms, the Annual Rent will be payable from 80% of Partnership cash flow after payment of the Developer Fee, HACLA Service Coordination Fee and Partnership Management Fees.

If approved, the HACLA Acquisition Note and HACLA Acquisition Leasehold Deed of Trust will be replaced by an Annual Rent provision in the Ground Lease. Because the ground lease payment would not be capitalized up front, it removes the land cost under the 50% Test (reducing the
eligible Project Costs by $3.4MM to $53,062,114). The proposed ground lease structure would result in a 50% Test result of 54.7%, which is comfortably within the Equity Investor’s required range. Unpaid ground lease payments would accrue as liabilities of the Partnership, to be paid with cash flow from operations or capital events (sale or refinancing of the Project). For the avoidance of doubt, the language of the right of first refusal (“ROFR”) and Purchase Option would be modified to clarify that unpaid accrued ground lease payments will be included along with debt in the calculation of the purchase price. Further, under the proposed structure, to ensure that HACLA accrues a similar level of debt and potential payments from the Project, the HACLA CNI Loan will bear 5% interest instead of the previously approved 3%. The CNI Loan will still have a 55-year term, commencing at closing to be repaid from Project residual cash flow.

Under the previously approved Acquisition Loan structure, the aggregate projected payments on the Acquisition Loan through the LIHTC compliance period (ending in approximately 2038 – year 18) would be in the approximate amount of $1,304,343. Under the Annual Rent structure, the aggregate projected Annual Rent payments through the LIHTC compliance period are in the approximate amount of $1,261,747. At the end of Year 18 when the Project would be re-syndicated, the accrued Ground Lease outstanding liability estimated at $4,737,216 would be paid with syndication/refinance proceeds. This outstanding liability in Year 18 based on cashflow projections is higher than the estimated balance of $4,509,657 that was projected for the Acquisition Loan at that point in time. (See Comparison Chart below) Therefore, HACLA’s economic position is preserved in the proposed transaction structure. The remainder of HACLA’s anticipated proceeds and payments from the Project remain substantially as previously contemplated and approved by the Board.

**HACLA Economic Position Comparison Chart**

**Ground Lease Note vs. Annual Ground Lease Payment**

<table>
<thead>
<tr>
<th></th>
<th>Ground lease Note Structure (previously approved)</th>
<th>Annual Ground Lease Payment Structure (revised)</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cashflow Payments (year 1-18)</td>
<td>$1,304,343</td>
<td>$1,261,747</td>
<td>($42,596)</td>
</tr>
<tr>
<td>Outstanding Balance in 2038 (Year 18)</td>
<td>$4,509,657</td>
<td>$4,737,216</td>
<td>$227,559</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$5,814,000</td>
<td>$5,998,963</td>
<td>$184,963</td>
</tr>
</tbody>
</table>
In addition, increase in the interest rate to 5% in the CNI Note would result in increased accrued interest through year 18 of $369,961 and a higher outstanding note balance as demonstrated in the chart below.

<table>
<thead>
<tr>
<th>Impact on CNI Loan Interest</th>
<th>At 3% interest rate</th>
<th>At 5% interest rate</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cashflow Payments (year 1-18)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Accrued interest (year 1-18)</td>
<td>$513,372</td>
<td>$883,333</td>
<td>$369,961</td>
</tr>
<tr>
<td>Balance in year 18</td>
<td>$1,513,371</td>
<td>$1,841,667</td>
<td>$328,296</td>
</tr>
</tbody>
</table>

Under the originally approved structure, the Partnership’s failure to make required payments on the Acquisition Loan would be a default under the HACLA Acquisition Leasehold Deed of Trust, allowing HACLA to foreclose on the deed of trust subject to Equity Investor and senior lender rights. Similarly, the Partnership’s failure to pay Annual Rent under the proposed structure would be a default under the ground lease, allowing HACLA to terminate the ground lease subject to Equity Investor and senior lender rights.

The Ground Lease, DDA and HACLA CNI Loan have been revised to incorporate this new structure and redlines of the relevant sections of those documents are provided for the Board’s review.

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

The development of Phase S2 will allow for the construction of 81 new housing units, 80 of which will be deeply affordable and 49 of which are replacement units for the existing Jordan Downs residents. This development will further HACLA’s goals of improving its affordable housing stock as well as improved ADA-compliant, modern, and sustainably designed units with improved amenities. This action will help HACLA extend the life of critical, deeply affordable housing in the City of Los Angeles to serve existing public housing residents and future income-qualified households from HACLA’s active public housing and Section 8 wait lists.

Funding: 
The Chief Administrative Officer confirms the following:

Source of Funds: No new funds are necessary for this transaction.

Budget and Program Impact: 
HACLA will receive an annual ground lease payment of $237,000, escalating at 4% annually for inflation, from 80% of the Partnership’s portion of residual receipts in year 1-18, then the payments will be $1/year. The 80% of Partnership cashflow available will first be applied to any accrued unpaid ground lease payments. In the event there is remaining cashflow after payment of annual lease payment and outstanding balances, then the 80% of cash flow will be applied towards repayment of the CNI loan and the TCC Loan balances. Upon full payment of the outstanding Ground lease liability, CNI and TCC loans, HACLA (through La Cienega LOMOD, Inc.)
will receive 35% of cash flow as an incentive management fee as the managing general partner under the Developer’s partnership agreement.

Environmental Review:
No new Environmental Review is necessary for these actions. A Notice of Determination was filed with the County of Los Angeles after the Board’s actions to approve financing for Phase S2 on February 25, 2021.

Section 3:
The Project remains subject to the Section 3 obligations negotiated under the Master Development Agreement with Jordan Downs Community Partnership. Developer will ensure that the residents of Jordan Downs public housing, other low-income Watts neighborhood residents, participants of Youth-Build, and qualifying residents in the City of Los Angeles have the opportunity to share in the economic benefits generated by the proposed development.

Attachments:
1. Resolution
2. HACLA Financing Documents (redlined and revised versions)
   a. Ground Lease (with all Exhibits)
   b. Disposition and Development Agreement (with all Exhibits)
   c. HACLA CNI Note
   d. HACLA Leasehold Deed of Trust (CNI)
RESOLUTION NO.______________

RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR HIS DESIGNEE, TO ENTER INTO A REVISED DISPOSITION AND DEVELOPMENT AGREEMENT, LONG-TERM GROUND LEASE AND HACLA CNI LOAN NOTE WITH THE JORDAN DOWNS PHASE 2, LP (“PARTNERSHIP”), FOR THE DEVELOPMENT OF JORDAN DOWNS PHASE S2, AN 81-UNIT AFFORDABLE RESIDENTIAL DEVELOPMENT WITH COMMUNITY AMENITIES

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

WHEREAS, HACLA 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, HACLA intends to transform the Jordan Downs public housing community into a mixed-income, mixed-use, environmentally friendly, vibrant urban village, conducive to healthy living and economically progressive conditions;

WHEREAS, on June 28, 2012, HACLA’s Board of Commissioners (“Board”) unanimously authorized the President and CEO to execute a Master Development Agreement (“MDA”) with Jordan Downs Community Partners, LLC, (the “Master Developer”) for the redevelopment of Jordan Downs following which the MDA between HACLA and the Master Developer was executed on August 1, 2012;

WHEREAS, on February 25, 2021 the Board, by Resolution 9682, approved a resolution authorizing the President and CEO, or his designee, to enter into a Disposition and Development Agreement, long-term ground lease, purchase option, right of first refusal, a RAD use agreement and choice neighborhoods declaration with the U.S. Department of Housing and Urban Development (“HUD”), acquisition loan documents with the Jordan Downs Phase 2, LP (“Partnership”) of up to $3,400,000, and the execution of related documents and agreements and to undertake various actions in connection therewith;

WHEREAS, the parties desire to amend certain terms negotiated in the previously approved Disposition and Development Agreement (“DDA”), HACLA CNI Loan documents, and Ground Lease, and other related ancillary documents; and

WHEREAS, forms of the following major HACLA transaction documents have been presented at this meeting:

1. Ground Lease (with all Exhibits)
2. Disposition and Development Agreement (with all Exhibits)
3. HACLA CNI Note
4. HACLA Leasehold Deed of Trust (CNI Loan)
NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners does hereby authorize and approve as follows:

A. The form and content of the revised DDA, the Ground Lease, Authority CNI Note and CNI Deed of Trust attached hereto, and all HACLA ancillary transaction documents (collectively, the “HACLA Financing Documents”) are hereby approved. The President and Chief Executive Officer, or his designee, including the Chief Administrative Officer, the Chief Development Officer and the Chief Programs Officer (the “Designated Officers”), are hereby authorized and directed, for and on behalf of and in the name of HACLA, to execute and attest the HACLA Financing Documents and any other documents, agreements and certificates necessary to accomplish the transaction contemplated by this Resolution, with such changes therein as approved with the advice of legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof;

B. The HACLA Acquisition Note and HACLA Acquisition Leasehold Deed of Trust are approved to be replaced by an Annual Rent provision in the Ground Lease. The Ground Lease terms as referenced in the DDA, and further outlined in the Ground Lease, shall include an annual Ground Lease payment of $237,000, to escalate at 4% annually, for a total lease period of 18 years. In addition, the HACLA CNI Note and CNI Deed of Trust to the Developer of up to $1,000,000 shall now carry a simple interest rate of 5% rather than the prior 3% rate.

BE IT FURTHER RESOLVED that the “Designated Officers” of HACLA referred to herein are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Douglas Guthrie</td>
<td>President and Chief Executive Officer</td>
</tr>
<tr>
<td>Marlene Garza</td>
<td>Chief Administrative Officer</td>
</tr>
<tr>
<td>Jenny Scanlin</td>
<td>Chief Strategic Development Officer</td>
</tr>
<tr>
<td>Margarita Lares</td>
<td>Chief Programs Officer</td>
</tr>
</tbody>
</table>

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

By: ____________________________
Cielo Castro, Acting Chairperson

APPROVED AS TO FORM:

BY: ____________________________
General Counsel

DATE ADOPTED: ____________________
GROUND LEASE AGREEMENT

by and between

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

and

JORDAN DOWNS PHASE S2, LP

DATED AS OF ___________, 2021
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GROUND LEASE AGREEMENT

Jordan Downs Phase S2

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

RECITALS

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

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

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

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

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

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

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

ARTICLE 1 DEFINITIONS

Section 1.1 Definitions.

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

(a) “Accrued Base Rent” shall have the meaning set forth in Section 4.1 hereof.

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

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

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

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

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

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

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

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

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

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

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

(g) “Authority Loan Agreement” shall mean that certain Authority Loan Agreement by and between the Landlord, as lender, and the Tenant, as borrower, governing the Authority Loan.

(h) “Base Rent” shall have the meaning set forth in Section 4.1 hereof.

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

(j) “City” shall mean Los Angeles, California.
“Clean and Buildable Condition” shall mean (i) that existing buildings and all physical improvements on the Leased Premises have been demolished and removed in accordance with all applicable laws, including environmental laws, as well as all roads, gutters, curbs and utility mains; (ii) the removal and disposal of all debris from the demolition and all other surface and subsurface physical obstructions shall have been completed in accordance with all applicable laws, including environmental laws; (iii) any areas of the Leased Premises that are disturbed by any demolition activity shall be restored to pre-demolition grade and material compacted with suitable fill material rough graded so as to allow the construction of the Improvements and (iv) all abandoned utility lines disclosed by utility company records have been removed.

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

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

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

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

“Commencement Date” shall mean the date of Closing.

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

“Declaration of Restrictions (CC&Rs)” shall mean the New Century Declaration of Restrictions (CC&Rs) recorded on June 14, 2018, as Document No. 20180590854 in the Official Records, as amended by (i) First Amendment to New Century Declaration of Restrictions (CC&Rs) recorded on September 17, 2018, as Document No. 20180948407 in in the Official Records, (ii) Second Amendment to New Century Declaration of Restrictions (CC&Rs) recorded on September 26, 2019, as Document No. 20191010229 in the Official Records, and (iii) Third Amendment to New Century Declaration of Restrictions (CC&Rs) recorded on June 25, 2020, as Document No. 20200693163 in the Official Records and as may be further amended and/or restated.
(s) “Event of Default” shall have the meaning set forth in Article 13 hereof.

(t) “First Mortgage Loan” shall mean (i) the Construction Loan or (ii) the Permanent Loan, during the respective term of each or, if both have been paid off and the deed of trust related to such loans have been released, the loan that is next in priority order.

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

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

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

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

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

(z) “Impositions” shall mean all taxes including property taxes, assessments, water and sewer charges, charges for public utilities, excises, levies, license and permit fees and other charges that shall or may be assessed, levied, or imposed during the Term by any Governmental Authorities upon the Leased Premises or any part thereof, including the buildings or improvements now or hereafter located thereon; provided, however, that the term “Impositions” shall not include any income tax, capital levy, estate, succession, inheritance, transfer, or similar taxes of Tenant, or any franchise tax imposed upon any owner of the fee estate of the Leased Premises, or any income, profits, or revenue tax, assessment, or charge imposed upon the rent or other benefit received by Tenant under this Lease by any Governmental Authorities.
(aa) **“Improvements”** shall mean the eighty-one (81) Residential Units to be constructed on the Leased Premises, including, without limitation, tenant related space and related ancillary facilities, together with any and all replacements or substitutions therefor or modifications thereto.

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

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

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

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

(ff) **“Lease”** shall mean this Ground Lease Agreement.

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

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

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

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

(kk) **“Master Development Agreement”** shall mean that certain Master Development Agreement for the Redevelopment of the Jordan Downs Public Housing Community, dated August 1, 2012, as amended.
(ll) “Memorandum of Lease” shall mean the memorandum of this Lease to be recorded against the Leased Premises in the Official Records in the form attached hereto as Exhibit B.

(mm) “Mortgage” shall mean any mortgage, deed of trust, security agreement, or collateral assignment executed in connection with the Approved Financing encumbering Tenant’s Estate created hereunder as a leasehold deed of trust lien.

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

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

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

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

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

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

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

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

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

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

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

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

(aaa) “Project” shall mean the Improvements and Tenant’s Estate.

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

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

(ddd) “RAD Units” shall mean the seventeen (17) units operated and maintained in accordance with any RAD HAP Contract entered into. The RAD Units are subject to the RAD Use Agreement and CNI Declaration.

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

(fff) “Regulatory Agreements” shall mean, collectively, the Tax Credit Regulatory Agreement and any regulatory agreement(s) executed by Tenant in connection with the Approved Financing, and any other regulatory agreement reasonably determined to be necessary or advisable by Tenant (with the reasonable consent of Landlord) during the Term. To the extent that any regulatory agreement or covenant is extinguished through foreclosure (or otherwise terminated or expired), such regulatory agreement(s) or covenant shall no longer be applicable to this Lease.
“Rent” shall have the meaning set forth in Section 4.1 hereof.

“Residential Units” shall mean the eighty-one (81) multifamily residential units to be developed on the Tenant’s Estate (including the managers’ units).

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

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

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

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

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

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

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

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

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

“Tenant’s Estate” shall mean Tenant’s leasehold interest in the Leased Premises acquired pursuant to this Lease and Tenant’s ownership of the Improvements during the Term.

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

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

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

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

ARTICLE 2 LEASE OF THE LEASED PREMISES

Section 2.1 Leased Premises. Subject to the terms hereof and in consideration of the covenants of payment and performance stipulated herein, Landlord has leased, demised, and let, and by these presents does hereby lease, demise, and let unto Tenant, and Tenant hereby leases and takes from Landlord, the Leased Premises. Tenant shall pay Landlord the Base Rent for the leasehold interest in Leased Premises as set forth in section 4.1 of this Lease.

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

Section 2.3 Term. Unless sooner terminated pursuant to the provisions hereof, this Lease shall continue in full force and effect for a term (“Term”), commencing on the Commencement Date and expiring seventy-five (75) years thereafter.

Section 2.4 Use. Tenant shall, throughout the Term, continuously use the Leased Premises and the Improvements only for the construction, operation, marketing for lease, and
leasing of the Residential Units, and such other uses as are reasonably and customarily attendant to such uses, subject to the Regulatory Agreements and this Lease, including but not limited to the restrictions and requirements set forth in Article 3 hereof. The Project shall be used, operated, and devoted for the entire Term as required by Exhibit C and for no other use or purpose. Further, Tenant agrees:

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

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

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

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

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

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

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

ARTICLE 3 THE IMPROVEMENTS

Section 3.1 Construction.

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

(b) The Tenant’s time to perform its obligations under this Section 3.1 may be reasonably extended if the Tenant is prevented or delayed from completing construction as required by this Section 3.1 by an event of Force Majeure. For purposes of solely of Sections 3.1 of this Lease, “Force Majeure” is an act or event outside of the Tenant’s control, including, as applicable, (i) acts of God, or of the public enemy, (ii) court order, acts, delays, failure or refusal to act on the part of a Governmental Authority in either its sovereign or contractual capacity, (iii) acts of a contractor other than The Michaels Development Company I, L.P. or its affiliates, or subcontractor, in the performance of an agreement with the Landlord (and not pursuant to a contract with the Tenant), (iv) riots, war or acts of terrorism, (v) fires, (vi) floods or earthquakes, epidemics, (vii) quarantine restrictions, (viii) strikes or lockouts, (ix) freight embargoes, (x) litigation, (xi) Non-issuance of permits, (xii) lack of HUD approval (xiii) unusually severe weather, (xiv) the presence of unknown Hazardous Materials or archeological finds, (xv) delays of subcontractors or suppliers at any tier arising from unforeseeable causes, and (xvi) failure of the Demolition Contractor (as defined in Section 14.3) to complete Demolition and Remediation Work (as defined in Section 14.3) by [May 15, 2021]. To claim Force Majeure as an excuse for failure to perform under this Section 3.1, the Tenant must prove that (A) the Force Majeure event is directly related to the Tenant’s inability to perform an obligation described in this Section 3.1, (B) the Tenant took reasonable steps to minimize delay or damages caused by foreseeable events, (C) the Tenant substantially fulfilled all non-excused obligations of this Section 3.1 and (D) the Tenant timely notified the Landlord of the occurrence of a Force Majeure event. Upon completion of the Force Majeure event, the Tenant must as soon as reasonably practicable recommence the performance of its obligations under this Section 3.1 in a manner that minimizes the effects of the stoppage or delay caused by the Force Majeure event.

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

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

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

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

Section 3.3 Permits, Licenses and Easements.

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

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

Section 3.4 Title to Improvements.

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

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

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

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

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

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

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

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

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

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

(g) Tenant agrees that prior to hiring any management or maintenance employees for the Project, Tenant shall cause the Management Agent to notify the Landlord and the Watts/Los Angeles WorkSource Center (“WSC”) or its designee of its need for employees. The Tenant shall strongly consider the qualifications of all interested WSC referrals and existing Landlord employees as it makes hiring decisions for the management and maintenance of the Project. To that end, the Tenant shall cause the Management Agent to give these applicants the first opportunity to interview for all available positions, before undertaking outreach activities or providing notice to the public of such opportunities.
The Tenant shall use reasonable efforts to monitor and enforce, or shall cause its general contractor to monitor and enforce, the equal opportunity requirements imposed by this Lease. As requested, the Landlord shall provide such technical assistance necessary to implement this Section 3.7.

Section 3.8 Covenants Applicable to RAD Units.

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

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

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

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

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

A. At a minimum, the Feasibility Plan submitted by Tenant to Landlord shall meet the requirements of Exhibit F attached hereto. Where possible, and subject to the Approved Financing Documents and Regulatory Agreements, the Feasibility Plan shall include skewing rents higher on portions of the Residential Units in order to preserve affordability for other Residential Units regulated by the Regulatory Agreements. Any necessary rent increases shall be phased in gradually, consistent with maintaining the Project’s financial feasibility.
B. The Feasibility Plan is subject to Landlord’s review and approval, which approval shall not be unreasonably withheld or delayed. Landlord shall review and approve or disapprove a complete proposed Feasibility Plan, in writing, within twenty-one (21) days of receipt from Tenant, unless such longer period is required to obtain approval of Landlord’s Board of Commissioners. In the event, Landlord disapproves the Feasibility Plan, it shall include, with the notice of disapproval, the specific reasons for its disapproval. In the event Landlord disapproves the Feasibility Plan, the Tenant shall provide a revised Feasibility Plan within twenty-one (21) days of the notice of disapproval and the process for review and approval shall continue until such time as the Landlord approves the Feasibility Plan. If the Landlord fails to provide an approval or disapproval within the times stated above, the last Feasibility Plan submitted by Tenant shall be deemed approved.

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

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

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

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

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

Section 3.9 Covenants Applicable to PBV Units.

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

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

(c) If the PBV HAP Contract and any related Project subsidies are terminated or reduced, or termination or reduction is reasonably anticipated based on federal government appropriations or other changes to the Housing Choice Voucher Program, through no fault of the Tenant, the Tenant shall notify Landlord in writing immediately and the following provisions shall apply:
(i) At least sixty (60) days before the expected termination of Project subsidies, Tenant shall submit to Landlord a Feasibility Plan and shall satisfy the following requirements:

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

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

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

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

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

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

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

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

Section 3.10 Prevailing Wages To the extent required with respect to the Improvements, Tenant shall pay and assure that all contractors and subcontractors working on the Project pay the general prevailing rate of per diem wages, as determined by the U.S. Labor Department, pursuant to the federal Davis-Bacon Act and implementing rules and regulations. Tenant shall comply with all applicable reporting and recordkeeping requirements.

Section 3.11 Payment and Performance Bonds In connection with the Improvements, Tenant shall require its general contractor to procure and deliver to Landlord copies of labor and material (payment) bonds and performance bonds, or a dual bond which covers both payment
and performance obligations, in a penal sum each of not less than one hundred percent (100%) of the scheduled cost of the Improvements, and one hundred percent (100%) payment bond. Said bonds shall be issued by an insurance company which is licensed to do business in the State of California and has a rating equivalent to AAA or AA+ by an insurance company listed in the current year’s Federal Register or as otherwise approved by Landlord. The labor and materials (payment) bond shall name Landlord as a co-obligee or assignee.

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

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

ARTICLE 4 RENTS

Section 4.1 Rent. As consideration for this Lease and the use the Leased Premises, the Tenant shall pay to the Landlord the Base Rent, as set forth in this Section 4.1. The term “Base Rent” shall mean the annual rent payment due from the Tenant to the Landlord on April 1st of each year of the Term beginning in 2022. The Base Rent shall be (i) in the initial amount of Two Hundred Thirty-Seven Thousand Dollars ($237,000.00), increasing annually at the rate of four percent (4%), beginning in the year 2022 and continuing through the year 2040 and (ii) One Dollar ($1.00) beginning in 2041 and continuing for the remainder of the Term. Notwithstanding the foregoing, prior to April 1, 2077, such Base Rent shall be due and payable only to the extent of Net Cash Flow available annually for such purposes pursuant to the priority described in Exhibit J attached hereto. Any Base Rent for which the Parties have agreed there is not sufficient Net Cash Flow in any given year shall be deferred to the following year, and shall be paid from subsequent years’ Net Cash Flow (in the same priority) until paid in full. All accrued and unpaid Base Rent (“Accrued Base Rent”), shall be due and payable in full by the Tenant on the earlier of (A) a Capital Transaction (as defined in the Partnership Agreement) and (B) April 1, 2077 and, thereafter, the Base Rent shall be paid currently. [The Landlord and Tenant acknowledge and agree that the Base Rent provided herein constitutes fair market rent for the right to use the Land and agree to account for payment thereof as an expense for tax and accounting purposes.]
Section 4.2 **Additional Rents.** In addition to the Base Rent and Accrued Base Rent specified in Section 4.1 hereof, any and all of the payments that Tenant is required to make hereunder to or for the benefit of Landlord shall be deemed to be “Additional Rents.” All such Additional Rents shall be payable in accordance with the provisions of this Lease specifying the payment of such Additional Rents, including, but not limited to, Section 4.3 herein. The Base Rent and Accrued Base Rent specified in Section 4.1 hereof and Additional Rents payable hereunder shall be deemed “Rents” reserved by Landlord, and any remedies now or hereafter given to Landlord under the laws of the State of California for collection of the Rents shall exist in favor of Landlord, in addition to any and all other remedies specified in this Lease.

Section 4.3 **Payments.** All Rents or other sums, if any, due Landlord hereunder shall be paid by Tenant to Landlord at the address of Landlord set forth herein for notices, or to such other person and/or at such other address as Landlord may direct. All Rents shall be paid promptly when due without demand, offset or deduction in lawful money of the United States. If Tenant fails to make any payment of Rents on or before the date such payment is due and payable in accordance with the terms of this Lease, then the Landlord shall have the right to impose upon Tenant a late charge of five percent (5%) of the amount of such payment.

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

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

(a) Within one hundred twenty (120) days after the end of each Lease Year but in no event later than April 1 of each Lease Year, Tenant shall prepare and deliver to Landlord a statement (the “Annual Statement”), in form and containing such details as are reasonably satisfactory to Landlord, showing the total amount of Net Cash Flow received during such Lease Year, itemizing all revenues and expenditures used to compute Net Cash Flow, and specifying (i) the total amount of the annual Net Cash Flow due for the payment of the Base Rent and Accrued Base Rent under Section 4.1 and (ii) the current accumulated Accrued Base Rent. Tenant shall make any required Net Cash Flow payment to Landlord on the date that it delivers the Annual Statement to Landlord. Concurrent with delivery of each Annual Statement, Tenant shall also deliver to Landlord the audited financial statements of Tenant, as of the end of the prior Lease Year, with the report of Tenant’s accountants thereon stating that the audit of such financial statements has been made in accordance with generally accepted audit standards.

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

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

ARTICLE 5 TAXES AND OTHER IMPOSITIONS; UTILITIES

Section 5.1 Payment of Impositions. Prior to delinquency, Tenant will pay or cause to be paid all of the Impositions, except that if any Imposition that Tenant is obligated to pay in whole or in part is permitted by law to be paid in installments, Tenant may pay or cause to be paid such Imposition (or its proportionate part thereof) in installments prior to delinquency. Upon the written request of Landlord, Tenant shall exhibit and deliver to Landlord evidence satisfactory to Landlord of payment of all Impositions. During the first and last years of the Term, all Impositions that shall become payable during each calendar, fiscal, tax, or Lease Year, as applicable, shall be ratably adjusted on a per diem basis between Landlord and Tenant in accordance with the respective portions of such calendar, fiscal, tax, assessment, or Lease Year during the Term. If any special assessments are payable in installments, Tenant shall pay only those installments that are due and for which the delinquency date occurs during the Term for periods occurring during the Term. The Parties acknowledge that Tenant intends to apply for a partial exemption for ad valorem taxes under Section 214(g) of the California Revenue and Taxation Code. Nothing in this Section 5.1 shall prohibit the Tenant from depositing such Imposition payments into an escrow account maintained by the First Mortgagee for the purposes of paying such Impositions.
Section 5.2 Contested Taxes and Other Impositions. Tenant, at its sole cost and expense, in its own name or in the name of Landlord and subject to the consent of any Mortgagee, may contest the validity or amount of any Imposition relating to all or any portion of the Leased Premises, in which event the payment thereof may be deferred during the pendency of such contest, if diligently prosecuted.

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

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

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

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

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

ARTICLE 6 INSURANCE

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

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

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

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

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

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

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

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

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

ARTICLE 7 MAINTENANCE, ALTERATIONS, REPAIRS AND REPLACEMENTS

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

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

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

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

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

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

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

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

The obligations, indemnities, and liabilities of the Tenant under this Section 7.3 shall not extend to any liability caused by the negligence or misconduct of HUD, Landlord, or their employee(s), contractor(s), or agent(s). The Tenant’s liability shall not be limited by any provisions or limits of insurance set forth in this Lease. This indemnity shall survive the termination of this Lease.
Section 7.4 Management. Tenant shall at all times use its best efforts to keep the Leased Premises fully leased, in good condition and repair and in accordance with this Lease. Tenant shall: (a) carefully and efficiently operate, lease, and manage the Leased Premises; (b) maintain separate books and records for the Leased Premises; (c) timely collect all rents, and pay and discharge all costs, expenses, liabilities, and obligations of or relating to the Leased Premises; (d) use commercially reasonable efforts to operate and maintain the Leased Premises substantially in accordance with the Operating Budget approved by Landlord pursuant to Section 4.6; (e) maintain such reserves as may be required by the Mortgagor; and (f) timely furnish Landlord with accounting documents and other information regarding the Project and the operation thereof as may be reasonably required by Landlord.

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

Section 7.6 Management and Operation of the Residential Units.

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

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

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

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

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

Section 7.9 Landlord Completion of Work. To the extent Tenant is required to complete work pursuant to any Legal Requirement and fails to do so, upon the expiration of sixty (60) days written notice from Landlord to Tenant, or such longer period as is reasonably necessary to complete such work given the circumstances, Landlord shall have the right to complete such work and Tenant shall reimburse Landlord for all reasonable expenses incurred in connection therewith.
ARTICLE 8  MORTGAGE LOANS

Section 8.1  **Loan Obligations.** Nothing contained in this Lease shall relieve the Tenant of its obligations and responsibilities under any Approved Financing or Approved Financing Documents to operate the Project as set forth therein.

Section 8.2  **Liens and Encumbrances Against Tenant’s Interest in the Leasehold Estate.** Tenant shall have the right to encumber the leasehold estate created by this Lease and the Improvements with the Regulatory Agreements and all other liens and restrictive covenants related to the Approved Financing. Except as otherwise provided in this Lease, Tenant shall not engage in any financing or any other transaction creating any security interest or other encumbrance or lien upon the Property other than a lien for current taxes, whether by express agreement or operation of law, or allow any encumbrance or lien to be made on or attached to the Property or the Improvements, except with the prior written consent of the Landlord, which approval shall not be unreasonably withheld, delayed or conditioned, and as otherwise permitted under this Lease. The Tenant shall notify the Landlord in writing in advance of any financing secured by any deed of trust, mortgage, or other similar lien instrument that it proposes to enter into with respect to the Improvements, and of any encumbrance or lien that has been created on or attached to the Property whether by voluntary act of the Tenant or otherwise.

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

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

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

Section 8.6  **Notice and Right to Cure Defaults Under Loans.** The Landlord may record in the Official Records a request for notice of any default under the Approved Financing Documents or other financing secured by the Project. In the event of default by the Tenant under the Approved Financing Documents or other financing secured by the Project, the Landlord shall have the right, but not the obligation, to cure the default within the cure periods available to the Tenant and its partners. Any payments made by the Landlord to cure a default shall be treated as Additional Rent.
ARTICLE 9  PERMITTED MORTGAGES AND INVESTOR RIGHTS

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

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

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

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

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

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

In addition to the cure period provided above in this Section 9.3, if the default is such that possession of the Leased Premises may be reasonably necessary to remedy the default, any Mortgagee shall have a reasonable time after the expiration of such ninety (90)-day period within which to remedy such default, provided that (i) such Mortgagee shall have fully cured any default in the payment of any monetary obligations of Tenant under this Lease (other than Excluded Defaults) within such ninety (90)-day period and shall continue to pay currently any monetary obligations when the same are due and (ii) such Mortgagee shall have acquired Tenant’s leasehold estate hereunder or commenced foreclosure or other appropriate proceedings prior to or within such period, and shall be diligently prosecuting the same.
Any default under this Lease which by its nature cannot be remedied by any Mortgagee shall be deemed to be remedied if (i) within ninety (90) days after receiving written notice from Landlord that Tenant has failed to cure such default within the period specified in this Lease, or prior thereto, any Mortgagee shall have acquired Tenant’s leasehold estate or commenced foreclosure or other appropriate proceedings or other remedies available to such Mortgagee under the applicable Mortgage, (ii) Mortgagee shall diligently prosecute any such proceedings or remedies referenced in subsection (i) above to completion, and (iii) Mortgagee shall have fully cured any default in the payment of any monetary obligations of Tenant hereunder (other than Excluded Defaults) which does not require possession of the Leased Premises.

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

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

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

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

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

In addition, without limiting the preceding paragraph, in the event of the filing of a petition in bankruptcy by or against Tenant, and Tenant rejects this Lease under the then applicable provisions of the United States Bankruptcy Code, U.S.C. Title 11 (the “Bankruptcy Code”), Landlord shall notify Mortgagee of such rejection and, upon the request of such
Mortgagee, or its designee, within the sixty (60) day time period specified above, affirm this
Lease, and Landlord will enter into a New Lease with Mortgagee or its designee. Notwithstanding
the foregoing, in the case of the Permanent Loan, Landlord hereby acknowledges and agrees that
such Mortgagee need not request a New Lease and that Landlord shall immediately affirm this
Lease and enter into a New Lease without waiting for the sixty (60) day period to expire.

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

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

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

If Landlord shall, without termination of the Lease, evict Tenant, or if Tenant shall
abandon the Leased Premises, then any reletting thereof shall be subject to the liens and rights of
Mortgagees, and in any event Landlord shall not relet the Leased Premises or any part thereof,
other than renewal of occupancies of residential tenants and leases or other occupancy
agreements with new residential tenants consistent with any covenants of record for low-income
housing, without sixty (60) days’ advance written notice to all Mortgagees of the intended
reletting and the terms thereof, and if any Mortgagee shall, within thirty (30) days of receipt of
such notice, give notice to Landlord of such Mortgagee’s intent to pursue proceedings to foreclose on the Leased Premises or otherwise cause the transfer thereof, then so long as the Mortgagee shall diligently pursue such proceedings Landlord shall not proceed with such reletting without the written consent of such Mortgagee.

If a Mortgagee shall elect to demand a New Lease under this Section and only in the event that such Mortgagee is not recognized as a proper plaintiff, Landlord agrees, at the request of, on behalf of, and at the expense of the Mortgagee, to institute and pursue diligently to conclusion any appropriate legal remedy or remedies to oust or remove the original Tenant from the Leased Premises, and those sub-tenants actually occupying the Leased Premises, or any part thereof, as designated by the Mortgagee, subject to the rights of non-defaulting residential tenants in occupancy of apartment units at the Leased Premises. Mortgagees shall cooperate with Landlord in connection with any such actions.

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

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

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

Section 9.8 Rights of Investor. Investor shall have the same notice and cure rights as any Mortgagee, which rights shall run concurrently with those of any Mortgagee for so long as Investor is a limited partner of Tenant, provided, however, that Investor shall be deemed to have met any condition relating to the commencement or continuation of a foreclosure proceeding if it
is attempting with diligence and in good faith to remove the general partner of Tenant. Notwithstanding anything to the contrary herein, Tenant shall not be permitted to terminate this Lease prior to the expiration of the Term without the prior written consent of the Investor. The address for any notices to same, as of the date hereof, is provided in Section 18.12 hereof. Notwithstanding any other provisions herein:

(a) if a monetary event of default occurs under the terms of this Lease, prior to exercising any remedies hereunder, Landlord shall provide written notice of such default to Investor and Investor shall have a period of sixty (60) days after such notice is given within which to cure the default prior to exercise of remedies by Landlord; or

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

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

ARTICLE 10 REPRESENTATIONS, WARRANTIES AND COVENANTS

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

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

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

(c) Tenant (i) shall not cause or permit any Hazardous Substances and Materials to be placed, held, located, or released or disposed of on, under, or at the Leased Premises or any part thereof, except in commercially reasonable amounts used in the construction and operation of the Improvements and in accordance with Legal Requirements, and (ii) shall not cause or permit any Hazardous Substances and Materials contamination of the Leased Premises or any part thereof; provided, however, that Tenant shall not be in violation of this Subsection 10.1(c) or otherwise be liable or obligated under this Lease for any of the foregoing to the extent caused by the
existence of soils, water, or materials already located on the Leased Premises as of the Commencement Date or that arises from the migration of Hazardous Materials or Substances released from, disposed of, or otherwise placed at, a location other than the Leased Premises by parties and/or circumstances over which Tenant has no control and due to no fault of Tenant (for convenience such event is called an “On-Site Migration” hereinafter); and

(d) At all times during the Term, Tenant or its authorized representative shall use, maintain and operate the Leased Premises and the Improvements thereon in accordance with all Legal Requirements and Regulatory Agreements. The Tenant acknowledges that prior to the date hereof, the City and Landlord certified an Environmental Impact Report (the “EIR”) and its related Mitigation and Monitoring Program attached hereto as Exhibit I-1 (as amended consistent with applicable law from time to time, the “Mitigation Measures”). The Tenant will comply with the terms of the EIR, the Mitigation Measures, the Waste Soil Management Plan attached hereto as Exhibit I-2 and related conditions of approval adopted by the City or Landlord prior to the date hereof to the extent applicable to the Leased Premises and Improvements.

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

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

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

(c) Landlord shall provide all available information relating to the Leased Premises, as expeditiously as necessary, for the orderly progress of the Project. In addition, the Landlord
shall coordinate closely with the Tenant regarding all communications with HUD, forward to the Tenant all relevant correspondence, directives, and other written materials either to or from HUD with respect to this Lease. Landlord will respond as promptly as possible, within its management structure, to questions that may arise during Project administration.

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

Section 10.3 Hazardous Substances and Materials.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Landlord hereby agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the Tenant) the Tenant and any affiliate of Tenant and their respective board members, directors, officers, employees, members, agents, consultants, lenders, volunteers, representatives, successors, and assigns (all the foregoing, the “Tenant Indemnitees”) from and against any loss, damage, cost, expense, or liability to the extent arising out of or attributable to (i) the presence, from prior to the Commencement Date and subject to Landlord’s responsibilities under Section 14.3 herein, of any Hazardous Substances and Materials or any environmental condition not identified in any Phase I Environmental Site
Assessment and, if applicable, Phase II Environmental Site Assessment for the Leased Premises, (ii) On-Site Migration, or (iii) Tenant’s construction of the Improvements substantially in accordance with the requirements of Article 3 hereof. However, anything in the preceding sentence notwithstanding, the foregoing indemnities shall not extend to claims, losses, fees, damages, costs, or expenses of any kind or nature to the extent Hazardous Substances and Materials or environmental conditions are (y) caused or exacerbated by a Tenant Indemnitee’s intentional wrongful acts, intentional wrongful omissions, gross negligence, or willful misconduct (including grossly negligent deviations from the requirements of Article 3 hereof) or (z) result from any Hazardous Substances and Materials brought onto and/or released at the Leased Premises by any Tenant Indemnitee or with any Tenant Indemnitee’s knowledge or permission (express or implied).

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

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

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

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

ARTICLE 11 EMINENT DOMAIN

Section 11.1 Termination of Lease. Landlord and Tenant agree that, in the event of a Taking such that Tenant reasonably determines that the Leased Premises cannot continue to be operated, at reasonable cost, for its then-current use, then, subject to the rights and with the prior written consent of all Mortgagees, this Lease shall, at Tenant’s sole option, terminate as of the Taking Date. Landlord and Tenant agree that the foregoing sentence shall supersede any rights of termination provided under California Code of Civil Procedure Section 1265.130.
Section 11.2 Continuation of Lease and Presumption of Restoration. Landlord and Tenant agree that, in the event of a Taking that does not result in the termination of this Lease pursuant to Section 11.1 above, this Lease shall continue in effect as to the remainder of the Leased Premises, and the Net Condemnation Award subject to the rights and with the prior written consent of all Mortgagees will be disbursed in accordance with Section 11.4 below to Tenant or to Mortgagee and shall be used so as to make the remainder of the Leased Premises a complete, unified, and efficient operating unit as nearly as reasonably possible to the condition existing prior to the Taking, subject to any applicable requirements of Mortgagees (in order of priority, with the First Mortgage Loan having first priority).

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

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

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

ARTICLE 12 DAMAGE OR DESTRUCTION

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

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

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

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

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

**ARTICLE 13 EVENTS OF DEFAULT**

**Section 13.1 Events of Default.** Each of the following shall be an “Event of Default” by Tenant hereunder:

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

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

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

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

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

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

(g) the filing against Tenant of any involuntary proceedings under such Bankruptcy Code or similar law, if such proceedings have not been vacated or stayed within ninety (90) days of the date of filing;
(h) the appointment of a trustee or receiver for Tenant or for all or the major part of Tenant’s property or the Leased Premises, in any involuntary proceeding, not including pursuant to any Mortgage, or taking of jurisdiction by any court over all or the major part of Tenant’s property or the Leased Premises in any involuntary proceeding for the reorganization, dissolution, liquidation, or winding up of Tenant, if such trustee or receiver shall not be discharged or such jurisdiction relinquished or vacated or stayed on appeal or otherwise stayed within ninety (90) days;

(i) the Tenant’s failure to pay assessments due pursuant to the Declaration of Restrictions (CC&Rs), unless assessments are disputed in good faith and Tenant deposits a bond sufficient to cover the assessment costs with title company;

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

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

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

Section 13.2 Rights and Remedies.

(a) At any time after the occurrence of an Event of Default hereunder, Landlord, subject in all respects to the provisions of this Lease with respect to Landlord’s and Investor’s rights to cure defaults by Tenant and with respect to the rights of any Mortgagees and Investors, and subject further to the provisions of Section 13.3 of this Lease, may terminate this Lease by giving Tenant written notice thereof (with a copy of such notice to the Mortgagees and to Investor), setting forth in such notice an effective date for termination which is not less than thirty (30) days after the date of such notice, in which event this Lease and Tenant’s Estate created hereby and all interest of Tenant and all parties claiming by, through, or under Tenant shall automatically terminate upon the effective date for termination as set forth in such notice, with the same force and effect and to the same extent as if the effective date of such notice had been the date originally fixed in Article 2 hereof for the expiration of the Term. In such event, Landlord, its agents, or representatives, shall have the right, without further demand or notice, to re-enter and take possession of the Leased Premises (including all buildings and other Improvements comprising any part thereof) at any time from and after the effective termination date without being deemed guilty of any manner of trespass and without prejudice to any remedies for arrears of Rents or existing breaches of covenants; provided that Landlord shall not be entitled to disturb possession of any tenants or others in possession pursuant to tenant leases with Tenant so long as such tenants or others are not in default thereunder and attorn to Landlord as their Landlord.
(b) Upon the exercise of Landlord’s remedies pursuant to this Section 13.2, Tenant shall execute such releases, deeds, and other instruments in recordable form as Landlord shall reasonably request in order to accurately set forth of record the then current status of Tenant’s Estate and Tenant’s rights hereunder.

Section 13.3 Deficiency Judgments. Landlord, for itself and for each and every succeeding owner of Landlord’s Estate in the Leased Premises, agrees that it shall never be entitled to seek a personal judgment against Tenant or its members and that (a) upon any Event of Default hereunder, the rights of Landlord to enforce the obligations of Tenant, its successors, or assigns, or to collect any judgment, shall be limited to the termination of this Lease and of Tenant’s Estate and the enforcement of any other rights and remedies specifically granted to Landlord hereunder, provided, however, that the limitations set forth in this Section 13.3 shall not be applicable to (i) fraud, (ii) misappropriation of any Net Condemnation Award or insurance, and (iii) misappropriation of Authority Loan funds.

Section 13.4 Default by Landlord.

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

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

Section 13.5 Notices. Notices given by Landlord under Section 13.1 or by Tenant under Section 13.4 shall specify the alleged default and the applicable Lease provisions, and shall demand that Tenant or Landlord, as applicable, perform the appropriate provisions of this Lease within the applicable period of time for cure. No such notice shall be deemed a forfeiture or termination of this Lease unless expressly set forth in such notice.
Section 13.6 Bankruptcy of Landlord. If this Lease is rejected by Landlord or Landlord’s trustee in bankruptcy following the bankruptcy of Landlord under the Bankruptcy Code, as now or hereafter in effect, Tenant shall not have the right to treat this Lease as terminated except with the prior written consent of all Mortgagees, and the right to treat this Lease as terminated in such event shall be deemed assigned to each and every Mortgagee whether or not specifically set forth in any such Mortgage, so that the concurrence in writing of Tenant and each Mortgagee shall be required as a condition to treating this Lease as terminated in connection with any such bankruptcy proceeding.

ARTICLE 14 QUIET ENJOYMENT AND POSSESSION; INSPECTIONS

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

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

Section 14.3 Right of Access – Demolition and Remediation Work. Tenant and Landlord acknowledge that the Landlord has entered into that certain [Contract for Federal Construction between the Housing Authority of the City of Los Angeles and Interior Demolition, Inc.] (the “Demolition Contractor”) [C-HA-2019-146 (2020) dated January 1, 2020] (the “Demolition and Remediation Contract”) in order to put the Leased Premises into Clean and Buildable Condition (the “Demolition and Remediation Work”). The Landlord has agreed to execute this Lease and deliver the Leased Premises prior to the completion of the Demolition and Remediation Work as an accommodation to the Tenant to enable it to meet California Debt Limit Allocation Committee (“CDLAC”) deadlines for closing on construction financing and commencement of construction by [March 29, 2021]. Accordingly, the Landlord will endeavor to cause the Demolition and Remediation Work to be completed by [May 15, 2021] and Landlord hereby agrees to indemnify, protect, hold harmless and defend the Tenant Indemnitees from and against loss, damage, cost, expense, or liability solely attributable to mechanics liens, stop notices or other claims for labor, supplies, equipment and services arising from the Demolition and Remediation Work. In addition, the Landlord shall require the Demolition Contractor to add the Tenant, Investor, and all Mortgagees as additional insureds to its insurance coverage for the Demolition and Remediation Work. However, the Landlord assumes no liability for any loss, damage, cost, expense or liability arising from or related to the Tenant’s obligations to any Mortgagee, Investor, or any party including, but not limited to, any tax credit adjustors
from the Investor, guaranties to any party, or any TCAC or CDLAC penalties, charges or recapture. The Landlord’s time to complete the Demolition and Remediation Work may be reasonably extended by any event of Force Majeure as defined in Section 3.1 of this Lease. To claim Force Majeure as an excuse for failure to perform under this Section 14.3, the Landlord must prove that (i) the Force Majeure event is directly related to the Landlord’s inability to perform an obligation described in this Section 14.3, (ii) the Landlord took reasonable steps to minimize delay or damages caused by foreseeable events, (iii) the Landlord substantially fulfilled all non-excused obligations of this Section 14.3 and (iv) the Landlord timely notified the Tenant of the likelihood or actual occurrence of a Force Majeure event. Upon completion of the Force Majeure event, the Landlord must as soon as reasonably practicable recommence the performance of its obligations under this Section 14.3 in a manner that minimizes the effects of the stoppage or delay caused by the Force Majeure event.

ARTICLE 15 VACATION OF LEASED PREMISES

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

ARTICLE 16 NON-MERGER

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

ARTICLE 17 ASSIGNMENTS AND TRANSFERS; FORECLOSURE

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

Section 17.2 Limitations on Consent Requirement. Notwithstanding the foregoing:

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

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

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

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

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

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

(b) If Tenant requests the consent of Landlord to an internal reorganization of Tenant, or of any of the partners, members, or stockholders of Tenant, Landlord will not unreasonably withhold or delay such consent.

Section 17.3 Subsequent Assignment. In cases where Landlord’s consent is required, Landlord’s or HUD’s consent to one assignment will not waive the requirement that Landlord and HUD consent to any subsequent assignment.

Section 17.4 Request for Consent. If Tenant requests Landlord’s consent to a specific assignment, Tenant shall provide to Landlord such information as may reasonably be required by Landlord.
Section 17.5  Consent of Landlord Not Required. The foreclosure of a Mortgage or any sale thereunder, whether by judicial proceedings or by virtue of any power contained in any Mortgage, or any conveyance of the Tenant’s Estate to any Mortgagee or its affiliate through, or in lieu of, foreclosure or other appropriate proceedings in the nature thereof, shall not require Landlord’s consent or breach any provision of or constitute an Event of Default under this Lease, and upon such foreclosure, sale, or conveyance, Landlord shall recognize any Mortgagee or such affiliate or designee of any Mortgagee, or any purchaser at any such foreclosure sale, as Tenant hereunder. Provided, however, that Landlord may disapprove a subsequent Transfer after foreclosure, deed in lieu of foreclosure or other appropriate proceedings where (and only where) the proposed transferee has (a) insufficient prior experience in managing affordable multifamily rental housing, (b) demonstrated poor performance in managing affordable multifamily rental housing, or (c) has been debarred or suspended by HUD.

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

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

ARTICLE 18    MISCELLANEOUS PROVISIONS

Section 18.1  Entire Agreement: Modifications. This Lease supersedes all prior discussions and agreements between the Parties with respect to the leasing of the Leased Premises. This Lease contains the sole and entire understanding between the Parties with respect to the leasing of the Leased Premises pursuant to this Lease, and all promises, inducements, offers, solicitations, agreements, representations, and warranties heretofore made between the Parties, if any, are merged into this Lease.
Section 18.2 Amendments. Landlord shall not unreasonably withhold its consent to any amendments to this Lease that are reasonably requested by a Mortgagee; provided, however, Landlord may, in its sole and absolute discretion, refuse to consent to any proposed amendments to the description of the Leased Premises, the Term, Rent, or any other amendments which would materially change the rights and/or obligations of Landlord under this Lease. Landlord and Tenant each agree not to enter into any amendment or modification of the Lease without the prior written consent of each Mortgagee.

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

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

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

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

Section 18.7 Captions. All captions, headings, paragraphs, subparagraphs, letters, and other reference captions are solely for the purpose of facilitating convenient reference to this Lease, shall not supplement, limit, or otherwise vary the text of this Lease in any respect, and shall be wholly disregarded when interpreting the meaning of any terms or provisions hereof. All references to particular articles, sections, subsections, paragraphs, and subparagraphs by number refer to the text of such items as so numbered in this Lease.

Section 18.8 Gender. Words of any gender used in this Lease shall be held and construed to include any other gender, and words of a singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

Section 18.9 Exhibits. Each and every exhibit referred to or otherwise mentioned in this Lease is attached to this Lease and is and shall be construed to be made a part of this Lease by such reference or other mention at each point at which such reference or other mention occurs, in the same manner and with the same effect as if each exhibit were set forth in full at length every time it is referred to and otherwise mentioned.
Section 18.10 References. All references to paragraphs or subparagraphs shall be deemed to refer to the appropriate paragraph or subparagraph of this Lease. Unless otherwise specified in this Lease, the terms “herein,” “hereof,” “hereinafter,” “hereunder” and other terms of like or similar import, shall be deemed to refer to this Lease as a whole, and not to any particular paragraph or subparagraph hereof.

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

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

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

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

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

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

with a copy to: Levine, Staller, Sklar, Chan & Brown, P.A.
3030 Atlantic Avenue
Atlantic City, NJ 08401
Section 18.13 Counterparts. This Lease may be executed in several counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute one and the same agreement.

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

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

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

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

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

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

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

Except as may be expressly set forth herein, no present or future partner, shareholder, participant, employee, agent, officer, or partner of or in Tenant shall have any personal liability, directly or indirectly, under or in connection with this Lease; provided, however, that the foregoing shall not void or diminish the obligations of Tenant under this Lease.
Section 18.20 Consent; Reasonableness. Except as otherwise specified herein, in the event that Tenant or Landlord shall require the consent or approval of the other Party in fulfilling any agreement, covenant, provision, or condition contained in this Lease, such consent or approval shall not be unreasonably withheld or delayed by the Party from whom such consent or approval is sought, and shall be given or disapproved within the times set forth herein, or, if no time is given, within ten (10) business days of request therefor. Except as may be otherwise expressly set forth herein, approvals and disapprovals on the part of Landlord may be given by Landlord’s chief executive officer.

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

ARTICLE 19 PARTICULAR COVENANTS

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

Section 19.2 Mandatory Language in All Subsequent Deeds, Leases and Contracts. All deeds, leases, or contracts entered into by Tenant on or after the date of execution of this Lease as to any portion of the Project or Leased Premises shall contain the following language:

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

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

ARTICLE 20 HUD PROVISIONS

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

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

(b) If any of the provisions of this Lease conflict with the terms of the RAD Use Agreement, the provisions of the RAD Use Agreement shall control.

(c) The provisions in this Article 20 are required to be inserted into this Lease by HUD and may not be amended without HUD’s prior written approval.

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

(e) Notwithstanding any other contract, document or other arrangement, upon termination of this Lease, title to the real property leased herein shall remain vested in the Housing Authority of the City of Los Angeles and title to the buildings, fixtures, improvements, trade fixtures and equipment that belong to Tenant shall vest in the Housing Authority of the City of Los Angeles.
(f) Neither the Tenant nor any of its partners shall have any authority to:

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

(2) Fail to renew the RAD HAP Contract upon such terms and conditions applicable at the time of renewal when offered for renewal by the Housing Authority of the City of Los Angeles or HUD.

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

Section 20.2 CNI Provisions.

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

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

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

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

LANDLORD:

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

By: ___________________________
Douglas Guthrie
President and Chief Executive Officer
TENANT:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

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

By: _______________________________
    Kenneth P. Crawford
    Vice President

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

By: _______________________________
    Tina Smith-Booth
    President
EXHIBIT A

Leased Premises

The Land referred to herein is situated in the State of California, County of Los Angeles, City of Los Angeles, and described as follows:

Lot 2 of Tract No. 82633-01, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 1425 Pages 61 to 63 inclusive of Maps, in the office of the County Recorder of said County.

Also except from that portion of said Tract, not included within Nevada Villa Tract, as per map recorded in Book 6 Page 190 of Maps, all uranium, thorium, and all other materials essential to the production of fissionable material contained in whatever concentration in deposits, as reserved by the United States of America, in deed recorded December 30, 1952 in Book 40622 Page 378 of Official Records.

APN: 6046-021-917; 6046-019-926
EXHIBIT B

Memorandum of Lease

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

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

No fee for recording pursuant to Government Code Section 27383

(SPACE ABOVE THIS LINE FOR RECORDER’S USE)

MEMORANDUM OF GROUND LEASE

Jordan Downs Phase S2

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

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

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

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

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

**LANDLORD:**

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

a public body, corporate and politic

By: ___________________________

Douglas Guthrie

President and Chief Executive Officer

**WITNESS:**

____________________________________

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

STATE OF CALIFORNIA )
COUNTY OF _____________ )

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

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

WITNESS my hand and official seal.

Signature ______________________________

{D1056953.DOC / 8 DC114-119}
TENANT:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

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

By:  __________________________________
      Kenneth P. Crawford
      Vice President

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

By:  __________________________________
      Tina Smith-Booth
      President

WITNESS:

_____________________________________

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

STATE OF NEW JERSEY )
COUNTY OF _____________ )

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

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

WITNESS my hand and official seal.

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

STATE OF CALIFORNIA )
COUNTY OF _____________ )

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

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

WITNESS my hand and official seal.

Signature _______________________________
EXHIBIT A

Memorandum of Ground Lease Jordan Downs Phase S2

PROPERTY DESCRIPTION

The land referred to herein is situated in the State of California, County of Los Angeles, City of Los Angeles and described as follows:

Lot 2 of Tract No. 82633-01, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 1425 Pages 61 to 63 inclusive of Maps, in the office of the County Recorder of said County.

Also except from that portion of said Tract, not included within Nevada Villa Tract, as per map recorded in Book 6 Page 190 of Maps, all uranium, thorium, and all other materials essential to the production of fissionable material contained in whatever concentration in deposits, as reserved by the United States of America, in deed recorded December 30, 1952 in Book 40622 Page 378 of Official Records.

APN: 6046-021-917 and 6046-019-926
EXHIBIT B

Memorandum of Ground Lease Jordan Downs Phase S2

AFFORDABILITY RESTRICTIONS

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

<table>
<thead>
<tr>
<th></th>
<th>30% AMI</th>
<th>40% AMI</th>
<th>50% AMI</th>
<th>Manager/Non-Revenue</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Bedroom</td>
<td>2</td>
<td>3</td>
<td>13</td>
<td>-</td>
<td>14</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>9</td>
<td>3</td>
<td>20</td>
<td>1</td>
<td>14</td>
</tr>
<tr>
<td>Three Bedroom</td>
<td>3</td>
<td>7</td>
<td>19</td>
<td>-</td>
<td>14</td>
</tr>
<tr>
<td>Four Bedroom</td>
<td>-</td>
<td>1</td>
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<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14</strong></td>
<td><strong>14</strong></td>
<td><strong>52</strong></td>
<td><strong>1</strong></td>
<td><strong>81</strong></td>
</tr>
</tbody>
</table>

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

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

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

Affordability Restrictions

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

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</tr>
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</table>

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

Tenant Protections

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sustainability Plan

[attached]
Jordan Downs Phase S2 Sustainability Plan

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

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

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

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

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

**Certifications**

**LEED for Neighborhood Development Certification**

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

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

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

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

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

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

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

**Renewable Resources and High Efficacy Fixtures**
Residential units will be equipped with high efficacy fixtures throughout and Energy Star appliances in all living units.
The Jordan Downs Phase S2 project is committed to furthering the LEED-ND Silver designation by employing environment-friendly concept in its building designs and construction methodologies. The Developer will incorporate and pursue the following features in its construction and operations of the project:

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

Construction Section 3 Plan

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

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

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

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

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

1. Section 3/MBE/WBE Outreach Overview

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

Identification of Section 3 Subcontracting Opportunities

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

Targeted Outreach

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

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

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

Organizations representing Section 3 Business Concerns, MBEs and WBEs

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

Copies of letters, faxes, meeting notes, records and telephone logs in connection with the notices to and contacts with these organizations and groups will be retained by Walton. Names of the organizations and groups, dates, names of contacts, and telephone numbers will be included with the retained copies. All copies of correspondence received from these organizations and groups, particularly those acknowledging contact from the approved: 02/10/2021
potential Section 3/MBE/WBE bidders will also be maintained for ongoing monitoring and reporting. All such records shall be furnished to HACLA’s Section 3 Compliance Administrator upon request.

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

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

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

**Identification of MBE/WBE Subcontractors**

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

**Good Faith Efforts and Documentation**

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

**Pre-Construction Conferences / Subcontractor Orientations**

Walton will conduct pre-construction orientations to ensure all subcontractors fully understand their obligation to comply with Section 3/MBE/WBE Business subcontracting requirements at every tier and the reporting requirements. 

Walton will require selected subcontractors, at every tier, to submit specific Section 3 hiring and subcontracting commitments prior to contract execution. These commitments will be submitted to HACLA (Forms 1, 2, and 4).

**Technical Assistance**

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

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

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

**Monitoring and Reporting**

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

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

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

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

**Hiring Outreach**

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

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

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

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

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

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

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

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

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Apprenticeship & Training

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

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

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

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

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

Organizations Representing Section 3 Residents

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

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

Apprenticeship and Training Programs

The following list of apprenticeship and training programs can be utilized and leveraged:  

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

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

Hiring Administration and Reporting

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

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

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

3. Compliance Reporting

Reports shall be submitted to HACLA’s Section 3 Compliance Administrator or its designee using HACLA Section 3 Reporting forms.
EXHIBIT E-2

Section 3 Plan

[attached]
Definitions:

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

PLAN:

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

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

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

a) Contracting Goal, Construction-Related. Ten percent (10%) of the total dollar amount of all construction-related contracts shall be extended to Section 3 Business Concerns.

b) Contracting Goal, Non-Construction. Three percent (3%) of the total dollar amount of all non-construction related contracts shall be extended to Section 3 Business Concerns.

c) Training and Employment. Thirty percent (30%) of the aggregate number of new hires generated by the Development shall be extended to Section 3 Residents.
Section 3 Hiring

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

Section 3 Contracting

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

REPORTING:

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

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

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

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

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

Local Hire and Section 3 Rider

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

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

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

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

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

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

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

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

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

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

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

HACLA Section 3 Guide and Compliance Plan

[attached]
Let’s get to work!

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

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SECTION 3 GUIDE AND COMPLIANCE PLAN

I. INTRODUCTION

A. Section 3 Regulation

Section 3 of the Housing and Urban Development Act of 1968 (codified at 12 U.S.C. 1701u and implemented at 24 CFR Part 135, hereinafter, "Section 3"), as amended, requires that economic opportunities generated by the receipt of certain funding from the U.S. Department of Housing and Urban Development ("HUD") for housing and community development programs shall, to the greatest extent feasible, be given to low and very low income persons, particularly those who are recipients of government assistance for housing, and to businesses that provide economic opportunities for these persons (collectively, “Section 3 Beneficiaries”).

B. HACLA Policy

It is the intent and policy of the Housing Authority of the City of Los Angeles (“HACLA”) to fully comply with Section 3 and to require its Contractors undertaking contracts to which Section 3 applies to demonstrate good faith effort to comply, to the greatest extent feasible, with Section 3 and the responsibilities described under this Section 3 Guide and Compliance Plan (this “Plan”) by providing economic opportunities to Section 3 Beneficiaries.

C. Applicability

The requirements set forth in this Plan arise when HACLA utilizes Section 3 Covered Assistance for a Section 3 Covered Project or Section 3 Covered Contract, as those terms are defined here. HACLA reserves the right to impose upon Contractors requirements that go beyond the requirements of Section 3 and this Plan when deemed in the best interest of HACLA.

D. Purposes of this Guide and Compliance Plan

The purpose of this Plan is to assist Contractors in understanding their Section 3 obligations so that they can be successful in meeting these responsibilities. This purpose is accomplished through the guidance and instruction provided in the Plan, in other Section 3 materials and publications provided by HACLA, and assistance provided by HACLA’s Section 3 Compliance Administrator. HACLA has developed and continues to develop programs and procedures, all as necessary to implement this Plan in order to realize the goals of Section 3. This Plan shall remain in effect for so long as it remains consistent with federal regulations or until changed by HACLA.

E. Part 135 Amendments and Conflicts

Amendments to 24 CFR Part 135 shall apply to this Plan as of the effective date of the updated regulation. Where provisions of this Plan conflict with 24 CFR Part 135, the latter shall prevail.
II. DEFINITIONS

The following terms used throughout this Plan have the following assigned meanings.

“Contractor” means any person or entity that enters into a contract with HACLA, and includes the plural form “Contractors.” When referred to collectively as Contractor/Subcontractor and its plural form, Contractors/Subcontractors, the term means both the Prime Contractor and any of its Subcontractors engaged under a Section 3 Covered Contract. Contractor also refers to service providers, vendors and developers.

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

“HUD” means the United States Department of Housing and Urban Development.

“IFB” means an Invitation for Bids, which is a procurement methodology that typically awards a contract to the lowest cost bidder, provided that the bidder meets certain minimum criteria.

“Los Angeles Metropolitan Area” means the metropolitan statistical area (MSA) established by the Office of Management and Budget as the Los Angeles-Long Beach-Glendale Metropolitan Area.

“Metropolitan Area” means a metropolitan statistical area established by the Office of Management and Budget, and includes its plural form “Metropolitan Areas.”

“New Hire” means a full-time employee hired on a permanent, temporary or seasonal basis as a direct result of a Contractor’s/Subcontractor’s contractual obligation in connection with a Section 3 Covered Project, and includes its plural form “New Hires.” An employee who was on a Contractor’s/Subcontractor’s payroll on or prior to award of the Section 3 Covered Contract shall not be counted towards the Contractor’s/Subcontractor’s numerical goals under Section III.B herein.

“Nonmetropolitan county” means any county outside of a Metropolitan Area.


“Section 3 Beneficiaries” refers, collectively, to Section 3 Business Concerns and Section 3 Residents.

“Section 3 Business Concern” means a business entity authorized to engage in the type of business activity for which it was formed, and which satisfies one or more of the following criteria: (i) at least fifty-one (51) percent of the business is owned by one or more Section 3 Residents; (ii) at least thirty (30) percent of its permanent, full-time employees include persons who are currently Section 3 Residents, or were Section 3 Residents within three (3) years of the date such persons were first employed with the business; or (iii) a business that provides HACLA sufficient evidence of its commitment to subcontract more than twenty-five (25) percent of the dollar award of all subcontracts awarded under a Section 3 Covered Contract to Section 3 Business Concerns.
“Section 3 Covered Assistance” means financial assistance received from HUD or any other federal agency, receipt of which triggers the obligations that arise under Section 3.

“Section 3 Covered Contract” means a contract entered into directly with HACLA or a subcontract (including a professional service contract) awarded to a Contractor for work generated by the expenditure of Section 3 Covered Assistance, or for work arising in connection with a Section 3 Covered Project, and includes its plural form, “Section 3 Covered Contracts.” It also includes contracts that HACLA has deemed subject to Section 3, as authorized herein.

“Section 3 Covered Project” means a project funded using Section 3 Covered Assistance and includes construction related projects involving the construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), and the construction and reconstruction of buildings and improvements and non-construction related projects. It also includes contracts that HACLA has deemed subject to Section 3, as authorized herein.

“Section 3 Resident” means: (i) public housing resident or (ii) a low or very low income person who lives in the Los Angeles Metropolitan Area of the Section 3 Covered Project and who has a household income that does not exceed HUD’s income limits, as described in the most current version of HUD’s Income Eligibility Guidelines. Includes its plural form, “Section 3 Residents.” Income limits are subject to change annually. Current income limits may be accessed on HACLA’s website at www.hacla.org/s3residentresources and on HUD’s link at http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/section3/section3.

“Subcontractor” means any person or entity (other than a person who is an employee of the Contractor) that contracts with a Prime Contractor on a Section 3 Covered Project, and includes its plural form “Subcontractors.” When referred to collectively as Contractor/Subcontractor and its plural form, Contractors/Subcontractors, the term means both the Prime Contractor and any of its Subcontractors engaged under a Section 3 Covered Contract.

III. GOALS

The goals set forth in this section apply to all Section 3 Covered Contracts awarded by HACLA in any fiscal year.

A. HACLA’s Numerical Goals

1. HACLA shall, to the “greatest extent feasible,” provide economic opportunities to Section 3 Beneficiaries.

2. Under HUD regulations, HACLA may satisfy the “greatest extent feasible” requirement by meeting these numerical goals:

   a. At least 30% of the aggregate number of New Hires to be directed to Section 3 Residents.
b. At least ten percent (10%) of the total dollar amount of all contracts awarded by HACLA for building trades work for maintenance, repair, modernization or development of public housing, or for building trades work arising in connection with housing rehabilitation, housing construction and other public construction related Section 3 Covered Contracts should be awarded to Section 3 Business Concerns.

c. At least three percent (3%) of the total dollar amount of all nonbuilding trades work related Section 3 Covered Contracts awarded by HACLA should be awarded to Section 3 Business Concerns.

B. Contractor Numerical Goals

1. Contractors employed on Section 3 Contracts shall, to the greatest extent feasible, provide economic opportunities to Section 3 Beneficiaries.

2. In accordance with Section 3 regulations, Contractors may satisfy the “greatest extent feasible” requirement by meeting these numerical goals:

   a. Contractors employed under a Section 3 Covered Contract are expected to achieve an employment level of thirty percent (30%) of all New Hires to be Section 3 Residents and to maintain this percentage throughout the life of the contract. This is HACLA’s preferred method for Contractors to meet their Section 3 obligations. The employment should be meaningful, but it need not be related to the scope of services covered under the contract.

   b. At least ten percent (10%) of the total dollar amount of all Contractor subcontracts awarded by Contractor in connection with building trades work for maintenance, repair, modernization or development of public housing, or for building trades work arising in connection with housing rehabilitation, housing construction and other public construction related Section 3 Covered Contracts should be awarded to Section 3 Business Concerns.

   c. At least three percent (3%) of the total dollar amount of all Contractor subcontracts awarded by Contractor in connection with nonbuilding trade work related Section 3 Covered Contracts should be awarded to Section 3 Business Concerns.

C. Providing Other Economic Opportunities

1. Contractors who are unable to offer training and/or employment opportunities to Section 3 Residents may offer other economic opportunities directed at Section 3 Resident upward mobility and self-sufficiency, such as offering scholarships, and sponsoring enrollment into apprenticeship programs, mentorship programs, and internships.

2. Contractors who are unable to provide subcontracting opportunities to Section 3 Business Concerns may provide and promote mechanisms to create economic opportunities directed at Section 3 Business Concerns, such as scaling of work for purchase of supplies or materials, and/or providing Section 3 Business Concerns with tools to enable them to successfully compete for contracting opportunities, such as bonding and insurance assistance.
D. Contractor Good Faith Efforts

1. Contractors may demonstrate good faith efforts to offer training and employment opportunities to Section 3 Residents by taking such actions as:

   a. Promptly notifying HACLA about training opportunities and available employment positions, including job descriptions;

   b. Utilizing HACLA’s Section 3 Resident Registry to identify job ready Section 3 Residents and informing qualified residents of training opportunities and available employment positions;

   c. Advertising training opportunities, and available employment positions in local media outlets and on appropriate social media platforms;

   d. Prominently displaying a notice of Section 3 commitments and available employment opportunities at the project site and other appropriate places within the project site, such as where applications for training and employment are taken;

   e. Advertising available training opportunities and employment positions by distributing flyers that identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process, to every occupied dwelling unit in one or more of HACLA’s housing developments and posting copies of the flyer in the development’s common areas, including at the community center, the management office and the computer lab as applicable;

   f. Contacting Resident Advisory Councils (RACs) and other resident organizations to inform them of training and available employment positions;

   g. Contacting agencies administering Los Angeles County YouthBuild Programs, and requesting their assistance in recruiting LA County YouthBuild Program participants for training opportunities and employment positions;

   h. Consulting with state and local agencies administering training programs, such as those funded through Workforce Investment Act, unemployment compensation programs, community organizations and other officials or organizations to assist with training and recruiting Section 3 Residents for employment positions;

   i. Developing on the job training opportunities;

   j. Keeping a list of Section 3 Residents who apply directly or by referrals for the available jobs;

   k. Contacting local job training centers, worksource centers, and community organizations to inform them of training opportunities, available employment positions and subcontracting opportunities;

   l. Working with labor organizations to set up a Project Labor Agreement (PLA) if feasible, or making similar arrangements for dispatching and training of Section 3 Residents in
order of hiring priority;

m. Sending to labor organizations or representatives of workers with whom the Contractor/Subcontractor has a collective bargaining agreement or understanding, a notice of its Section 3 project commitments; and

n. Utilizing resources and methods identified in the Appendix to 24 CFR Part 135 I.

2. Contractors may demonstrate efforts to inform and award contracts to Section 3 Business Concerns by taking such steps as:

a. Contacting businesses listed in HACLA’s registry of certified Section 3 Business Concerns to inform them of subcontracting opportunities (see www.hacla.org/forms);

b. Contacting Metropolitan Area businesses listed in HUD’s registry of certified Section 3 Business Concerns to inform them of subcontracting opportunities (see https://portalapps.hud.gov/Sec3BusReg/BRegistry/SearchBusiness);

c. Advertising subcontracting opportunities through trade association publications, local media outlets, on appropriate social media platforms, and at the project site;

d. Notifying business associations, business assistance centers, and other community organizations of contracting opportunities and requesting their assistance in identifying Section 3 Business Concerns to solicit bids or proposals;

e. Establishing or sponsoring programs designed to assist Section 3 Business Concerns to enable them to participate in subcontracting opportunities; and

f. Utilizing resources and methods identified in the Appendix to 24 CFR Part 135 II.

3. Contractors who fail to meet these Section 3 numerical goals have the burden of demonstrating, to HACLA’s satisfaction, the reason why compliance was not feasible by providing HACLA with documentation of good faith efforts taken and barriers encountered.

E. Preference for Section 3 Residents in Training and Employment Opportunities

1. In accordance with the guidelines set forth at 24 CFR Part 135.34, unless otherwise provided therein, Contractors performing work under Section 3 Covered Contracts shall direct their efforts to provide, to the greatest extent feasible, new training and employment opportunities to Section 3 Residents in the following order of priority:

a. First priority (P1): Individuals residing in the HACLA owned or managed public housing development where the Section 3 Covered Project is being performed.

b. Second priority (P2): Individuals residing in other HACLA owned or managed public housing developments.
c. Third priority (P3): Other residents of Los Angeles County who are participants of HUD Youth Build Programs being carried out in within the Los Angeles Metropolitan Area or Nonmetropolitan county in which the Section 3 covered assistance is expended.

d. Fourth Priority (P4): Other Section 3 Residents.

IV. SECTION 3 FUND CONTRIBUTIONS

A. Purpose of Fund

HACLA has established a Section 3 Fund to permit Contractors to contribute funding for programs that generate economic and employment opportunities for Section 3 Residents, where the Contractor has demonstrated to HACLA’s satisfaction, that compliance with Section 3 requirements for hiring, subcontracting and providing other economic opportunities is not feasible. Contractor contributions to the Section 3 Fund are considered an option of last resort, as HACLA’s preferred method for Contractors to meet their Section 3 obligations is to satisfy their numerical goals, as expressed herein. HACLA does not accept Contractor contributions to the Section 3 Fund in lieu of compliance with Section 3 or this Plan.

B. Participation in Fund

1. Contractors who, prior to contract award, are unable to satisfy their numerical goals despite demonstrating good faith efforts as outlined above, may, at HACLA’s election, be required to contribute to the Section 3 Fund.

2. Contractors who, following contract award, are unable to satisfy their Section 3 commitments as set forth in their Economic Opportunity Plan (“EOP,” described below) may, at HACLA’s election, be permitted to contribute to the Section 3 Fund and avoid the penalties for default described in section X.B herein, provided the Section 3 Compliance Administrator finds Contractor’s lack of compliance is due to extraordinary circumstances and not due to the Contractor’s lack of good faith compliance efforts or Contractor’s failure to exhaust all feasible alternatives for compliance.

C. Contribution Requirements

1. For construction related Section 3 Covered Projects, Contractor contributions to the Section 3 Fund shall be equal to the lessor of three percent (3%) of (i) the total contract amount plus any modifications, or (ii) the actual dollar amount spent by HACLA under the contract.

2. For non-construction related Section 3 Covered Projects, Contractor contributions shall be equal to the lessor of three percent (3%) of (i) the total contract amount plus any modifications, or (ii) the actual dollar amount spent by HACLA under the contract.

3. Section 3 Fund contributions are based solely on net amount paid to Contractor, excluding shipping fees and taxes. All expenses authorized under the contract, including license fees, labor and materials costs, are subject to Section 3 Fund contribution calculations.
D. Payment Options

1. For construction related Section 3 Covered Projects with contracts of up to one (1) year, Contractors have the option of making contributions in a single up-front payment or making payments on a periodic basis following the receipt of contract payments from HACLA, provided such periodic payments must be in amounts of no less than three percent (3%) of the amount HACLA paid the Contractor for a particular installment.

2. For all contracts exceeding one (1) year, Contractors have the option of making contributions (i) in a single up-front payment at contract commencement based upon the subject year’s contract award value, (ii) in periodic payments of three percent (3%) or greater of each payment received from HACLA, or (iii) at the end of the contract year based upon the actual dollar amount spent by HACLA under the contract for that particular year.

3. Contractors making their Section 3 Fund contribution at the end of contract year shall submit payment in full within thirty (30) days after the receipt of HACLA’s final or year-end payment under the contract.

4. Section 3 Fund contributions for contracts terminated before the contract year end term shall be paid in full at the time of termination.

E. Voluntary Contributions

Contractors may contribute to the Section 3 Fund in discretionary amounts in addition to satisfying their Section 3 obligations.

F. Use of Section 3 Fund Proceeds

1. Section 3 Funds shall only be used by HACLA to further the purpose of Section 3, which are to provide economic and employment opportunities to Section 3 Residents.

2. In support of the purposes of Section 3 and in furtherance of this Plan, Section 3 Funds shall be used for job training, education and employment service programs that are specifically directed at assisting Section 3 Residents find meaningful employment. Such programs include, but are not limited to:

   a. Occupational/trade training programs that provide Section 3 Resident trainees with individualized support to enhance social, vocational and developmental skills; and

   b. HACLA-approved apprenticeship training programs and HACLA-approved pre-apprenticeship training programs designed to prepare Section 3 Resident trainees to enter into and succeed in an approved apprenticeship program.

3. Programs awarded Section 3 Funds will be carefully monitored to ensure effective use and quality of services.
V. SECTION 3 BUSINESS CONCERNS

A. Bid Preference

1. HACLA has adopted a bid preference for Section 3 Business Concerns when awarding Section 3 Covered Contracts utilizing the Invitation for Bids (“IFB”) method of soliciting construction and maintenance activities. The bid preference does not apply to materials-only contracts, service contracts or contracts that are procured without the use of federal funds.

2. The bid preference requires that the IFB be awarded to the qualified Section 3 Business Concern with the lowest responsive and responsible bid and highest priority ranking if that bid meets the criteria set forth in the following Bid Preference Table:

<table>
<thead>
<tr>
<th>When the lowest responsive bid is:</th>
<th>Section 3 Business Concern bid is within lesser of:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $100,000:</td>
<td>10% of that bid or $9000</td>
</tr>
<tr>
<td>At least $100,000, but less than $200,000</td>
<td>9% of that bid, or $16,000</td>
</tr>
<tr>
<td>At least $200,000, but less than $300,000</td>
<td>8% of that bid, or $21,000</td>
</tr>
<tr>
<td>At least $300,000, but less than $400,000</td>
<td>7% of that bid, or $24,000</td>
</tr>
<tr>
<td>At least $400,000, but less than $500,000</td>
<td>6% of that bid, or $25,000</td>
</tr>
<tr>
<td>At least $500,000, but less than 1 million</td>
<td>5% of that bid, or $40,000</td>
</tr>
<tr>
<td>At least $1 million, but less than $2 million</td>
<td>4% of that bid, or $60,000</td>
</tr>
<tr>
<td>At least $2 million, but less than $4 million</td>
<td>3% of that bid, or $80,000</td>
</tr>
<tr>
<td>At least $4 million, but less than $7 million</td>
<td>2% of that bid, or $105,000</td>
</tr>
<tr>
<td>$7 million or more</td>
<td>1½% of the lowest responsive bid, with no dollar limit</td>
</tr>
</tbody>
</table>

B. Designation as a Section 3 Business Concern

1. Business owners seeking HACLA’s designation as a Section 3 Business Concern must submit a Section 3 Business Certification Form (to be provided by HACLA) in their bid/offer package, along with required supporting documentation.

2. Where a business entity is certified by HACLA as a Section 3 Business Concern based on its ownership interest (i.e., at least fifty-one percent (51%) of the business is owned by one or more Section 3 Residents) or the percentage of employees who are or were Section 3 Residents at the time of contract award (i.e., at the time of award, at least thirty percent (30%) of its permanent, full-time employees include persons who are currently Section 3 Residents, or were Section 3 Residents within three (3) years of the date such persons were first employment with the business), the certification is valid for three (3) years.

3. Where a business entity is certified by HACLA as a Section 3 Business Concern based on its commitment to subcontract more than twenty-five percent (25%) of the dollar award of all subcontracts awarded under a Section 3 Covered Contract to Section 3 Business Concerns, HACLA’s certification of the business is valid for the term of the business’ Section 3 Covered Contract.
4. HACLA reserves the right but is not compelled to accept a Contractor’s/Subcontractor’s certification as a Section 3 Business Concern approved by another governmental entity.

5. Certification as a Section 3 Business Concern does not relieve Contractors from their Section 3 obligations, including the achievement of their numerical goals. All Section 3 Business Concerns are required to demonstrate compliance with Section 3 and this Plan.

VI. SECTION 3 RECRUITMENT AND NEW HIRES

Contractors are expected to make good faith efforts to achieve the numerical goals outlined at Section III.B herein, following the Section 3 Resident priority preferences set forth at Section III.E herein. This section provides guidance for the recruitment of New Hires, including New Hires who are Section 3 Residents.

A. Recruitment Efforts

1. HACLA maintains a database of employment-ready Section 3 Residents who meet certain minimum qualifications for various categories of employment. Upon receipt of a completed Section 3 Job Order Form from Contractor/Subcontractor, HACLA will provide referrals of qualified candidates from the database. When reasonably possible, Contractors are expected to provide HACLA with the Section 3 Job Order Form well in advance of project commencement.

2. Upon receipt of a Section 3 Job Order Form, HACLA will refer qualified candidates for interviews for each available position. Contractors are expected to give each New Hire candidate full consideration for available positions.

3. Independent of HACLA’s efforts and referrals, Contractors shall engage in independent employment recruitment efforts following the Section 3 Resident priority preferences set forth at Section III.D herein using the methods and resources identified at Section III.C and others as applicable.

4. Contractors shall submit to HACLA their interview notes, including reasons for denial of employment or training opportunity and any follow up actions to be taken to assist the Section 3 Resident in the future, as applicable.

B. Section 3 Resident New Hires

1. All Section 3 Resident New Hires shall be employees of the Contractor and shall have all the protections afforded to employees under state, federal and local laws. Contractors are expected to impose the same hiring requirements and personnel rules and policies upon Section 3 Resident New Hires as are imposed upon their other employment candidates and employees.

2. Contractors are required to report to HACLA within two (2) business days of hiring Section 3 Residents and shall provide to HACLA a completed Section 3 Resident Certification Form (to be provided by HACLA) for each Section 3 Resident New Hire.
C. Apprenticeship Programs

1. Contractors who employ apprentices to satisfy their numerical goals are required to utilize appropriate apprenticeship programs approved by the federal Department of Labor (“DOL”).

2. Contractors who employ apprentices on construction projects that are subject to the Davis-Bacon Wage Act are required to adhere to all legal requirements for wage rates and ratios of apprentices to journeymen set forth therein.

3. For each apprentice employed on a project, Contractors shall, prior to contract commencement, submit to HACLA apprentice certificates issued by the Department of Labor.

D. Limitations

Contractors/Subcontractors retain the sole discretion and control over any hiring and personnel decisions. HACLA cannot and will not exercise any control over any of the Contractors’ or Subcontractors’ employees, including New Hires, regardless of whether they were referred by HACLA or are Section 3 Residents.

E. Documented Efforts

Contractors shall document efforts taken to recruit and interview Section 3 Residents for hire and shall, upon reasonable request, provide HACLA with documentation that demonstrates such efforts, including interview notes, which shall include reasons for denial of employment or other actions as applicable.

F. Lack of Compliance

A Contractor’s failure to satisfy the requirements of this section may result in HACLA’s determination that the Contractor has failed to demonstrate good faith efforts to comply with the requirements of Section 3 and this Plan, and may subject Contractor to the penalties for default described in section XI.B herein, which include monetary fines and debarment.

VII. REQUIRED SUBMISSION DOCUMENTS

A. Section 3 Economic Opportunity Plans

1. All Contractors awarded a Section 3 Covered Contract and their Subcontractors shall prepare an Economic Opportunity Plan (“EOP”), which provides HACLA a “snapshot” of Contractors’ and Subcontractors’ current workforce, anticipated workforce to complete the project, subcontracting needs and efforts to generate economic opportunities in compliance with Section 3 and this Plan. The specific requirements of the EOP will be included in HACLA’s solicitation for the work.

2. Unless the solicitation specifies otherwise, a Contractor’s EOP shall be submitted to HACLA with Contractor’s bid/offer package. Bids/Offers submitted by Contractors without an EOP, when required, will be rejected as non-responsive and will not be considered for contract award.
3. Unless the solicitation specifies otherwise, a Subcontractor’s EOP shall be submitted to HACLA prior to commencement of the contract.

4. EOP commitments will be incorporated into the contract. Contractors are responsible for incorporating their EOP commitments in any subcontracts it awards for the contract work.

5. Failure on the part of Contractor/Subcontractors to meet the commitments set forth in Contractor’s EOP may subject Contractor to the penalties for default described in Section X.B herein, including a determination that the Contractor is in material default of the contract.

B. Declaration of Intent to Comply with Section 3 Regulations

1. In addition to the EOP, Contractors awarded a Section 3 Covered Contract and their Subcontractors shall complete a Declaration of Intent to Comply with Section 3 Regulations form (to be provided by HACLA), which shall be submitted with Contractor’s bid/offer package, unless the solicitation specifies otherwise.

2. Bids/Offers submitted by Contractors without completed Declarations, when required, may be rejected as non-responsive and will not be considered for contract award.

C. Section 3 Compliance Summary Report

1. Contractors shall, upon HACLA’s request, provide periodic reports using the Section 3 Compliance Summary Report form (to be provided by HACLA). The report shall include information about New Hires, business subcontracting and supporting documents that reflect Contractor/Subcontractor good faith efforts to satisfy Section 3 requirements and fulfil its Section 3 commitments.

2. HACLA reserves the right to request from Contractor additional compliance documents to support data reported in the Section 3 Compliance Summary Report, and to request such other documents as HACLA deems necessary for clarification and proof of efforts.

VIII. DEVELOPMENT AND REDEVELOPMENT PROJECTS

In recognition that large-scale development and redevelopment projects (i) present a unique opportunity to generate employment and job training opportunities for Section 3 Residents, and (ii) typically involve mixed funding which may impose hiring priorities that differ from those specified in this Plan, HACLA’s Board of Commissioners adopts the following exceptions and requirements for Section 3 Covered Projects that are procured in connection with large-scale development and redevelopment projects that are subject to the Board’s approval.

A. Priorities and Commitments

1. The project’s master development agreement, disposition and development agreement, or similar agreement between HACLA and the developer, may, consistent with 24 CFR Part 135.34, reflect priorities for training and employment opportunities that differ from those
outlined at Section III.E herein.

2. The developer is responsible for submitting to HACLA a detailed Section 3 Economic Opportunity Plan that details its approach, methods and resources to be used to meet and/or exceed HUD numerical goals.

3. The developer’s specific, negotiated Section 3 commitments shall be made applicable to developer’s Contractors, Subcontractors and all other businesses employed on the project. The developer will be held responsible for enforcing Section 3 requirements and project commitments, and for monitoring its Subcontractors’ performance for compliance.

B. Penalties

In the event the developer fails to meet its commitments and can not demonstrate to HACLA’s satisfaction that good faith efforts have been made to fulfil their commitments, it shall be subject to penalties for non-compliance as negotiated in its master development agreement, disposition and development agreement or similar agreement between HACLA and the developer. Shall no such penalty agreement exist, the penalties for non-compliance set forth at Section X.B herein shall apply to the project.

C. Conflicts

Except as expressly set forth herein, Section 3 requirements and this Plan shall apply to the project. In the event of any perceived or actual conflicts between developer’s specific, negotiated Section 3 commitments and the requirements of 24 CFR Part 135 and/or this Plan, HACLA’s determination shall be final and binding.

IX. REQUIREMENTS APPLICABLE TO HUD NOTICE OF FUNDING AVAILABILITY (NOFA) PROGRAMS

The Section 3 compliance requirements at 24 CFR Part 135.9 apply to all HUD Notices of Funding Availability (NOFAs) and shall be imposed in all HACLA NOFA solicitations.

X. COMPLIANCE

A. Reviews for Compliance

1. HACLA may periodically audit Contractors’/Subcontractors’ performance for compliance with the requirements of Section 3 and this Plan, and may conduct periodic project site visits to support such efforts.

2. In connection with an audit for compliance, HACLA reserves the right to request from Contractors/Subcontractors additional reports and information concerning its efforts to comply with requirements of Section 3 and this Plan, and the Section 3 related contract terms and conditions.
B. Penalties for Non-Compliance

1. Contractors who fail to comply with their EOPs or otherwise fail to meet their commitments and obligations arising under Section 3, this Plan or the Section 3 related contract terms and conditions, shall, following notice and a reasonable opportunity to cure (as determined by HACLA in its sole discretion based upon the circumstances), be deemed in material default of their contracts, and may be subject to administrative penalties and/or debarment as follows:

   a. 1st Violation: Administrative penalty of ten percent (10%) of the contract award amount including all amendments.

   b. 2nd Violation: Administrative penalty of additional ten percent (10%) of the contract award amount including all amendments.

   c. 3rd Violation: Debarment, suspension, denial of participation in HACLA contracting or HUD programs in accordance with 24 CFR § 135.74d.

XI. RECORDS RETENTION

HACLA and any of their duly authorized representatives shall, until three years after final payment under the Section 3 Covered Contract, have access to and the right to examine any Contractor or Subcontractor directly pertinent books, documents, papers, or other records concerning Section 3 outreach efforts and commitments for the purpose of making audit, examination, excerpts, and transcriptions.

XII. RESOURCES

A. General Information

HUD publishes general information concerning Section 3, including the federal regulations implementing Section 3 (24 CFR part 135), at www.hud.gov/section3.

HACLA has published its own Frequently Asked Questions concerning Section 3, which is available here: www.hacla.org/section3.

B. HACLA Forms

All HACLA forms referenced in this Plan are available online at www.hacla.org/forms or by contacting HACLA’s Section 3 Compliance Administrator at: section3@hacla.org.

C. Questions and Complaints

Questions or complaints concerning this Plan or HACLA’s Section 3 program should be directed to HACLA’s Section 3 Compliance Administrator:

Housing Authority of the City of Los Angeles
Section 3 Compliance Administrator
Consistent with 24 CFR §135.76, a Section 3 Resident or a Section 3 Business Concern may file a Section 3 related complaint directly with HUD using HUD form 958.

History:

10/30/14: Section 3 Guide and Compliance Plan adopted by Board Resolution No. 9167
11/28/17: Section 3 Guide and Compliance Plan (V2) adopted by Board Resolution No. 9693
EXHIBIT F

Feasibility Plan Requirements

Subject to the provisions of Section 3.8(d) and 3.9(b) of this Lease, any Feasibility Plan submitted by Tenant to Landlord shall, at a minimum, include the following:

(a) A statement describing the Tenant’s reasons for deviating from the affordability requirements of this Lease and the Regulatory Agreements.

(b) A demonstration that any deviation from the affordability requirements of this Lease and the Regulatory Agreements is only to the extent necessary to preserve the viability of the Project and the affected Residential Units while maintaining the affordability of the Residential Units to the maximum extent practicable.

(c) An explanation of the Tenant’s proposed remedies, including, but not limited to: (i) how the Tenant will select the units and families, including the number of units and income levels for such units that will be affected by rent increases; (ii) a timetable for the implementation of the Feasibility Plan; and (iii) the impact on existing residential tenants.

(d) A statement of all steps Tenant has taken with regard to the Project to offset the loss of any subsidy, including the use of other public and private development resources, the use of cash flow, and funds from other operating deficit reserves.

(e) An explanation of proposed Operating Expense reductions and modifications to Project operations to improve financial performance.

(f) A financial statement showing actual operating expenses and revenues over the past 5 years and the projected expenses and revenues over the next 10 years.

(g) A statement that Tenant has provided, or will provide, all affected residential tenants with at least ninety (90) days’ notice prior to the implementation of the approved Feasibility Plan or any rent increases.

(h) A certification that upon reinstatement of any terminated subsidies or the finding of alternative subsidies or financial structures that Tenant will reinstate the affordability restrictions of this Lease and the Regulatory Agreements proportionate to the reinstated subsidies.

(i) An update to the Feasibility Plan shall be submitted by Tenant to Landlord at least annually for Landlord’s review and approval to ensure that the provisions of the Feasibility Plan continue to be appropriate.
EXHIBIT G

Property Management and Re-Occupancy Plan

[attached]
MANAGEMENT & REOCCUPANCY PLAN
Jordan Downs Phase S2

MICHAELS MANAGEMENT-AFFORDABLE, LLC
(February 2021)
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Attachment A Property Summary
1. MANAGEMENT PLAN

The Property Management and Re-occupancy Plan (this “Plan”) is made as of the 11th day of February, 2021 by and between Jordan Downs Phase S2, LP, a California limited partnership (the “Owner”) and Michaels Management-Affordable, LLC, a New Jersey Corporation (the “Agent”) and is consented to by the Housing Authority of the City of Los Angeles (the “Authority” or “HACLA”). This Plan sets forth an outline of procedures and guidelines to follow in the management of Jordan Downs Phase S2 (the “Property”). It is the intent of this Plan and all parties involved to create a decent, safe and sanitary living environment for the residents of the Property and to operate the Property in accordance with the Applicable Regulatory and Operating Requirements.

The Property is a 81 unit multi-family development, along with other ancillary improvements including a community room located in the Watts section of Los Angeles as outlined in the Description of Site and Property attached as Attachment A to this Plan.

1.1 DEFINITIONS

Authority- means the Housing Authority of the City of Los Angeles

Applicable Regulatory and Operating Requirements- means the applicable regulatory requirements and standards outlined in the RAD Requirements, the PBV Requirements, the Tax Credit Requirements, the Authority’s Section 8 Administrative Plan as it applies to the Property, the law of the State of California, and such other regulatory requirements to which the Property is subject.

Disposition and Development Agreement- means that Disposition and Development Agreement entered into between the Authority and Owner outlining various plans and requirements related to development and operation of the Property.

Former Property - means the 700 unit Jordan Downs public housing community, located between Grape, Alameda, 97th and 103rd streets in the Watts section of Los Angeles.

Ground Lease- means that Ground Lease for the Property between the Authority and the Owner.

HAP Contract – means, collectively, the PBV HAP Contract and the RAD HAP Contract.

Marketing and Tenant Selection Plan- means that plan outlining the methods Agent will employ to market the Property, screen applicants for the Tax Credit-Only Units refer applicants for the PBV Units and RAD Units to the Authority for eligibility review and inclusion on the Site-Specific RAD/PBV Waiting List, and screen those applicants the
Authority has referred from the Site-Specific Waiting List all in accordance with the Applicable Regulatory and Operating Requirements. It is expressly noted that remaining (existing) Jordan Downs residents shall fill replacement units after initial occupancy and prior to being placed on the waiting list.

Operating Budget- means that operating budget for the Property which includes costs for marketing, lease-up, operation, repair, maintenance and improvement of the Property prepared by Agent and approved by both Owner and the Authority.

Partnership Agreement- means that Amended and Restated Agreement of Limited Partnership of Owner.

PBV HAP Contract - means the Housing Assistance Payments Contract between the Authority and the Owner for the PBV Units.

PBV Requirements- means all statutory, regulatory (24 CFR part 983) and programmatic requirements applicable to the PBV Units, including those requirements contained in the HAP Contract for the PBV Units, the Authority’s Section 8 Administrative Plan, and all applicable federal statutory, regulatory and executive order requirements, as those requirements may be amended from time to time.

PBV Units- means those sixty three (63) units that are subject to a HAP Contract and operated in accordance with the PBV Requirements.

Procurement Plan- means that Procurement Plan attached hereto at Attachment E for Jordan Downs Redevelopment, prepared by affiliates of Owner and Agent, and approved by the Authority, which outlines contracting procedures for construction and post-construction activities, including those undertaken by Agent, for the Property, and which is included in an attachment to the Disposition and Development Agreement.

RAD HAP Contract- means the Housing Assistance Payments Contract between the Authority and the Owner for the RAD Units.

RAD Requirements- means all applicable statutes, regulations and guidance and other requirements issued by HUD for the Rental Assistance Demonstration (RAD) program, as they become effective, including but not limited to (1) the Consolidated and Further Continuing Appropriations Act of 2012, all applicable statutes and any regulations issued by HUD for the RAD program, as they become effective and (2) all current requirements in HUD handbooks and guides, notices (including but not limited to, Notice PIH 2012-32, REV-3, as it may be amended from time to time), and Mortgagee letters (if any) for the RAD program, (3) the HAP Contract for the RAD Units and the RAD Use Agreement entered into between the Authority, Owner and HUD, and recorded against the Property, and (4) and all future updates, changes and amendments thereto, as they become effective.
RAD Units- means those seventeen (17) units which are subject to a HAP Contract and operated in accordance with the RAD Requirements.

Relocating Residents- means those residents relocating from the Former Property, which residents will be the initial occupants of the RAD Units and PBV Units.

Relocation Plan- means that Relocation Plan for Jordan Downs prepared by the Authority and dated December 2018, which provides for the relocation of residents from the Former Property and rehousing of residents of the Former Property in the redeveloped Jordan Downs development and which is an attachment to this Plan.

Replacement Units- means those forty nine (49) units at the Property which will be initially occupied by Relocating Residents from the Former Property, and which are comprised of seventeen (17) RAD Units and thirty two (32) PBV Units.

Section 3 Plan- means that plan developed by Owner and approved by the Authority which requires, among other things, that Agent use good faith efforts to set aside thirty percent (30%) of the jobs available at the Property be made available first to Jordan Downs residents, second to Watts residents, third to Youthbuild participants residing in the City of Los Angeles and fourth to City of Los Angeles residents as further outlined in the Authority’s Section 3 Guide and Compliance Plan (Authority Section 3 Requirements). The Section 3 Plan also requires that Agent use good faith efforts to hire Disadvantaged Workers for not less than ten percent (10%) of the jobs available at the Property and three percent (3%) of the service contracts available at the Property be made available to Section 3 Businesses, as such terms are defined in the Authority Section 3 Requirements and which is an attachment to the Disposition and Development Agreement.

Site-Specific RAD/PBV Waiting List- means that waiting list for the RAD Units and PBV Units held by the Authority, which will be utilized following initial lease up. Owner or Agent may refer applicants for inclusion on the waiting list held by the Authority. The Authority will screen applicants and ensure eligibility in accordance with the applicable HAP Contract and will forward applicable information for those applicants who satisfy the Authority’s eligibility screening requirements, to Agent for review of eligibility in accordance with the Applicable Regulatory and Operating Requirements.

Tax Credit Requirements- means those requirements in Section 42 of the Internal Revenue Code of 1986 (Code) and established by the California Tax Credit Allocation Committee (CTAC) with respect to development and operation of units funded pursuant to the Code and allocated by CTAC.

1.2 PARTIES AND THEIR RESPECTIVE ROLES

Jordan Downs S2, LP (Owner) recognizes its overall responsibility for the operation of the Property, ensuring it is maintained in good and safe order, condition and repair, maintaining its
financial viability in accordance with and ensuring it complies with Applicable Regulatory and Operating Requirements, the Ground Lease, the Partnership Agreement and all applicable funding requirements.

Owner has engaged Michaels Management-Affordable, LLC (Agent) through a management agreement (Management Agreement) which delegates day-to-day decisions concerning the marketing and management of the Property to Agent. The responsibilities of the Agent in managing the Property shall include:

a) Personnel – The Agent will hire all personnel necessary to effectively operate the Property in accordance with the Staffing Plan attached hereto at Attachment B.

b) Accounting – In a form acceptable to the Owner, the Agent will maintain books of accounts and records accurately reflecting the operation of the Property, Agent will ensure that all financial records are in accordance with prescribed governmental accounting standards.

c) Marketing – Subject to the approval of the Owner, the Agent shall develop and implement strategies for the marketing of rental units at the Property in accordance with the Marketing and Tenant Selection Plan attached hereto at Attachment C.

d) Leasing – The Agent shall accept applications at an on-site location and select and screen applications in accordance with applicable governmental regulations and the Marketing and Tenant Selection Plan. Agent shall enter into such leases with tenants (the Lease) which have been approved by Owner and the Authority, and which comply with all Applicable Regulatory and Operating Requirements.

e) Rent Collection and Lease Enforcement – Agent shall exercise diligence in collecting rents and other income generated by the Property and will enforce the provisions of all Leases in accordance with all Applicable Regulatory and Operating Requirements as well as all applicable state and local landlord-tenant laws, including providing such opportunities for redress prior to eviction, as outlined in this Plan. Agent shall institute any and all legal actions necessary for the collection of rents and other income and for the removal of tenants or other persons from the Property in accordance with Applicable Regulatory and Operating Requirements and all applicable state and local landlord-tenant laws.

f) Maintenance, Repairs and Utilities – The Agent shall maintain and repair the Property so that it is in good and safe condition and repair.

g) Social Services – The Agent shall provide for resident activities and social services in accordance with the service plan for the Property (Supportive Services Plan) attached hereto at Attachment F.

h) Regulatory Compliance- Agent shall ensure that the Property is operated in accordance with all Applicable Regulatory and Operating Requirements, and to the
extent additional services are required that fall outside those duties and responsibilities as prescribed in the Management Agreement, Agent will so notify Owner and Authority, unless those services are required to perform an emergency.

i) Other Services – The Agent shall perform any other services related to the Property as described in the Management Agreement, this Plan and as required by Applicable Regulatory and Operating Requirements.

j) As required by the Ground Lease, the Authority has the right to inspect, monitor, and audit the operations of the Property with respect to the operation and maintenance of the RAD Units and the PBV Units in its capacity as contract administrator for HUD of any PBV HAP Contract or RAD HAP Contract. Agent shall cooperate fully with respect to such activities by Authority (including, without limitation, providing Authority with such information regarding the operation and maintenance of the RAD Units and the PBV Units as may reasonably be requested by Authority). Any material changes to this Plan shall be approved by Owner, Agent, and the Authority.

2. MANAGEMENT OF THE PROPERTY

2.1 MANAGEMENT PLAN GOALS

a) To provide a desirable, well maintained and affordable place to live in compliance with all applicable federal, state, or local laws prohibiting discrimination in housing on the basis of age, race, religion, sex, color, familial status, handicap/disability, national origin, marital status, ancestry, gender identity or sexual orientation and in compliance with Applicable Regulatory and Operating Requirements.

b) To house eligible residents and maximize occupancy and rent collection.

c) To provide effective and timely services to the residents while responsibly maintaining the Property.

d) To maintain effective working relationships with resident association(s), federal, state and local government entities, lenders and investors.

2.2 MANAGEMENT OPERATIONS

The Agent will continually review the Plan and advise the Owner of changes deemed by the Agent to be necessary or desirable.

a) As provided in the Management Agreement, the Owner delegates authority for management of the Property on a day-to-day basis to the Agent. As provided in the Management Agreement, the Owner, and in limited circumstances the Authority, has the authority to remove the Agent. The Agent will be charged with specific performance of activities in accordance with this Plan and will, by means of the
Operating Budget, financial statements, monthly reports and personal conferences, advise the Owner on the operation of the Property.

b) The Agent has entered into a Management Agreement with the Owner and will be paid a fee for its services as provided therein. The Management Agreement outlines the general responsibilities of the Agent in part as follows:

1) The Agent will prepare the Operating Budget which is subject to review and approval by the Owner, Authority, and applicable lenders, investors, and as required or otherwise requested governmental entities. The Agent will set job standards and wage rates as approved by the Owner, investigate, hire, pay, supervise and discharge all Property personnel necessary to properly operate and maintain the Property.

2) The Agent will staff the Property in accordance with the highest standards achievable and consistent with this Plan and Management Agreement and in compliance with all governing documents, including the Section 3 Plan, such staffing shall be detailed in the Staffing Plan attached to this Plan.

3) The Agent will provide general maintenance of the Property. Maintenance will include, but not be limited to, exterior and interior cleaning, painting, decorating, plumbing, electrical, mechanical, carpeting and other normal maintenance and repair work necessary to maintain the Property in accordance with all Applicable Regulatory and Operating Requirements.

The Agent, subject to the availability of operating funds and approval of the Owner when required, shall maintain the Property in good and safe order, condition and repair, and with reasonable promptness, make all necessary and appropriate repairs.

All maintenance requests from residents and work orders will be recorded and will become part of the resident’s file. Specific timelines and standards for completion of regular maintenance and emergency requests are outlined in Section 2.10 of the Plan.

4) The Agent will collect all rents, legal charges, maintenance charges, and any other amounts due from the residents as well as all amounts due from concessionaires. All funds collected will be deposited into accounts established for the Property.

5) At the direction of the Owner with a copy to the Authority and any other applicable entities, the Agent will provide monthly reports on rental activity which shall include: expense statements, a budget variance summary, expense distribution, check registry, security deposit escrow, security deposit disposition, balance sheet, rent roll, and accounts payables listing.
6) The Agent will, at all times, attempt to keep the Property fully occupied by marketing the Property in accordance with the Tenant Selection Plan, including by referring applicable applicants for the PBV Units and RAD Units to the Authority for its waiting list and verifying eligibility of those referred by the Authority. Agent shall coordinate with the Authority as needed to get prospective residents from the Authority’s waiting list for the PBV Units and the RAD Units.

7) The Agent will maintain a comprehensive set of accounting records satisfactory to the Owner, HUD, the Authority and any other governmental regulatory agency.

8) All monies received by the Agent on behalf of the Owner, with the exception of security deposits, shall be deposited in a lockbox account established for the Property, used in accordance with the Applicable Regulatory and Operating Requirements.

9) The Agent will collect, deposit and disburse security deposits in accordance with HUD regulations, state law and the terms of each resident’s Lease. Security deposits will be deposited separate from all other accounts and funds, with a bank or other financial institution whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Security deposits may be placed in separate accounts in the name of each tenant or, if permitted by state law, in a custodial account. The accounts will be carried in the Agent’s name and designated of record as “Security Deposit Account.” The Agent will comply with all applicable Federal, state or local law regarding security deposits, including payment of interest thereon.

10) Agent will investigate and make a full written report of all incidents involving personal injury or property damage relating to the operation of the Property and will cooperate with the insurance carriers to facilitate any claim handling that may be required.

Expenses charged to the Property and not borne by the Agent from its fee will be consistent with the HAP Contract and all Applicable Regulatory and Operating Requirements and will include, but shall not be limited to, such items listed below:

a) Salaries and related compensation for the Site Manager and other staff members identified in the Staffing Plan attached hereto at Attachment B, provided that such salaries and related compensation shall be consistent with the approved Operating Budget.

b) Cost of on-site office and any apartment or apartments for on-site staff in accordance with the Operating Budget.

c) Other on-site staff, such as maintenance personnel, landscaping, custodial staff, leasing or office staff and social services staff, as outlined in the Staffing Plan.
attached to this Plan, and training directly related to the applicable staff person’s job function at the Property.

d) Costs attributable to other employees of the Agent who perform “front line” functions, to the extent permitted by the above referenced Handbook, outlined in the Staffing Plan, and in accordance with the Operating Budget.

e) Maintenance and repair costs, utilities, taxes, insurance, fringe benefits related to on-site employees and other normal operating expenses in accordance with the Operating Budget.

f) Security personnel and/or contracted services where applicable, as outlined in the Staffing Plan, and in accordance with the Operating Budget.

g) Cost of preparing annual audited financial reports to regulatory agencies and tax information and applicable tax returns for the Owner in accordance with the Operating Budget.

h) Legal and related expenses attributable to lease enforcement and/or evictions in accordance with the Operating Budget.

i) Credit checks, criminal record checks, and all other costs attributable to screening prospective tenants in accordance with the Operating Budget.

j) All costs associated with verifying tenant information in compliance with the Applicable Regulatory and Operating Requirements and in accordance with the Operating Budget.

k) Bank charges associated with maintaining applicable accounts and conducting normal banking activity, in accordance with the Operating Budget.

2.3 REQUIREMENTS OF GOVERNMENTAL ENTITIES

a) The Agent will comply with all budgetary, approval and reporting procedures outlined in the Applicable Regulatory and Operating Requirements and the HAP Contract.

2.4 PERSONNEL AND STAFFING PLAN

a) Staffing for this Property will be done in conformance with the staffing plan attached to this Plan (Staffing Plan), which may be updated as necessary, subject to Owner and Authority approval, and subject to any necessary Operating Budget amendments, as site conditions dictate. The level of staffing will be adjusted to cover the extensive requirements for marketing and managing the Property with its various regulatory and paperwork requirements subject to the aforementioned approvals and amendments.
All on-site personnel shall be drug screened and have a criminal background check. The Agent shall hire, discharge and supervise the work of all employees in accordance with Applicable Regulatory and Operating Requirements.

b) As required by the Ground Lease, the Agent agrees that prior to hiring any management or maintenance employees for the Property, the Agent shall notify the Authority and the Watts/Los Angeles WorkSource Center (WSC) of its need for employees. The Agent shall strongly consider the qualifications of all interested WSC referrals and existing Authority employees as it makes hiring decisions for the management and maintenance of the Property. To that end, the Agent will provide these applicants the first opportunity to interview for all available positions, before undertaking outreach activities or providing notice to the public of such opportunities.

2.5 RESIDENT SELECTION, ADMISSION AND REOCCUPANCY

a) The Owner, Agent, and Authority will comply with the Property’s Tenant Selection Plan included at Attachment C. In the event of any conflict between a provision of this Plan or the Tenant Selection Plan and the requirements of the Applicable Regulatory and Operating Requirements, then the terms of the Applicable Regulatory and Operating Requirements shall in all instances prevail, except as such provision may have been expressly waived in writing by the U.S. Department of Housing and Urban Development (HUD) and/or the Authority, as applicable. It is expressly noted that remaining (existing) Jordan Downs residents shall fill replacement units after initial occupancy and prior to being placed on the waiting list.

2.6 RESIDENT ORIENTATION AND INSPECTIONS.

a) Resident orientation will be conducted by on-site personnel and begin during the application stage and continue through the initial move-in inspection of the dwelling unit. As applicants are accepted for occupancy, an orientation session will be conducted with and documented for each family.

b) The orientation will cover both the resident’s responsibilities and the Agent’s responsibilities relating to the Lease, rules and regulations of the Property, including Lease termination, which shall comply with all Applicable Regulatory and Operating Requirements. Instruction on the operation of the unit will be provided during the joint move-in inspection. The resident will be informed that the purpose of the inspection is to record the condition of the unit prior to occupancy.

c) The Authority will conduct inspections of each PBV Unit and RAD Unit, prior to initial occupancy and at turnover, to ensure that each the unit meets HUD’s Housing Quality Standards (HQS). The Authority will coordinate with Agent regarding the timing of those inspections to make sure the HQS inspections are conducted at least five (5) days prior to the projected move-in date of the new resident. In addition, every two (2) years, the Authority will conduct additional inspection of
approximately twenty percent (20%) of the PBV Units and the RAD Units, in accordance with the HAP Contracts and the Applicable Regulatory and Operating Requirements.

d) Agent’s on-site staff will conduct a joint unit move-in inspection with each resident, and the report documenting such inspection will be signed by Agent and the resident. All copies such reports will be provided to the applicable resident. Any maintenance items identified during the move-in inspection will be documented by on-site staff in work orders and maintenance tickets to be addressed in accordance with Section 2.10 of this Plan.

e) Provided that a resident provides notice to Agent of resident’s intent to move out of a unit, then prior to that resident’s move, Agent’s on-site personnel shall inform resident of the date and time for a joint move-out inspection. A report documenting such inspection will be signed by Agent and, to the extent willing, the resident. All copies of such reports will be provided to the applicable resident. Should the report indicate the unit sustained damage, which is not attributable to normal wear and tear, Agent shall prepare a statement and furnish it to resident, documenting such charges.

2.7 INCOME AND RENT REVIEWS
The residents will be subject to annual and interim certifications by HACLA and annual certifications by the Agent as prescribed by the Applicable Regulatory and Operating Requirements. At each instance, and as provided for by the Applicable Regulatory and Operating Requirements and as governed by the tenant lease, the rent amounts and payment amounts will be reviewed and modified as necessary in accordance with the Applicable Regulatory and Operating Requirements. Appropriate notices for income verifications and any changes in rent will be consistent with the Applicable Regulatory and Operating Requirements and as provided for in the tenant lease.

2.8 RENT COLLECTION POLICIES AND PROCEDURES
a) Rent is due and payable, in advance, on the first (1st) calendar day of the month and is considered delinquent if not received by the fifth (5th) calendar day of the month. Late charges will not be assessed until the sixth (6th) day of the month if rent is not received by that date. Rent payments will be recorded on the date received at the site office presuming that is a business day and not a holiday or weekend. For RAD Units and PBV Units, rent amounts paid will be posted to “RENT” first, with any remaining amounts applied to the oldest balances owed on the resident ledger (i.e., damages, legal, etc.).

b) Rent payments must be made in the form of a money order, check, credit card or other electronic payment methods approved by the Agent and outlined in the Lease.

c) Partial payment of rent will not be accepted.
d) Residents who have not paid their rent by the close of business on the fifth (5th) day of the month will be assessed a late fee on the sixth (6th) day of the month. The amount of the fee will be $20.00 and shall be outlined in resident’s Lease.

e) All residents with rent delinquencies will be notified in writing of the delinquency and the amount of the late fee, to be hand delivered.

f) If a resident fails to make payment after notification of delinquency, a notice of termination will be issued after the sixth (6th) of the month. If rent is not received within fourteen (14) days of the date of the notice of termination, legal action may be commenced in accordance with the requirements contained in the HAP Contracts and the RAD and PBV and Resident Rights Addendum to the Management Agreement, and subject to the Grievance Rights outlined in Section 3.2 of this Plan.

g) As required under the Housing Opportunity through Modernization Act of 2016, the Agent understands that though participation in supportive services is not required as a condition of living in a PBV Unit, all families residing in PBV Units must be eligible to receive the supportive services being offered through the Property, and supportive services must be offered to each family. Accordingly, the Agent shall offer supportive services to each family, which the family is free to decline.

2.9 LEASE AND LEASE ENFORCEMENT

a) The Lease shall comply with Applicable Regulatory and Operating Requirements, and is subject to approval by Owner and the Authority. The initial Lease approved by Owner and Authority, which includes all applicable exhibits and attachments, including those which apply to the Tax Credit Units, the RAD Units and the PBV Units, is attached to this Plan. Any material changes to the Lease shall be approved by Owner and the Authority.

b) The Agent will ensure full compliance with the terms of the Lease for all residents and will lawfully terminate any tenancy when there is sufficient cause for such termination under the terms of the resident’s Lease and in accordance with the Applicable Regulatory and Operating Requirements, and subject to resident Grievance Rights outlined in Section 3.2 of this Plan.

c) The Agent will consult with legal counsel, as necessary, prior to bringing actions for eviction and executing notices to vacate and judicial pleadings incident to such action. Attorneys’ fees and other necessary costs incurred in connection with such actions will be paid out of the Property’s Operating Account.

d) The Agent will provide written notice of Lease termination in accordance with the provisions of the Lease, the RAD, PBV and Resident Rights Addendum, all Applicable Regulatory and Operating Requirements, and other applicable federal, state and local laws.
2.10 MAINTENANCE AND REPAIR

The Agent will maintain the Property in good and safe order, condition and repair in accordance with Applicable Regulatory and Operating Requirements, local codes, and in a condition acceptable to the Owner.

a) The Agent will complete routine and preventive maintenance activities in the most cost effective and efficient manner as possible.

b) The Agent will contract with qualified independent contractors for extraordinary repairs beyond the capability of regular maintenance employees in accordance with the Management Agreement, the Procurement Plan, and the Section 3 Plan.

c) The Agent will investigate all service requests from residents, take appropriate action and maintain records of same. Best efforts will be made to service routine work requests within one (1) business day of receipt of the request, and no more than three (3) business days following receipt of the request, and emergency work requests within 24 hours of receipt of the request.

d) The Agent is authorized to purchase all material, equipment, tools, appliances, supplies and services necessary for proper maintenance and repair in accordance with the Management Agreement, Procurement Plan, and Section 3 Plan. The Agent will credit to the Owner any discounts, commissions or rebates obtained as a result of such purchases.

e) Prior approval of the Owner will be required for any expenditures which exceed $5,000 in any one instance in connection with the maintenance and repairs of the Property, except for recurring expenses within the limits of the approved annual budget or emergency repairs involving manifest danger to persons, the Property or required to avoid suspension of any necessary service to the Property. As it applies, any such purchases or contracts shall be made in accordance with the Procurement Plan and the Section 3 Plan. To the extent necessary to preserve the health and safety of residents, and to limit damage to the Property, emergency repairs will be exempt from the foregoing approval and contracting requirements. Emergency repairs will be reported to the Owner as promptly as possible, but in no event later than twenty-four (24) hours from the point at which Agent was made aware of the need for the repair.

2.11 UTILITIES AND SERVICES

Agent will make site arrangements for water, electricity, trash disposal, exterminating services, cable television and telephone service. Agent will enter into such contracts as may be necessary to secure such utilities and services, acting as Agent for Owner and shall comply with the
procurement and contracting requirements outlined in the Management Agreement, the Procurement Plan, and the Section 3 Plan, to the maximum extent applicable.

2.12 OPERATING ACCOUNT AND RESERVE ACCOUNTS

Agent shall make disbursements from the Property Operating Account in accordance with the Management Agreement. Agent shall make disbursements from the Property reserve accounts as directed by Owner in accordance with the Management Agreement.

2.13 BUDGETS

Agent will prepare and submit to the Owner, the Authority and any other applicable governmental entities a draft operating budget no later than September 30th of each year. When such draft operating budget is approved by Owner, Authority and any other applicable entities, it shall be the approved Operating Budget for the Property. Should governmental entities require different submission dates, Agent will comply with said dates. Should Agent not receive an approved budget by December 31st of any year, the Property will operate under the prior year budget until a new budget is approved.

2.14 RECORDS AND REPORTS

Agent will prepare those records and reports as detailed herein and as outlined in the Management Agreement. Agent shall keep all records as a fiduciary of Owner and preserve the confidentiality of resident’s information in accordance with all Applicable Regulatory and Operating Requirements.

2.15 INSURANCE AND FIDELITY BOND

Agent shall furnish fidelity bonds to Owner which protect Owner from misappropriation of Property funds in accordance with the requirements of the Management Agreement. Agent shall also furnish such insurance in the amount, form and terms outlined in the Management Agreement.

3. RESIDENT AND MANAGEMENT RELATIONS

3.1 THE ROLE OF RESIDENTS IN THE MANAGEMENT OPERATIONS

Resident participation in management operations can be used as an effective tool. Owner and Agent shall encourage resident establishment and participation in a resident organization as outlined in the RAD and PBV and Resident Rights Addendum. In addition, Owner shall cause Agent to provide funding for resident activities in accordance with the RAD.

3.2 GRIEVANCE PROCEDURES
The Agent shall strictly enforce compliance with the Lease and rules and regulations at the Property. In order to ensure that, prior to more formal action, residents have an opportunity to address issues more informally, all residents shall have an opportunity for an informal grievance hearing for certain issues, as outlined in the RAD, PBV and Resident Rights Addendum. Process for registering the grievance and adjudication for same for residents shall be as follows:

a) Grievances and/or complaints shall be presented in writing to the Property site manager who will review the grievance and, if applicable, refer it to the Authority.

b) If a resident has a grievance or complaint which he/she feels, has not been adequately addressed following the informal hearing, the grievance or complaint may be referred, as applicable, to Agent’s Regional Property Manager or the Authority’s designee.

c) Should the issue remain unresolved, the resident may appeal to parties designated by the Owner and the Authority and as outlined in the Lease.

3.3 SOCIAL SERVICES PROGRAM

The Agent will work with the provider of supportive services selected by the Owner and approved by the Authority (the “Supportive Services Provider”) in ensuring that the Supportive Services Plan is implemented and carried out in a manner that provides residents with the kinds of services that are helpful to support and nurture residents’ life skills, education and job readiness. To that end, Agent, through its social services coordinator, will maintain a list of resources that address the varying needs of the resident population. Where feasible, the Agent, through the social services coordinator will enlist the support of residents and community organizations to help serve the needs of the residents.

3.4 HUD SECTION 3

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

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

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

a) Contracting Goal, Construction-Related. Ten percent (10%) of the total dollar amount of all construction-related contracts shall be extended to Section 3 Business Concerns.

b) Contracting Goal, Non-Construction. Three percent (3%) of the total dollar amount of all non-construction related contracts shall be extended to Section 3 Business Concerns.

c) Training and Employment. Thirty percent (30%) of the aggregate number of new hires generated by the Development shall be extended to Section 3 Residents.

In order to meet the goals outlined in the Section 3 Plan, Agent shall use its reasonable best efforts and resources to:

a) Advertise opportunities in local media and informational notices posted at the Property and at other areas targeted in the Section 3 Plan;

b) Coordinate efforts for recruitment with the Authority, Michaels Development Company I, LP;

c) Develop or collaborate with an existing job training program offering workforce readiness curriculum and providing training accommodations to help reduce workforce barriers;

d) Create and maintain a schedule of qualified Section 3 residents to be contacted for future training and employment opportunities.

Agent shall prepare and submit to the Authority all applicable information required to complete, FORM HUD 60002, Section 3 Summary Report, not later than January 10th of each year for the preceding calendar year.

3.5 REOCCUPANCY

In addition to the provisions otherwise set forth in this Plan, Agent shall work with the relocation consultant selected by and designated as such by the Authority (Relocation Consultant), to assist, coordinate and collaborate with as to the following in accordance with the Relocation Plan:

a) Review and advise as to the schedule of unit demolition and construction of the Property.

b) Review plans for implementation of the Rental Assistance Demonstration program (RAD) as promulgated by the Department of Housing & Urban Development (HUD) as pertaining to the RAD Units, and the PBV Requirements as pertaining to the PBV Units and provide input as appropriate.

c) Assist with the scheduling, coordination and venues of meetings, and participate insofar as circumstances permit, with heads of households so as to determine needs, preferences, reasonable accommodation/modification requests, etc.
d) In accordance with the *Relocation Plan* (particularly Tables 6 & 7), and any updated information provided by the Relocation Consultant, Owner or the Authority, ascertain available units and identify households best accommodated by the number of bedrooms, floor plans and amenities offered by each unit and provide such recommendations to the Relocation Consultant, the Authority, and the Owner. In this effort, it is understood that over-housed households will be eligible for RAD Unit or PBV Unit, as appropriate, based on the size of the unit that the household qualifies for under the PBV Requirements, not the size of the unit that the household previously occupied. Similarly, households that are or were under-housed at the Former Property will be eligible for a RAD Unit or a PBV Unit based on the size of the unit that the household qualifies for under the PBV Requirements, not the size of the unit the household previously occupied. To the greatest degree possible, both over-housed and under-housed households will be placed in units appropriate to their household size in accordance with the Applicable Regulatory and Operating Requirements. In other words, all reasonable attempts will be made to “right-size” households. If a household cannot be immediately right-sized at the time of their relocation, the Authority may provide the household with the option to be temporarily over-housed in an on-site unit, to the extent permitted by the Applicable Regulatory and Operating Requirements, at no additional cost to the household. If a new unit becomes available in that phase or a future phase, the household will required to move into a right-sized unit.

e) The incomes and other qualifications of Relocating Residents moving into units subject to Tax Credit Requirements will comply with the Tax Credit Requirements.

f) As may be agreed, assist the Relocation Consultant and the Authority with resident communications pertaining to the scheduling of moves, moving contractors, building contractors, utility service connects/disconnects, date/time requirements, deadlines, packing instructions, stipend remittances (as applicable) and other notices. Maintain records of the same insofar as legible copies are provided by the Relocation Consultant.

g) Identify households or residents for which social-service barriers to relocation may present challenges, and/or for which Limited English Proficiency (LEP) may present obstructions, and notify the Relocation Consultant and the Supportive Services Provider of the same. In the cases of LEP, help select and coordinate the services of translators.

h) Assist with the coordination, as necessary, of the translation and publication of required notices and other written materials into the household preferred language. It is expressly understood and agreed that the costs of such translation & publication shall be property expenses.

4. EXHIBITS

The Attachments referred to in this Plan and attached hereto are expressly made a part of this Plan as if fully set forth herein:

- **Attachment A** – Description of Site and Property
- **Attachment B** – Staffing Plan
- **Attachment C** – Tenant Selection Plan
- **Attachment D** – Section 3 Plan
- **Attachment E** – Procurement Plan
In witness whereof, the parties hereto have caused their duly authorized representatives to execute this Plan as of **February 11, 2021**.

**Owner:**

**JORDAN DOWNS PHASE S2, LP,**
a California limited partnership

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

By: ________________________________
Kenneth P. Crawford
Vice President

**AGENT:**

**MICHAELS MANAGEMENT-AFFORDABLE, LLC,**
a New Jersey limited liability corporation

By: ________________________________
Name: Roger Williams
Title:  Senior Vice President
CONSENTED TO BY AUTHORITY:

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

By: ___________________________________
    Douglas Guthrie
    President and Chief Executive Officer
LEGAL DESCRIPTION:

The land referred to herein is situated in the State of California, County of Los Angeles and described as follows:

Lot 2 of Tract No. 82633-01, in the City of Los Angeles, County of Los Angeles, State of California, as per map filed in Book 1425, Pages 61 to 63 inclusive of Maps, in the office of the County Recorders of said County.

Also except from that portion of said Tract, not included within Nevada Villa Tract, as per map recorded in Book 6 Page 190 of Maps, all uranium, thorium, and all other materials essential to the production of fissionable material contained in whatever concentration in deposits, as reserved by the United States of America, in deed recorded December 30, 1952 in Book 40622 Page 378 of Official Records.

Note: The above legal description is tentative and made subject to the recordation of said Tract Map.

APN: 6046-019-926, 6046-021-908 and 6046-021-917
(End of Legal Description)

**Note, APNs refer to existing parcels to be replaced with the APNs of Tract 82633-01 when issued.

BUILDINGS AND APARTMENT TYPES:

Jordan Downs S2 is a 81-unit Affordable Housing Community in Los Angeles, California that serves a family population. Jordan Downs S2 offers 1, 2, 3, and 4-bedroom stacked flat and townhome style units.

OFFICE HOURS:

The office will be open Monday through Friday from the hours of 9:00 a.m. to 12:00 noon and 1:00 p.m. until 5:00 p.m. The office will be closed on weekends and holidays; however, a 24-hour answering service will be maintained seven days a week to handle emergencies which occur after regular hours.
ATTACHMENT B
STAFFING PLAN

STAFFING:

Jordan Downs S2 will employ one (1) full-time Community Manager, one (1) full-time Maintenance Superintendent, and one (1) part-time Assistant Rental Manager.
NOTE: Sent separately
Jordan Downs S2 Tenant Selection Plan

Jordan Downs S2 is a 81-unit Affordable Housing Community in Los Angeles California that serves a family population. Jordan Downs S2 offers 1, 2, 3, and 4-bedroom stacked flat and townhome style units. Income Limits are established by HUD and adjusted annually and are attached to this plan. The household’s annual income (federal exclusions such as foster care/KinGap payments and income of live-in aides not included) may not exceed the applicable income limit for this property or for the household size. **Our Partner, the Housing Authority of the City of Los Angeles (HACLA), will qualify applicants for PBV in accordance with their established resident selection guidelines for those programs, Jordan Downs S2 will qualify the voucher holder’s household for the unit.**

The following topics are covered in these resident selection guidelines as follows:

| 1. Fair Housing and Equal Opportunity | 16. Applicants with Disabilities |
| 2. Privacy Policy | 17. Rejection of Application of Ineligible or Unqualified Applicants |
| 3. Qualifying for Admission-Eligibility Requirements | 18. Acceptance and Move-In of Eligible and Qualified Applicants |
| 4. Application Intake and Processing | 19. Offering an Apartment |
| 5. Priorities for Accessible or Adaptable Apartments | 20. Prior to Move-In – Tenant Interview |
| 7. Changes to Waiting List(s) | 22. At Move-in |
| 8. Interviews and Verification Process | 23. Failure to Move-In On Time |
| 9. Verification Requirements including EIV | 24. Apartment Inspections |
| 10. Attempted Fraud | 25. Annual Recertifications/Interim Recertifications |
| 11. Determination of Applicant Eligibility | 26. Reasonable Accommodations and Modifications |
| 12. Determination of Applicant Qualification | 27. Apply Screening Criteria Uniformly to All Applicants |
| 13. How Applicant’s History Will Be Checked | 28. The Violence Against Women’s Act (VAWA) |
| 14. Obtaining Applicant Releases | 29. Use of EIV During Application Processing |
| 15. Review of Application for Acceptance or Rejection | 30. Grievance Procedure |

1. **FAIR HOUSING AND EQUAL OPPORTUNITY REQUIREMENTS STATEMENTS OF NONDISCRIMINATION**

It is the policy of **Jordan Downs S2** to comply fully with Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, Executive Order 11063, Section 504 of the Rehabilitation Act of 1973, Fair Housing Amendments Act of 1988, Equal Access to Housing in HUD Programs - Regardless of Sexual Orientation, Marital Status or Gender Identity Final Rule, California Fair Housing Laws, and any legislation protecting the individual rights of residents, applicants, or staff which may subsequently be enacted.

We are pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, disability, familial status, national origin and regardless of sexual orientation or gender identity or marital status of applicants and residents.

**Jordan Downs S2** shall not discriminate because of race, color, sex, familial status, religion, disability, or national origin in the leasing, rental, or other disposition of housing regardless of sexual orientation or gender identity or marital status of applicants and residents in any of the following:
a. deny to any household the opportunity to apply for housing, or deny to any eligible applicant the opportunity to lease housing suitable to their needs,
b. provide housing which is different than that provided to others,
c. subject a person to segregation or disparate treatment,
d. restrict a person's access to any benefit enjoyed by others in connection with the housing program,
e. treat a person differently in determining eligibility or other requirements for admission,
f. deny a person access to the same level of services, or
g. deny a person the opportunity to participate in a planning or advisory group which is an integral part of the housing program.

Jordan Downs S2 will seek to identify and eliminate situations or procedures which create a barrier to equal housing opportunity for all. Please see the property's Limited English Proficiency (LEP) Policy for specific details on language barriers. In accordance with Section 504, Jordan Downs S2 will make reasonable accommodations and physical modifications for individuals with disabilities (applicants or residents). Such accommodations may include changes in the method of administering policies, procedures, services and making physical modifications when necessary and reasonable.

2. PRIVACY POLICY

It is the policy of Jordan Downs S2 to guard the privacy of individuals conferred by the Federal Privacy Act of 1974, the Health Insurance Portability & Accountability Act of 1996 (HIPAA), Enterprise Income Verification (EIV) System and the Violence Against Women and Justice Department Reauthorization Act of 2005 (VAWA) to ensure the protection of such individuals' records maintained by Jordan Downs S2.

Therefore, neither Jordan Downs S2 nor its agents shall disclose any personal information contained in its records to any person or agency other than HACLA and/or HUD or its contractors unless the individual about whom information is requested shall give written consent to such disclosure or information is being subpoenaed by a court of law.

This Privacy Policy in no way limits Jordan Downs S2's ability to collect such information as it may need to determine eligibility, compute rent, or determine an applicant's suitability for tenancy. Consistent with the intent of Section 504 of the Rehabilitation Act of 1973, any information obtained on disability will be treated in a confidential manner.

3. QUALIFYING FOR ADMISSION – ELIGIBILITY REQUIREMENTS

Based on Federal Regulations, Jordan Downs S2 may not admit ineligible applicants. In the selection of applicants for admission, Eligibility Criteria has been established in accordance with HUD, Low-Income Housing Tax Credit (LIHTC), and subject to California HCD guidelines. All information reported by the household is subject to verification. Existing Jordan Downs public housing residents in good standing who possess Right to Return Certificates will not be subject to any rescreening. All other applicants will be screened carefully and the following eligibility standards will be applied:

In order to be ELIGIBLE, a household must meet these tests:

a. As this property was financed using both HUD and Low Income Housing Tax Credits, the annual income for an applicant’s household must not exceed the lower of either the HUD published income limits or the income limits established with Section 42 of the Internal Revenue Codes;

b. Applicants whose household, in its entirety, consists of full-time students of whom do not meet one of the exemptions listed below will not be considered eligible for housing. For the purpose of Section 42 of the Internal Revenue Code, a full-time student is one who attends, or plans to attend during the next twelve (12) months, an educational organization which normally maintains a regular facility and curriculum for a minimum of five (5) months per calendar year and is considered a full time student by the institution. Exemptions include:

1. Any one of the students filing a joint federal income tax return. A copy of the joint federal income tax return must be included in the applicant’s file;
2. A household consisting of a single parent (with custody) and a school age a child or children, both of whom are not dependents of a third party;

3. A household receiving assistance under Title IV of the Social Security Act;

4. A household receiving Aid to Families with Dependent Children; or

5. A member of the household enrolled in and receiving assistance under the Job Training Partnership Act or similar governmental job training program.

c. All applicants must disclose valid social security numbers (SSNs) with verification for all non-exempt household members to receive assistance. Assistance will not be provided until all household members have disclosed valid SSNs with verification unless the SSN is not required. This includes live-in aides, adult and foster children.

d. For eligibility purposes, applicants do not need to provide verification of a SSNs for household members to be placed on the waiting list; however, applicants must provide adequate documentation to verify each SSNs for all non-exempt household members before they can be housed.

e. The applicant who has not disclosed and provided verification of SSNs for all household members must disclose and provide verification of SSNs for all household members to the owner within 90 days from the date they are first offered an available unit.

f. If management determines that the applicant is otherwise eligible to participate in the RAD, PBV, or LIHTC programs, the applicant may retain its place on the waiting list for the 90 day period from the date they are first offered and available unit for but cannot become a tenant until it can provide the documentation referred to above.

g. After 90 days, if the applicant has been unable to supply the required SSN and verification documentation, the applicant should be determined ineligible and removed from the waiting list; the application will be rejected for failure to provide SSNs for all nonexempt household members.

h. Once an application is denied, a new application must be submitted and added to the waiting list based on the date and time it is received.

Exemptions

Documentation of SSNs is not required for:

1. Applicants age 62 and older as of January 31, 2010, whose initial determination of eligibility was begun prior to January 31, 2010; or

2. Applicants who do not contend eligible immigration status or a child under the age of 6 years added to the applicant household within the 6-month period prior to the household’s date of admission.

The household will have a maximum of 90-days after the date of admission to provide the SSN for members under the age of six-years old added to the household and adequate documentation that the SSN is valid. An additional 90 days may be granted under certain circumstances. If the household does not provide the SSN and adequate documentation to verify the SSN within the prescribed timeframe, HUD requires that the owner/agent terminate tenancy.

Adding a New Household Member:

a. Age Six or Older or Under the Age of Six with an Assigned SSN.

When adding a new household member who is age six or older, or is under the age of six and has a SSN, the tenant must disclose and provide verification of the SSN of the individual to be added to the household. This SSN must be provided to the owner at:
1) The time of the request, or

2) At the time the recertification that includes the new household member is processed.

b. Under the Age of Six without an Assigned SSN.

1) The tenant must disclose and provide verification of the new household member’s SSN within 90 calendar days of the child being added to the household.

2) The owner must grant an extension of one additional 90-day period, if the owner, in its discretion, determines that the tenant’s failure to comply is due to circumstances that could not have been foreseen and were outside the control of the tenant (e.g., delay in processing by SSA, natural disaster, fire, death in family, etc.)

3) During the period that the owner is awaiting disclosure and verification of the SSN, the child is included as part of the household and shall be entitled to all of the benefits of being a household member, including the dependent deduction.

4) A PIC ID will be assigned to the child until the time the SSN is provided. At the time of the disclosure of the SSN, an interim recertification must be processed changing the child’s PIC ID to the child’s verified SSN.

i. All adults, age 18 and older, in each applicant household must sign all consent forms required including but not limited to the HUD 9887, HUD 9887A, any other owner consent forms and verifications prior to receiving assistance and annually thereafter;

j. The unit for which the household is applying must be the household’s only residence;

k. An applicant must agree to pay the rent required by the program under which the applicant will receive assistance;

l. Citizenship, Naturalization, and/or Eligible Immigration status:

By law, only U.S. citizens and eligible noncitizens may benefit from federal rental assistance. Compliance with these rules ensures that only eligible households receive subsidy. Mixed Family Households (with both legally and non-legally present persons in the United States) will pay more than 30% of their adjusted monthly income towards rent. These requirements apply to households making application, households on the wait list, and residents. Applicants must prove U.S. Citizenship, naturalization or legal non-citizen status for each household member claiming such status in accordance with HUD.

Households that have no members with citizenship, naturalization or legal non-citizen status do not qualify for assistance. Assistance is available to households which include at least one member with citizenship, naturalization or legal non-citizen status that has been verified through the DHS (Department of Homeland Security) through the Systematic Alien Verification for Entitlements (SAVE) Program. The Owner/agents will not delay the family’s assistance if the family submitted its immigration documentation in a timely manner but the DHS verification or appeals process has not been completed and, if assistance, is denied then the applicant may appeal the determination.

Noncitizens under the age of 62 claiming eligible status must provide:

1. a signed declaration of eligible immigration status;
2. a signed consent form; and
3. one of the DHS-approved documents.

Non-citizens age 62 and older must sign a declaration of eligible immigration status and provide a proof of age document.
Noncitizens not claiming eligible immigration status may elect to sign a statement that they acknowledge their ineligibility for assistance.

Once the determination of non-citizen status of a household assisted prior to completion of the verification or appeal process, the management will do as follows:

1. Provide assistance for each household member with eligible noncitizen status verified by SAVE; or
2. Terminate assistance of any household member whose immigration status of any noncitizen family verified by SAVE to be ineligible; then
3. Offer prorated assistance to the mixed household.

NOTE: Noncitizen students and their noncitizen spouse and children may not receive assistance. Noncitizen students are not eligible for continuation of assistance, prorated assistance, or temporary deferral of termination of assistance.

A noncitizen student is defined as an individual who is as follows:

1. A resident of another country to which the individual intends to return;
2. A bona fide student pursuing a course of study in the United States; and
3. A person admitted to the United States solely for the purpose of pursuing a course of study as indicated on an F-1 or M-1 student visa.

However, spouses and children who are citizens may receive assistance. For example, a family that includes a noncitizen student married to a U.S. citizen is a mixed family. Mixed Family Households (with both legally and non-legally present persons in the United States will pay more than 30% of their adjusted monthly income).

**Student Eligibility: The most restrictive rules will apply.**

LIHTC- Applicants whose household, in its entirety, consists of full-time students of whom do not meet one of the exemptions listed below will not be considered eligible for housing. For the purpose of Section 42 of the Internal Revenue Code, a full-time student is one who attends, or plans to attend during the next twelve (12) months, an educational organization which normally maintains a regular facility and curriculum for a minimum of five (5) months per calendar year and is considered a full time student by the institution. Exemptions include:

1. Any one of the students filing a joint federal income tax return. A copy of the joint federal income tax return must be included in the applicant’s file;
2. A household consisting of a single parent (with custody) and a school age child or children, both of whom are not dependents of a third party;
3. A household receiving assistance under Title IV of the Social Security Act;
4. A household receiving Aid to Families with Dependent Children; or
5. A member of the household enrolled in and receiving assistance under the Job Training Partnership Act or similar governmental job training program.

Section 8/RAD- Student eligibility is determined at move-in/initial certification and at each annual certification. Student eligibility may also be reviewed at interim certification if student status has changed since the last certification.

A student who is otherwise eligible and meets screening requirements is eligible for assistance if the student meets the criteria indicated below. Section 8 assistance shall be provided to any individual who is enrolled as either a part-time or full-time student at an institution of higher education for the purpose of obtaining a degree, certificate, or other program leading to a recognized educational credential; when the student is:
1. Is living with his or her parents who are receiving Section 8 assistance

2. Is individually eligible to receive Section 8 assistance and has parents who are income eligible to receive Section 8 assistance.

3. Is a veteran of the United States military;

4. Is married;

5. Has a dependent other than a spouse (e.g. dependent child);

6. Is at least 24 years of age;

7. Is a person with disabilities, as such term is defined in section 3(b)(3)(E) of the 1937 Act and was receiving assistance under section 8 of the 1937 Act as of November 30, 2005;

8. Is classified as Vulnerable Youth; A student meets HUD’s definition of a vulnerable youth when:

   A. The individual is an orphan, in foster care, or a ward of the court or was an orphan, in foster care, or a ward of the court at any time when the individual was 13 years of age or older;

   B. The individual is, or was immediately prior to attaining the age of majority, an emancipated minor or in legal guardianship as determined by a court of competent jurisdiction in the individual’s State of legal residence;

   C. The individual has been verified during the school year in which the application is submitted as either an unaccompanied youth who is a homeless child or youth (as such terms are defined in section 725 of the McKinney-Vento Homeless Assistance Act) (42 U.S.C. 11431 et seq.), or as unaccompanied, at risk of homelessness, and self-supporting, by

      (i). A local educational agency homeless liaison, designated pursuant to the McKinney-Vento Homeless Assistance Act;

      (ii). The director of a program funded under the Runaway and Homeless Youth Act or a designee of the director;

      (iii). The director of a program funded under subtitle B of title IV of the McKinney-Vento Homeless Assistance Act (relating to emergency shelter grants) or a designee of the director; or

      (iv). A financial aid administrator; or

9. The individual is a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances

If a student does not meet the eligibility criteria above, but can prove independence from parents under HUD rules, then the student would meet HUD’s student eligibility criteria.

Please see management staff if you need additional information about proving independence from parents.

If an ineligible student applies for or is a member of an existing household receiving Section 8 assistance, the assistance for the household will not be prorated but will be terminated.

Any financial assistance a student receives from the following sources: (1) under the Higher Education Act of 1965, (2) from private sources, or (3) from an institution of higher education that is in excess of amounts received for tuition and other fees is included in annual income, except:

1. If the student is over the age of 23 with dependent children or

2. If the student is living with his or her parents who are receiving section 8 assistance

Financial assistance that is provided by persons not living in the unit is not part of annual income if the student meets the Department of Education’s definition of “vulnerable youth”.

Prohibition of Assistance to Noncitizen Students

Noncitizen students and their noncitizen families may not receive assistance. Noncitizen students are not eligible for continuation of assistance or temporary deferral of termination of assistance. A noncitizen student is defined as an individual who is as follows:

1. A resident of another country to which the individual intends to return;
2. A bona fide student pursuing a course of study in the United States; and
3. A person admitted to the United States solely for the purpose of pursuing a course of study as indicated on an F-1 or M-1 student visa.

This prohibition applies to the noncitizen student’s noncitizen spouse and noncitizen children. However, spouses and children who are U.S. citizens may receive assistance. For example, a family that includes a noncitizen student married to a U.S. citizen is a mixed family.

m. Occupancy Standards: The household size must be appropriate for the available apartments.

Applicants must meet the established occupancy standards. As a general policy there should be a minimum of one person per bedroom and no more than two persons per bedroom. Management shall take into consideration mitigating circumstances in cases where applicants or residents have a verifiable need for a larger unit.

Children who are away at school who have established residency at another address or location as evidenced by a lease agreement are not counted in occupancy.

Any household placed in a unit size different than that defined in these occupancy standards shall agree to transfer to an appropriate size unit when one becomes available at their own expense (in accordance with the Transfer Policy Paragraph 21).

Dwelling units will be assigned in accordance with the following standards:

<table>
<thead>
<tr>
<th>Size of Family</th>
<th>Number of Bedrooms to be subsidized (Family Unit Size)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2</td>
<td>1</td>
</tr>
<tr>
<td>3-4</td>
<td>2</td>
</tr>
<tr>
<td>5-6</td>
<td>3</td>
</tr>
<tr>
<td>7-8</td>
<td>4</td>
</tr>
</tbody>
</table>

n. Criminal History:

It is the policy of Jordan Downs S2 to screen applicants, residents and household members for criminal past health, history, and to reject applicants, or terminate the leases of residents, if it is determined that current or criminal activity of an applicant, resident or household member may indicate a present threat to the safety, or right to peaceful enjoyment by other residents, property management staff or persons residing in the immediate vicinity of the facility. Neither HACLA nor the Owner may screen any returning Jordan Downs household or family in good standing with a Declaration of Right to Retain Tenancy. Households displaced by the Jordan Downs Redevelopment, whether pursuant to the RAD Program or otherwise, have the right to return to the redeveloped site.

The Controlled Substances Act (CSA), Title II of the Comprehensive Drug Abuse Prevention and Control Act of 1970, as enacted and effective October 27, 1970, classifies marijuana as a Schedule I
drug, placing it into a category reserved for those substances which have “a high potential for abuse” and for which there is “no currently accepted medical use…”

In spite of ongoing efforts to reclassify or otherwise decriminalize marijuana use, it remains illegal in the Schedule I classification under federal law. Notwithstanding, California voters passed via a November 1996 ballot initiative the Compassionate Use Act (Proposition 215) allowing “seriously ill residents of the state, who have the oral or written approval or recommendation of a physician, to use marijuana for medical purposes without fear of criminal liability under…the [California] Health and Safety Code.” The Medical Marijuana Program (MMP) was established under the California Department of Public Health to provide a system of registered identification cards for qualified patients to “possess, grow, transport and/or use Medical Marijuana…”. Interstate Realty Management Co. (MMA), obeys and abides by federal law, to this end, the use of so-called “medical marijuana”, as well as the illegal use of all other controlled substances is not permitted at Jordan Downs S2. MMA reserves the right to notice, serve and evict, if necessary, any household determined in violation of the drug use (as well as any other material) provisions of the lease agreement and occupancy rules.

Jordan Downs S2 may deny admission to applicants or terminate the lease of any resident or household member who is or has been engaged in criminal activity that could reasonably indicate a present threat to the health, safety or welfare of others. All applicants, not holding a Right to Return Certificate from HACLA intended for relocation to Jordan Downs Phase S2, will be screened using Jordan Downs S2 Criminal History Policy:

<table>
<thead>
<tr>
<th>Grounds and Terms of Terminations and Denials</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Criminal, Drug, Alcohol Grounds</strong></td>
<td></td>
</tr>
<tr>
<td>Prior <em>drug related</em> eviction from federally assisted housing (Drug related now includes illegal use or possession.)</td>
<td>3 years</td>
</tr>
<tr>
<td>Family cannot merely withdraw the member from its application.</td>
<td></td>
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<tr>
<td>Illegal use of a Drug (personal use)</td>
<td>1 year</td>
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<tr>
<td>(admit if completed or enrolled in rehab)</td>
<td></td>
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<tr>
<td>Methamphetamine production/manufacture (Any conviction anywhere)</td>
<td>Lifetime</td>
</tr>
<tr>
<td>(Self admission or crim. hist.)</td>
<td></td>
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<tr>
<td><strong>Prior Violent Criminal Activity</strong></td>
<td></td>
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<tr>
<td>Registered sex offender (in any state)</td>
<td>Lifetime</td>
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<tr>
<td>(Self admission or crim. hist.)</td>
<td></td>
</tr>
<tr>
<td>Alcohol abuse</td>
<td>1 year</td>
</tr>
<tr>
<td>(admit if completed or enrolled in rehab.)</td>
<td></td>
</tr>
<tr>
<td><strong>Other Grounds</strong></td>
<td></td>
</tr>
<tr>
<td>Damages to Assisted Unit</td>
<td>5 years</td>
</tr>
<tr>
<td>(Damage exceeds $2000)</td>
<td></td>
</tr>
<tr>
<td>Income consent forms, Citizenship, Social Sec. Info</td>
<td>Always. Follow 24 CFR Part 5 (esp. re citizenship denials)</td>
</tr>
<tr>
<td>Abusive or violent behavior or threat of (toward any staff)</td>
<td>10 years</td>
</tr>
<tr>
<td>Fraud</td>
<td>10 years</td>
</tr>
<tr>
<td>(from termination of HAP contract)</td>
<td></td>
</tr>
<tr>
<td>Termination from S8 for cause (skips, tenant HQS violation, other program violations)</td>
<td>5 years</td>
</tr>
<tr>
<td>(from public housing authority programs only), 2nd time = permanent ban</td>
<td></td>
</tr>
</tbody>
</table>
Eviction from Assisted Housing

<table>
<thead>
<tr>
<th>Condition</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owes money to any public housing authority (includes live-in aide)</td>
<td>3 years (from public housing authority programs only)</td>
</tr>
<tr>
<td></td>
<td>2nd time = permanent ban</td>
</tr>
<tr>
<td>Refusal to sign Crim. Hist. Request or be fingerprinted</td>
<td>Always (applicants can repay within 30 days, participants can enter into repayment agreement)</td>
</tr>
<tr>
<td>Refuses assistance with conditions or any adult in family does not sign conditions</td>
<td>Always (Includes live-in aide)</td>
</tr>
<tr>
<td></td>
<td>(Only family members, not live-in aide)</td>
</tr>
</tbody>
</table>

### Exceptions and Reasonable Accommodations

- **Mitigating Circumstances & Reasonable Accommodations**
  - HACLA may make reasonable accommodations to its terminations and denial policy (in accordance with 24 CFR Part 8)

#### 4. APPLICATION INTAKE AND PROCESSING

**Right to Return Certificates**: 49 units have been reserved for existing Jordan Downs public housing residents in good standing who possess Right to Return Certificates. These households will fill available units, unit size is determined by eligibility at move-in. Such returning residents will not be subject to any rescreening.

It is **Jordan Downs S2's** policy to accept and process new applications in accordance with HACLA's Section 8 Administrative Plan, all applicable HUD regulations as well as Section 42 of the IRS Code.

All written communications with applicants will be by First Class Mail. Failure to respond to the application notices may result in withdrawal of an application from further processing. Management may make exceptions to the procedures described herein to take into account circumstances beyond the applicant's control (for example, medical emergencies or extreme weather conditions or reasonable accommodation for a disability).

Every application must be completed and signed by the head of the household, co-head, spouse, and every adult household member 18 years and older. All members of the household must be listed on the application.

Assistance from the management might take the form of answering questions about the application, helping applicants who might have literacy, vision, or language challenges, and, in general, make it possible for interested parties to apply for assisted housing. Applicants with disabilities may be provided an alternative method of having their application processed as a result of their disability.

An application must be completed by every applicant who wishes to be considered for an apartment. If an apartment is not immediately available, a pre-application (brief form of application), which provides the
minimum information needed to determine if the applicant is eligible be put on the waiting list, will be used. If the pre-application is used to place an applicant on the waiting list, then a full application must be completed at the time a unit is available. Applicants on the waiting list are not guaranteed an apartment. All applicants must complete a full application then the application must be processed according to the tenant selection plan which will determine the applicant’s eligibility.

5. PRIORITIES FOR ACCESSIBLE OR ADAPTABLE APARTMENTS

When applicable, all apartments accessible to, or adaptable for, persons with mobility, visual, or hearing impairments, households containing at least one person with such impairment will have first priority (as applicable for a particular apartment feature). NOTE: Current residents requiring accessible/adaptable apartments shall be given priority over applicants requiring the same type apartment. Where persons without disabilities are moved into physically accessible apartments, they shall do so only after agreeing to move to an apartment with no such design features at their expense should an applicant or current resident require an accessible apartment of the type currently occupied by the persons without disabilities.

6. WAITING LIST SELECTION PRIORITIES

A waiting list is necessary to provide a fair and equitable means of tracking applicants who have applied for an apartment. It helps assure that each applicant is offered an apartment in the proper order, thus preventing claims of discrimination or favoritism, and allows for the most efficient turnover of vacant apartments. If an applicant qualifies for a preference or priority then it is possible to move up the waiting list based on the circumstances. The waiting list will be managed in accordance with HACLA’s Section 8 Administrative Plan.

The need for an accessible unit or accessible features is a priority.

NOTE: Current residents who meet the qualifications listed in the Transfer Policy (paragraph 21) shall be given priority over applicants. It is likely that there will be more applicants for housing than can be assisted. In order to select those households most in need of housing, the following categories will be the basis of selecting residents from among all applicants:

Households with one or more, members with a disability, when accessible units or features are designated for the disability.

7. CHANGES TO WAITING LIST(S)

It is the policy of HACLA to administer its waiting list as required by its Section 8 Administrative Plan, HUD handbooks and regulations.

a. Opening and Closing Waiting Lists

In order to maintain a balanced application pool, HACLA may, in accordance with the procedures set forth in the HACLA Section 8 Administrative Plan, restrict application taking, suspend application taking, and close waiting lists in whole or in part as allowed by HUD regulations and HACLA’s Section 8 Administrative Plan. Jordan Downs S2’s waiting list will be updated by removing the names of those who are no longer interested in or no longer qualify for housing.

If Jordan Downs S2 has sufficient applications, HACLA may, subject to HUD regulations and its Section 8 Administrative Plan, elect to close the waiting list if the waiting list contains more applicants than can be housed in a one-year period. When the waiting list is closed, an announcement of the closure will be posted in Jordan Downs S2’s rental office. During the period when the waiting list is closed, Jordan Downs S2 will not maintain a list of individuals who wish to be notified when the waiting list reopens.
When the waiting list is to be opened due to a lack of applications, an announcement will be made in compliance with HACLA’s Section 8 Administrative Plan.

b. Change in Priority While on the Waiting List

Occasionally households on the waiting list who did not qualify for a priority when they applied will experience a change in circumstances that qualifies them for a priority. In such cases, it will be the household’s duty to contact HACLA so that their change in status may be verified to reflect the priority. Such changes will be processed in accordance with HACLA’s Section 8 Administrative Plan.

c. Removal of Applications from the waiting list

Any removals of an applicant/co-applicant’s name from the waiting list will be processed in accordance with HACLA’s Section 8 Administrative Plan.

8. INTERVIEWS AND VERIFICATION PROCESS

As applicants approach the top of the waiting list, they will be contacted to schedule an application interview. The interview shall be conducted in accordance with HACLA’s Section 8 Administrative Plan.

No decisions to accept or reject applications shall be made until all information presented by the applicant on the application has been verified.

9. VERIFICATION REQUIREMENTS

Jordan Downs S2 shall obtain verifications in compliance with requirements set forth in HACLA’s Section 8 Administrative Plan and this Tenant Selection Plan. No decision to accept or reject an application shall be made until verifications triggered by the application form have been collected and any necessary follow-up interviews have been performed.

a. Types of Verification Required

All information relative to the following items must be verified as described in these procedures:

1) Eligibility for Admission, such as
   i. income, assets, and asset income
   ii. household composition
   iii. Social Security Numbers (SSNs)
   iv. citizenship, naturalization and/or eligible non-citizen status
   v. student status – full or part-time

2) Allowances, such as
   i. age, disability, or disability of household members
   ii. full time student status
   iii. child care costs
   iv. disability expenses
   v. medical costs (for elderly/disabled households only)

3) Priorities or preferences, such as
   i. Income less than 30% of median income limits
   ii. mobility accessible apartments

4) Compliance with Tenant Selection Plan such as
   i. positive prior landlord reference, rent paying, caring for a home
   ii. history of criminal activity including sex offender registry of any household member

5) Credit checks will be processed through approved credit bureaus.
   i. Applicants are to have a consistent record of timely rent payments during the immediate three years prior to the evaluation.
   ii. Applicants who have had 2 or more evictions for non-payment of rent in the immediate three years prior to the evaluation will be denied admission.
iii. Not have a consumer debt balance (excludes medical bills and student loans) such that the minimum monthly payments exceed 60% of the gross income of the household.

iv. Lack of credit does not necessarily mean bad credit

Exceptions may include:
   1. medical collections
   2. proof of satisfactory dispute of credit rating
   3. applicant shows period of credit problems which have been corrected
   4. applicant has proof of repayment of debt (Proof must be a statement of satisfaction from creditor, court, or other legal proof)

6. Reasonable accommodations/modifications based on disability

All the above information must be documented and appropriate verification forms or letters placed in the applicant file.

b. Period for Verification

Only verified information that is less than 120 days old may be used for certification or recertification. Verified information not subject to change (such as a person’s date of birth) need not be re-verified.

c. Forms of Verification - documentation required, as part of the verification process, may include:

   1. checklists completed as part of the interview process (signed by the applicant)
   2. verification forms completed and signed by third parties
   3. reports of interviews
   4. documentation, ie, award letters, pay stubs, bank statements, IRS 1040, etc
   5. notes of telephone conversations with reliable sources
   6. facsimile, email and internet
   7. copies of local government condemnation or displacement notices
   8. IRS tax returns
   9. EIV Existing Tenant Search – to determine if applicant is currently receiving HUD assistance and EIV Bad Debt Search to determine past balances.

At a minimum, such reports will indicate the date and time of the conversation, source of the information, name and job title of the individual contacted, and a written summary of the information received.

Management will be the final judge of the credibility of any verification submitted by an applicant. If the documentation is considered to be doubtful, it will be reviewed by Management, who will make a ruling about its acceptability. Management will continue to pursue credible documentation until it is obtained or the applicant’s application is rejected for failing to produce it.

d. Sources of Information - Sources of information to be checked may include, but are not limited to:

   1. the applicant by means of interviews
   2. present and former housing providers
   3. present and former employers
   4. credit checks and management record services
   5. social workers, parole officers, court records, drug treatment centers, physician, clergy
   6. The Department of Health and Human Services (HHS)
   7. Database of Wage, New Hires, and Unemployment Compensation
   8. The Social Security Administration (SSA)
   9. Medicare/Medicaid
   10. “institutes of higher learning” for student status
   11. law enforcement – federal, state, or local
   12. Dru Sjödin National Sex Offender Public Website
   13. SAVE System for noncitizen status
   14. Enterprise Income Verification (EIV) Existing Tenant Search and Bad Debt Search
e. Owner/Agents must verify all income, expenses, assets, family characteristics, and circumstances that affect family eligibility, order of applicant selection, or level of assistance. Four methods of verification are acceptable to HUD. Verifications shall be attempted in the following order:

Methods of verification acceptable to HUD listed in the order of priority:

1. Up-front Income Verification (UIV)
   a. Using HUD's EIV system for tenants (not available for applicants) (Mandatory)
   b. UIV using non-EIV system (Optional)
2. Third-party verification from source (written);
3. Third-party verification from source (oral); or
4. Family certification.

NOTE: If third party verification is not available, then the file will be documented to show that the management attempted to obtain third-party written documentation before relying on some less acceptable form of information.

10. ATTEMPTED FRAUD

Any information provided by the applicant that verification proves to be untrue may be used to disqualify the applicant for admission on the basis of attempted fraud. HUD regulations consider false information discovered during the application process on any of the following to be grounds for rejecting an application:

a. Income, assets, household composition
b. Social Security Numbers (SSNs)
c. Preferences and/or priorities
d. Allowances
e. Previous residence history
f. Criminal history
g. Citizenship, naturalization, and/or eligible non-citizen status
h. Student status, full or part time

If the applicant or any member of the applicant household fails to fully and accurately disclose rental history, the application may be denied based on the applicant's "misrepresentation" of information.

Unintentional errors that do not cause preferential treatment will not be used as a basis to reject the application.

11. DETERMINATION OF APPLICANT ELIGIBILITY

Information needed to determine applicant eligibility shall be obtained, verified, then the determination of applicant eligibility will be performed, in accordance with HUD and property eligibility regulations. HACLA shall be responsible for determining an applicant’s initial eligibility and qualification for preferences in accordance with the policies set forth in HACLA’s Section 8 Administrative Plan. If the family satisfies HACLA’s eligibility screening requirements, the applicant will be referred to the Owner who may then conduct further screening in accordance with this Tenant Selection Plan and all applicable HUD and LIHTC requirements. The Owner will then make a final determination as to whether the family is suitable for occupancy.

12. DETERMINATION OF APPLICANT QUALIFICATION

The Applicant Screening Policy:

All applications will be screened according to the criteria set forth in this Tenant Selection Plan. These guidelines, relate to the individual behavior of each applicant household.

a. Past performance in meeting financial obligations, especially rent.
b. A record of disturbance of neighbors, destruction of property, or housekeeping habits at prior residences which may adversely affect the health, safety, or welfare of other residents or cause damage to the apartment or community.

c. Involvement in criminal activity on the part of any applicant household member which would adversely affect the health, safety, or welfare of other residents.

d. A record of eviction from housing or termination from residential programs.

e. An applicant's ability and willingness to comply with the terms of the Jordan Downs S2's Lease and community’s policies.

f. An applicant's misrepresentation of any information related to eligibility, allowances, household composition, or rent.

13. HOW APPLICANT’S HISTORY WILL BE CHECKED

Listed below are the methods by which every applicant’s performance, relative to each of the following criteria, will be verified:

a. Past performance meeting financial obligations, especially rent:
   1. Credit check with Credit Bureau.
   2. Where possible, contacting the current landlord and at least one prior landlord.

NOTE: Applications from households which owe any outstanding balance to any other landlord or rental housing provider will be immediately rejected.

b. Disturbance of neighbors, destruction of property, living or housekeeping habits that would pose a threat to other residents:
   1. Management will check for these potential problems with the current management and at least one former manager.
   2. If the applicant is not currently living under a lease with a management, the housing provider will be asked to verify the applicant's ability to comply with Jordan Downs S2 lease terms as it relates to these guidelines.

NOTE: An applicant's behavior toward management will be considered in relation to future behavior toward neighbors. Physical or verbal abuse or threats by an applicant toward management will be noted in the file and the application will be rejected.

c. Involvement in criminal activity on the part of any applicant household member which would adversely affect the health, safety, or welfare of other residents.

d. Criminal history checks of convictions and outstanding warrants with local, state or Federal authorities including sex offender registry by state. If the criminal background investigation results indicate that the applicant does not meet the criminal screening criteria, management will reject the applicant in accordance with HUD guidance and management's standards for applicant rejection. Before rejecting the household, management will compare the information provided by the applicant with the criminal history report. If the information conflicts, management will: 1) Notify the household of the proposed action based on the information; 2) Provide the content of the criminal record and information about how to obtain a copy of the information; 3) Provide the applicant with an opportunity to dispute the accuracy and relevance of the information obtained from any law enforcement agency; 4) Allow the household the opportunity to remove the household member. In this situation, applicants will have ten (10) business days to resolve the discrepancy. If the applicant fails to contact management or indicates that he/she cannot provide documentation to refute the criminal discovery, management will reject the application and remove the household from the waiting list.

e. A record of eviction from housing or termination from residential programs will be considered:
1. Manager will check HACLA and Michaels Management-Affordable, LLC (MMA) records, management records, and other records to determine whether the applicants have been evicted from HACLA or MMA properties or any assisted housing in the past.

2. Records of evictions from residential programs will be checked with service agencies and with any housing providers referred by the applicant.

3. Circumstances of any past eviction or termination in determining its relevance to Jordan Downs S2 tenancy.

f. Ability and willingness to comply with the terms of the lease & occupancy rules. An applicant household must be able to document that they have complied with lease terms and community policies (house rules), in current and former residences.

g. An applicant's misrepresentation of any information related to eligibility, award of priority for admission, allowances, household composition, or rent.

1. The EIV Existing Tenant Search to determine if the applicant or any applicant household members are currently being assisted at another Multifamily Housing or Public and Indian Housing (PIH) location.

If, during the course of processing an application, it becomes evident that an applicant has falsified or otherwise misrepresented any facts about their current situation, criminal history, or behavior in a manner that would affect eligibility, preferences, priorities, application selection criteria qualification, allowances, or rent, the application shall be rejected.

14. OBTAINING APPLICANT and TENANT RELEASES

All members of an applicant or tenant family who are at least 18 years of age and each family head, spouse or co-head, regardless of age, must sign and date the HUD-required consent forms (form HUD-9887, Notice and Consent for the Release of Information to HUD and to a PHA and form HUD-9887-A, Applicant’s/Tenant’s Consent to the Release of Information Verification by Owners of Information Supplied by Individuals Who Apply for Housing Assistance) at the initial certification and each recertification. All adults regardless whether they report income must sign and date these forms.

A current form HUD-9887:

a. Must be on file before owner/agents access the EIV employment and income information for a tenant.

b. Does not have to be on file to use the EIV Verification Reports. This includes the Existing Tenant Search for applicants.

If the applicant or tenant, or any adult member of the applicant’s or tenant’s family, does not sign and submit the consent form as required in 24 CFR 5.230, the following statements apply:

1. The owner must deny assistance and admission to the applicant; or

2. The owner must terminate assistance to the family not the individual.

15. REVIEW OF APPLICATIONS FOR ACCEPTANCE OR REJECTION

a. If the applicant requests an appeal interview to determine whether mitigating circumstances or reasonable accommodations due to their disability would make it possible to accept their application, management will do so according to HUD regulations and Section 504 of the Rehabilitation Act of 1973.

b. A person with a disability or disabilities has the right to request reasonable accommodations to participate in the informal hearing process.
c. If an applicant is clearly eligible and passes the screening guidelines, admission shall be authorized. Likewise, if the applicant is ineligible, rejection of the application shall be authorized.

Management will follow the grievance process set forth in the applicable program regulations and HACLA’s Section 8 Administrative Plan which is the applicant’s right to respond to the owner in writing or request a meeting within 30 calendar days to dispute the rejection.

16. APPLICANTS WITH DISABILITIES

Management will consider the appeal of an application rejection; if the applicant has a disability and the reasons for the rejection could be overcome by management's reasonable accommodation of the applicant’s disability. For reasonable accommodations to apply there are several requirements. First, the applicant must make the request and have a verifiable disability [mental or physical impairment that substantially limits one or more major life activities] unless the disability is readily apparent. To not reject the application, the disability must have a direct nexus to the reason the application would be rejected. The applicant must request the reasonable accommodation and, if required, provide verification of the disability and the need for the accommodation. Finally, for the accommodation to be reasonable it cannot result in an undue financial and administrative burden to Jordan Downs S2 nor a fundamental alteration to the program.

In some situations, even with reasonable accommodations, applicants with disabilities cannot meet essential program requirements. In these situations, the applicant is not eligible and the application will be rejected. Examples of such situations are where the behavior or performance in past housing caused a direct threat to the health or safety of persons or property; past history or other information that shows the applicant’s inability to comply with the terms of Jordan Downs S2’s lease; or an objective determination that the applicant would require services from management that represent an alteration in the fundamental nature of Jordan Downs S2’s program.

17. REJECTION OF APPLICATION OF INELIGIBLE OR UNQUALIFIED APPLICANTS

Jordan Downs S2 complies with application rejection requirements set forth in this Tenant Selection Plan, HACLA’s Section 8 Administrative Plan, HUD requirements, and LIHTC requirements. Applications will be rejected if it is determined that the applicant or any member of the household falls within the following categories, including but not limited to:

- **Misrepresentation**: Willful or serious misrepresentation in the application procedure for the apartment or certification process for any government assisted dwelling unit.
  
  NOTE: Incomplete applications will be rejected.

- **Records of Disturbance of Neighbors, Destruction of Property or Other Disruptive or Dangerous Behavior**: Includes behavior or conduct which adversely affects the safety or welfare of other persons by physical violence, gross negligence or irresponsibility, which damages the equipment or premises in which the household resides; or which is disturbing or dangerous to neighbors or disrupts sound family and community life.

- **Violent Behavior**: Includes evidence of acts of violence or of any other conduct, which would constitute a danger or disruption to the peaceful occupancy of neighbors.

- **Non-compliance with Rental Agreement**: Includes evidence of any failure to comply with the terms of rental agreements at prior residences, such as failure to recertify as required, providing shelter to unauthorized persons, keeping pets, or other acts in violation of rules and regulations.

- **Owing Prior Landlords**: Applicants who owe a balance to present or prior landlords will not be considered for admission until the account is paid in full and reasonable assurance is obtained that the contributing causes for nonpayment of rent or damages have changed sufficiently to enable the household to pay rent and other charges when due.

- **Owing Utility Providers**: Applicants who owe a balance to the local utility provider for present or prior residences will not be considered for admission until the account is paid in full and reasonable assurance is obtained that the contributing causes for failure to pay the utility bill have changed sufficiently to enable the household to pay and maintain utilities in the name of the head of household.
g. **Unsanitary or Hazardous Care of Unit**: Includes generally creating any health or safety hazard through acts of neglect, including but not limited to: causing or permitting any damage to or misuse of premises and equipment, if the household is responsible for such hazard, damage or misuse; causing or permitting infestation, foul odors or other problems injurious to other persons’ health, welfare or enjoyment of the premises; depositing garbage improperly; failing to use in a reasonable and proper manner all utilities, facilities, services, appliances and equipment within the dwelling unit or failing to maintain them in a clean condition; or any other conduct or neglect which could result in health or safety problems or in damage to the premises.

h. **Credit History**: Have a consistent record of timely rent payments during the immediate three years prior to the evaluation. Applicants who have had 2 or more evictions for non-payment of rent in the immediate three years prior to the evaluation will be denied admission. Not have a consumer debt balance (excludes medical bills and student loans) such that the minimum monthly payments exceed 60% of the gross income of the household. A consistent, severe or recent history of deficiencies in overall credit or rent payment which indicate the household will be unable or would otherwise fail to pay when due rent for the apartment and other expenses relating to occupancy of the apartment.

i. **Failure** to provide SSN documentation for all family/household members that are not exempt.

j. **Student status** does not meet the HUD/IRS Student eligibility requirements.

k. **Criminal Activity**: Management has established a policy to reject all applications where the applicant or any household member has engaged in certain criminal activity as outline in section 3 n.

   It is the policy of Jordan Downs S2 to screen applicants prior to Move-In, residents and household members for criminal history upon report of such activity, and to reject applications or terminate the leases of residents, if it is determined that current or past criminal activity of an applicant, resident or household member may indicate a present threat to the health, safety, or right to peaceful enjoyment by other residents, property management staff or persons residing in the immediate vicinity of the facility.

   Management will work with law enforcement to follow-up on any criminal reports received for all criminal activity that threatens the health, safety, or right to peaceful enjoyment of the premises by other residents (including property management staff); or any criminal activity that threatens the health, safety, or right to peaceful enjoyment of their residences by persons residing in the immediate vicinity of the premises. If the criminal police reports indicate criminal activity, which allows for the termination of tenancy, then eviction proceedings will be started.

18. **OFFERING AN APARTMENT**

When an apartment becomes available for occupancy, it will be offered to the applicant at the top of the waiting list for that apartment type. If the applicant family fails to respond or appear for an appointment, the HACLA notifies the family that it is being withdrawn from the waiting list and offers the family an opportunity for an informal review. If there is no request for an informal review within the time frame described in the notice, the application is withdrawn.

In that event, the first applicant will be sent a letter requesting confirmation of its interest in remaining on the waiting list. If the applicant replies affirmatively, its application will retain its position on the waiting list. If the reply is negative, the application will be removed from the waiting list.

If an applicant rejects the offer of an apartment twice, the applicant will be removed from the waiting list.

19. **PRIOR TO MOVE-IN / TENANT INTERVIEW**

The Manager must meet with all residents of the apartment. Management will explain the HUD/IRS regulations regarding the following:
a. security deposits—applicant must pay before moving in and refunds upon move-out
b. use of the HUD EIV System for all recertifications after move-in and upon move-out to report debt owed or evictions
c. annual recertifications
d. interim recertifications
e. unit inspections
f. community policies (house rules)
g. transfer policy
h. Section 8 & IRS Section 42 student eligibility
i. charges for facilities and services
j. VAWA – Violence Against Women Act
k. reporting required when the household composition changes, or there is a change in employment status or income increases of $200 or more per month
l. apartment must be the family’s only residence; therefore; residents are not allowed an unexplained and/or extended absence from the premises for sixty (60) continuous days or for longer than 180 continuous days for medical reason
m. all adult members of the household, 18 years and older will sign the lease, community policies (house rules), and related documents
n. applicant and management will inspect the apartment and sign the Move-In Inspection form
o. applicant will pay the rent for the first month, as set forth in the Lease
p. applicant will be given a copy of the Lease, the Move-In Inspection form, Community Policies, and the receipt for the Security Deposit and first month’s rent
q. if applicable, applicant must have receipt of proof that the utilities have been transferred into their name
r. All household members will be screened, at minimum, during the annual recertification process using “The Dru Sjodin National Sex Offender Public Website”

20. TRANSFER POLICY

Residents who wish to transfer to another unit must complete a Unit Transfer Request. This request must be completed and signed by the head of household, co-head, and spouse who wish to transfer. Security Deposits will be transferred when a household transfers from one apartment to another.

Transfers will be reviewed and may be granted, based on, but not limited to the following:

a. Household size;
b. Changes in family composition;
c. Medical reason or a need for an accessible unit because of a Reasonable Accommodation due to the disability of a household member;
d. If the household member needing the accessible features moves out of the accessible apartment, then the remaining household members will be required to move to a non accessible unit; or
e. If no household member needs the accessible features of their current apartment and the accessible apartment is needed by a household with person(s) with disabilities.

Transfers will not be made due to household size or a change in household composition if all of the apartments are the same size or if the household still meets the property occupancy policy.

Residents, who either request a transfer or are required to transfer for any of the above reasons, will be placed on a transfer waiting list based on the apartment size requested.

Residents, with disabilities, currently residing in a non-accessible apartment, and need accessible features will be given first priority for an apartment with accessible features over other residents and applicants.

Residents, without disabilities, currently residing in an accessible apartment will be given a 30 day notice to transfer to a non-accessible apartment as agreed to when an applicant and/or resident household needs an apartment with accessible features.
Residents may be required to transfer in any situation which may arise that is due to reasons beyond anyone’s control, including, but not limited to, natural disasters or extensive repairs to be completed in, or around, the unit which cannot be completed while the unit in question is occupied.

NOTE: Current residents that have been required to transfer due to reasons beyond anyone’s control, (noted in previous paragraph) will be given priority over applicants.

NOTE: Current residents, who may qualify for rental assistance, or who meet the qualifications listed in the above Transfer Policy for transfer to a different unit shall be given priority over applicants.

NOTE: Depending upon the circumstances of the transfer, a resident may be obligated to pay all costs associated with the move. However, if a resident is transferred as a reasonable accommodation to a household member’s disability, then the owner must pay the costs of moving the resident’s belongings, unless doing so would be an undue financial and administrative burden.

NOTE: Transfers will not take place if the resident is not in compliance with their Lease, this includes but is not limited to the lease violations for “decent, safe and sanitary care of apartment that have not been “cured”, unpaid rent, late fees, damage charges and any other outstanding lease violations. The transfer request will remain on the transfer waiting list until resident is in compliance with their lease and transfer takes place or resident moves out.

**VAWA Emergency Transfers**

In accordance with HUD policies, MMA allows survivors of domestic violence, sexual assault, dating violence, and stalking to transfer to another available dwelling unit. The ability to request a transfer is available regardless of sex, gender identity, or sexual orientation. The ability of this site to honor such request for household members currently receiving assistance, however, may depend upon a preliminary determination that the household member is or has been a victim of domestic violence, dating violence, sexual assault, or stalking, and on whether this site has another dwelling unit that is available and is safe to offer the tenant for temporary or more permanent occupancy. This plan identifies household members who are eligible for an emergency transfer, the documentation needed to request an emergency transfer, confidentiality protections, how an emergency transfer may occur, and guidance to tenants on safety and security. This plan is based on a model emergency transfer plan published by the U.S. Department of Housing and Urban Development (HUD), the Federal agency that oversees that this site is in compliance with VAWA.

**Eligibility for Emergency Transfers – VAWA Related Transfers**

A tenant who is a victim of domestic violence, dating violence, sexual assault, or stalking, as provided in HUD’s regulations at 24 CFR part 5, subpart L is eligible for an emergency transfer, if: the tenant reasonably believes that there is a threat of imminent harm from further violence if the tenant remains within the same unit. If the tenant is a victim of sexual assault, the tenant may also be eligible to transfer if the sexual assault occurred on the premises within the 90-calendar-day period preceding a request for an emergency transfer.

A tenant requesting an emergency transfer must expressly request the transfer in accordance with the procedures described in this plan.

Tenants who are not in good standing may still request an emergency transfer if they meet the eligibility requirements in this section.

**Emergency Transfer Request Documentation – VAWA Related Transfers**

1. To request an emergency transfer, the tenant shall notify the management office and submit a written request for a transfer to the Rental Office using form [HUD-5383](#).
2. MMA will provide reasonable accommodations to this policy for individuals with disabilities. The tenant’s written request for an emergency transfer should include either: A statement expressing that the tenant reasonably believes that there is a threat of imminent harm from further violence if the tenant were to remain in the same dwelling unit assisted under this site’s program; OR
3. A statement that the tenant was a sexual assault victim and that the sexual assault occurred on the premises during the 90-calendar-day period preceding the tenant’s request for an emergency transfer.
a. MMA will follow all reasonable confidentiality measures to help protect the new dwelling unit’s identification and location from the perpetrator of the violence or assault.

21. AT MOVE-IN

Keys to the apartment will be issued to the household. After move-in, periodic inspections will be completed as well as annual and interim certifications will be completed.

22. FAILURE TO MOVE-IN ON TIME

If a household fails to move in on the agreed date, the application will be declined and the apartment will be offered to the next household on the waiting list unless there are extenuating circumstances.

23. APARTMENT INSPECTIONS

All apartments must undergo a move-in and move-out inspection by the on-site management team. These inspections include not only interior but also exterior inspections. There will be an annual inspection. From time to time, HUD and/or the Contract Administrator will conduct an inspection.

24. ANNUAL RECERTIFICATIONS/INTERIM RECERTIFICATIONS

HUD/IRS SECTION 42 regulations require an annual recertification of income and expenses for rent determination. Only HUD requires interim recertification depending upon certain resident changes such as adding another person to your household, change in income, increase or decrease. This policy will be discussed during the tenant interview prior to move-in, which shall be conducted in accordance with the requirements of Paragraph 19 – “Prior to Move-In / Tenant Interview.”

25. REASONABLE ACCOMMODATION AND MODIFICATIONS

It is our policy, pursuant to Section 504 of the Rehabilitation Act (if applicable) and the Federal Fair Housing Act, to provide reasonable accommodations and modifications upon request to all applicants, residents, and employees with disabilities. Jordan Downs S2 will seek to identify and eliminate situations or procedures which create a barrier to equal housing opportunity for all. In accordance with Section 504, Jordan Downs S2 will make reasonable accommodations for individuals with disabilities (applicants or residents). Such accommodations may include changes in the method of administering policies, procedures, or services.

When an otherwise qualified applicant requests a reasonable accommodation or modification, management is not required to:

   a. make structural alterations that require the removal or altering of a load-bearing structure,
   b. provide support services that are not already part of its housing programs,
   c. take any action that would result in a fundamental alteration in the nature of the program or service, or
   d. take any action that would result in an undue financial and administrative burden on the Jordan Downs S2, including structural impracticality as defined in the Uniform Federal Accessibility Standards (UFAS).

26. APPLY SCREENING CRITERIA UNIFORMLY TO ALL APPLICANTS

Screening is used to help ensure that households admitted to a property will abide by the terms of the lease, pay rent on time, take care of the unit and common property, and allow all other residents to peacefully enjoy their homes. Anyone who wishes to live on the property must be screened prior to moving in. This includes, but is not limited to, live-in aides, security/police officers or additional household members wishing to move-in after the initial move-in.
Should an application be approved and move-in has occurred, any addition to the household must be approved by Management. The same screening completed to approve the original application will be used for future household members.

27. **THE VIOLENCE AGAINST WOMEN REAUTHORIZATION ACT OF 2013**

The “Violence Against Women Act” (VAWA) and the Justice Department Reauthorization Act of 2013 protects qualified applicants including their household members who are victims of domestic violence including dating violence, sexual assault, and stalking, from having their application rejected based on acts of such violence against them.

An application cannot be rejected if the applicant or a member of the household is a victim of domestic violence, dating violence, sexual assault or stalking, and if the applicant otherwise qualifies for admission. (NOTE: Application rejection will be issued but the applicant has the right to appeal then files will be documented as to why application was accepted.)

If your application is rejected, as a victim of domestic violence, you have the right to an appeal based on the domestic violence. Certification of domestic violence will be required of victim status which includes the names of the abuser. You may request a HUD certification form from management or the victim service providers, medical professionals, or attorneys who have counseled you as a victim can provide third-party verification, signed under penalty of perjury, of your status as a domestic violence victim.

VAWA also, protects residents including any household members who are victims of domestic violence including dating violence, sexual assault or stalking, from being evicted or terminated from housing assistance based on acts of such violence against them.

The tenant “victim” cannot be evicted because of incident(s) of actual or threatened domestic violence, dating violence, sexual assault or stalking which otherwise would be considered as serious or repeated violations of the lease or other “good cause”. (NOTE: These incidents are still lease violations and will be documented as such.) If you receive a lease violation and/or an eviction notice, as a victim of domestic violence, you have the right to an appeal the lease violation and/or eviction notice based on the domestic violence. Certification of domestic violence will be required of victim status which includes the names of the abuser. You may request a HUD certification form from management or the victim service providers, medical professionals, or attorneys who have counseled you as a victim can provide third-party verification of your status as a domestic violence victim.

The VAWA Emergency Plan is posted in the Rental Office.

28. **USE OF EIV EXISTING TENANT SEARCH AND DEBT OWED**

The Existing Tenant Search report identifies applicants applying for assisted housing that may be receiving rental assistance at the time of application processing at another location.

The Existing Tenant Search will be used during the processing of an applicant for admission to determine if the applicant or any applicant household members are currently being assisted at another Multifamily Housing or Public and Indian Housing (PIH) location.

If the applicant or a member of the applicant’s household is identified as residing at another property receiving HUD assistance, they will be given the opportunity to explain any circumstances relative to Their receiving assistance at the other property.

Before the applicant(s) can move-in, management will use the EIV Coordination of Section 8 from Property to Property form to follow up with the respective PHA or O/A to confirm the applicant’s move-out status before admission. Use of the EIV Existing Tenant Search report and the EIV Coordination of Section 8 form gives management the ability to coordinate move-out and move-in dates with the PHA or O/A of the other property, thus helping to reduce “double subsidy”.
The EIV Existing Tenant Search report and the EIV Coordination of Section 8 from Property to Property along with any documentation obtained as a result of contacts with the applicant and the PHA and/or O/A at the other property will be printed and kept with the application.

An EIV Income Report will be pulled on all new move-ins within ninety (90) days after move-in information has been transmitted to PIC to confirm and validate the income reported by the new resident household.

Any discrepancies found in the reported income of the resident household will be resolved within 30 days of the EIV Income Report date. A copy of this Income Report will be kept with the applicable move-in income verifications.

Due to the prohibition of use of EIV for LIHTC properties, Jordan Downs will maintain two files: one for RAD/HUD auditing and one for CTCAC auditing.

29. **GRIEVANCE PROCEDURE – WHEN REJECTING AN APPLICATION, MANAGEMENT WILL COMPLY WITH CHAPTERS 14 AND 17 OF HACLA’s SECTION 8 ADMINISTRATIVE PLAN AND ALL APPLICABLE HUD REQUIREMENTS.**

This property does not discriminate on the basis of disability status in the admission or access to, or treatment or employment in, its federally assisted programs and activities. The person named below has been designated to coordinate compliance with the nondiscrimination requirements against persons with disabilities.

Aaron Richards  
504 Coordinator  
Michaels Management-Affordable, LLC  
3 East Stowe Road  
Marlton, NJ 08053  
856-596-0500  
FAX 856-596-2636  
TDD-711

**PENALTIES FOR MISUSING THIS CONSENT:** Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony for knowingly and willingly making false or fraudulent statements to any department of the United States Government. HUD and any owner (or any employee of HUD or the owner) may be subject to penalties for unauthorized disclosures or improper uses of information collected based on the consent form. Use of the information collected based on this verification form is restricted to the purposes cited above. Any person who knowingly or willingly requests, obtains, or discloses any information under false pretenses concerning an applicant or participant may be subject to a misdemeanor and fined not more than $5,000. Any applicant or participant affected by negligent disclosure of information may bring civil action for damages and seek other relief, as may be appropriate, against the officer or employee of HUD or the owner responsible for the unauthorized disclosure or improper use. Penalty provisions for misusing the social security number are contained in the Social Security Act at 42 USC 208 a(6)(7) and (8). Violations of these provisions are cited as violations of 42 USC 408 a(6)(7) and (8).
Tenant and all members of Tenant's family or household are parties to a written lease with Landlord (the Lease). This Addendum states the following additional terms, conditions and rules which are hereby incorporated into the Lease. A breach of this Lease Addendum shall give each party all the rights contained herein, as well as the rights in the Lease.

1. Purpose of No-Smoking Policy. The parties desire to mitigate (i) the irritation and known health effects of secondhand smoke; (ii) the increased maintenance, cleaning, and redecorating costs from smoking; (iii) the increased risk of fire from smoking; and (iv) the higher costs of fire insurance for a non-smoke-free building;

2. Definition of Smoking. The term “smoking” means inhaling, exhaling, breathing, or carrying any lighted cigar, cigarette, or other tobacco product or similar lighted product in any manner or in any form.

3. Smoke-Free Apartment Community. Tenant agrees and acknowledges that the premises to be occupied by Tenant and members of Tenant's household have been designated as a smoke-free living environment. Tenant and members of Tenant's household shall not smoke anywhere in the unit rented by Tenant, or the building where the Tenant's dwelling is located or in any of the common areas or adjoining grounds of such building or other parts of the rental community, nor shall Tenant permit any guests or visitors under the control of Tenant to do so.

4. Tenant to Promote No-Smoking Policy and to Alert Landlord of Violations. Tenant shall inform Tenant's guests of the no-smoking policy. Further, Tenant shall promptly give Landlord a written statement of any incident where tobacco smoke is migrating into the Tenant's unit from sources outside of the Tenant's apartment unit.

5. Landlord to Promote No-Smoking Policy. Landlord shall post no-smoking signs at entrances and exits, common areas, hallways, and in conspicuous places adjoining the grounds of the apartment community.

6. Landlord Not a Guarantor of Smoke-Free Environment. Tenant acknowledges that Landlord’s adoption of a smoke-free living environment, and the efforts to designate the apartment community as smoke-free, do not make the Landlord or any of its managing agents the guarantor of Tenant’s health or of the smoke-free condition of the Tenant’s unit and the common areas. However,
Landlord shall take reasonable steps to enforce the smoke-free terms of its leases and to make the apartment community smoke-free. Landlord is not required to take steps in response to smoking unless Landlord has actual knowledge of said smoking or has been given written notice of said smoking.

7. Other Tenants are Third-Party Beneficiaries of Tenant's Agreement. Tenant agrees that the other Tenants at the apartment community are the third-party beneficiaries of IR-COSF Tenant's smoke-free addendum agreements with Landlord. (In layman's terms, this means that Tenant's commitments in this Addendum are made to the other Tenants as well as to Landlord.) A Tenant may sue another Tenant for an injunction to prohibit smoking or for damages, but does not have the right to evict another Tenant. Any suit between Tenants herein shall not create a presumption that the Landlord breached this Addendum.

8. Effect of Breach and Right to Terminate Lease. A breach of this Lease Addendum shall give each party all the rights contained herein, as well as the rights in the Lease. A material breach of this Addendum shall be a material breach of the lease and grounds for immediate termination of the Lease by the Landlord.

9. Disclaimer by Landlord. Tenant acknowledges that Landlord's adoption of a smoke free living environment, and the efforts to designate the apartment community as smoke-free, does not in any way change the standard of care that the Landlord or managing agent would have to a Tenant household to render buildings and premises designated as smoke-free any safer, more habitable, or improved in terms of air quality standards than any other rental premises. Landlord specifically disclaims any implied or express warranties that the building, common areas, or Tenant's premises will have any higher or improved air quality standards than any other rental property. Landlord cannot and does not warranty or promise that the rental premises or common areas will be free from secondhand smoke. Tenant acknowledges that Landlord's ability to police, monitor, or enforce the agreements of this Addendum is dependent in significant part on voluntary compliance by Tenant and Tenant's guests. Tenants with respiratory ailments, allergies, or any other physical or mental condition relating to smoke are put on notice that Landlord does not assume any higher duty of care to enforce this Addendum than any other landlord obligation under the Lease.

10. Effect on Current Tenants. Tenant acknowledges that current tenants residing in the apartment community under a prior lease will not be immediately subject to the No Smoking Policy. As current tenants move out, or enter into new leases, the smoke-free policy will become effective for their unit or new lease.

Community Manager _______________________________ Date

Resident _______________________________ Date

Resident _______________________________ Date

Resident _______________________________ Date

Resident _______________________________ Date
ATTACHMENT D

SECTION 3 PLAN (PERMANENT HIRES)
POST-CONSTRUCTION LOCAL HIRING AND SECTION 3 CONTRACTING PLAN
ECONOMIC OPPORTUNITY PLAN
JORDAN DOWNS PHASE S2

Definitions:

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

PLAN:

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

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

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

a) Contracting Goal, Construction-Related. Ten percent (10%) of the total dollar amount of all construction-related contracts shall be extended to Section 3 Business Concerns.

b) Contracting Goal, Non-Construction. Three percent (3%) of the total dollar amount of all non-construction related contracts shall be extended to Section 3 Business Concerns.

c) Training and Employment. Thirty percent (30%) of the aggregate number of new hires generated by the Development shall be extended to Section 3 Residents.

Approved: 02.16.21
Section 3 Hiring

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

Section 3 Contracting

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

REPORTING:

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

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

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

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

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

PROCUREMENT PLAN
ATTACHMENT 1

EXHIBIT 1A. Master Developer Procurement Policy and Procedures

PROCUREMENT PLAN FOR JORDAN DOWNS REDEVELOPMENT

Project: Jordan Downs, Los Angeles, CA

Master Developer: Jordan Downs Community Partners LLC

Owner: To-be formed for each phase of the Project, with an affiliate of one or both Guarantors as general partner(s) or member(s)

Guarantors: The Michaels Development Company I, L.P.

BRIDGE Housing Corporation

Housing Authority: Housing Authority of the City of Los Angeles

GENERAL PROVISIONS

General

The Master Developer is a private entity developing the Project for private ownership in phases by Owners, and in general is not bound by procurement laws applicable to public agencies or publicly-owned projects. Nonetheless, the Master Developer is cognizant of the public and community interest in the Project and wishes to provide for a procurement system of quality and integrity; provide for the fair and equitable treatment of all persons or firms involved in purchasing by the Master Developer; ensure that supplies and services (including construction) are procured efficiently, effectively, and are the most advantageous to the Master Developer and Project, taking into consideration price, quality and other factors; utilize small and disadvantaged businesses and local residents in the Project so as to strengthen the social and economic fabric of the surrounding community; promote to the maximum extent practical open and free competition in contracting; and assure that Master Developer’s purchasing actions are in full compliance with applicable Federal standards, HUD regulations, and State and local laws.

To the extent that any purchasing actions are performed by Owners and not Master Developer, Master Developer will nonetheless ensure compliance with this Procurement Plan in such Owner purchasing actions.

Definition

The term “procurement,” as used in this Plan, includes the procuring, purchasing, leasing, or renting of: (1) goods, supplies, equipment, and materials, (2) construction services; (3) architectural and engineering services, (4) maintenance; (5) social services and (6) other services.

ETHICS IN CONTRACTING

General

The Master Developer hereby establishes this code of conduct regarding procurement issues and actions. This code of conduct is consistent with applicable Federal, State, or local law.
Conflicts of Interest

No employee, officer, Board member, or agent of the Master Developer shall participate directly or indirectly in the selection, award, or administration of any contract if a conflict of interest, either real or apparent, would be involved. Such a conflict would arise when one of the persons listed below has a financial or any other type of interest in a firm competing for the award:

A. An employee, officer, Board member, or agent involved in making the award;

B. His/her relative (including father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, or half sister);

C. His/her partner; or

D. An organization which employs or is negotiating to employ, or has an arrangement concerning prospective employment of any of the above.

Gratuities, Kickbacks, and Use of Confidential Information

No officer, employee, Board member, or agent shall ask for or accept gratuities, favors, or items of value from any contractor, potential contractor, or party to any subcontract involved in the Project, except a gift or unsolicited item in which the financial interest is not substantial, and shall not knowingly use confidential information for actual or anticipated personal gain. Any gift, meal or entertainment with a cost of less than $50 is presumed to have an insubstantial financial interest.

PURCHASING METHODS

With respect to each procurement activity, one of the following purchasing methods will be employed by the Master Developer as deemed appropriate by the Master Developer:

Petty Cash Purchases

Purchases under $1,000 may be handled through the use of a petty cash account. Petty Cash Accounts may be established in an amount sufficient to cover small purchases made during a reasonable period, e.g., one month. For all Petty Cash Accounts, the Master Developer shall ensure that security is maintained and only authorized individuals have access to the account. These accounts should be reconciled and replenished periodically.

Small Purchase Procedures
For any amounts above the Petty Cash ceiling, but not exceeding $100,000, the Master Developer may use small purchase procedures. Under small purchase procedures, the Master Developer shall obtain a reasonable number of quotes (preferably three); however, for purchases of less than $5,000, also known as Micro Purchases, only one quote is required provided the quote is considered reasonable. To the greatest extent feasible, and to promote competition, small purchases should be distributed among qualified sources. Quotes may be obtained orally (either in person or by phone), by fax, in writing, or through e-procurement. An award shall be made to the qualified vendor whose offer or bid is the most advantageous to the Master Developer, considering price, quality and other factors. If an award is to be made for reasons other than lowest price, documentation shall be provided in the contract file. The Master Developer shall not break down requirements aggregating more than the small purchase threshold (or the Micro Purchase threshold) into several purchases that are less than the applicable threshold merely to: (1) permit use of the small purchase procedures or (2) avoid any requirements that applies to purchases that exceed the Micro Purchase threshold.

Sealed Bids

Sealed bidding may be used for all contracts that exceed the small purchase threshold and that are not competitive proposals or non-competitive proposals, as these terms are defined in this document. Under sealed bids, the Master Developer publicly solicits bids and awards a firm fixed-price or time and materials with a not to exceed contract (lump sum or unit price) to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bid (IFB), is the lowest in price.

A. Conditions for Using Sealed Bids. The Master Developer may use the sealed bid method if the following conditions are present: a complete, adequate, and realistic statement of work, final plans and specifications, or accurate purchase description is available; two or more responsible bidders are willing and able to compete effectively for the work; the contract can be awarded based on a firm fixed or time and materials with a not to exceed price; and the selection of the successful bidder can be made principally on the lowest price.

B. Solicitation and Receipt of Bids. An IFB is issued which includes the specifications and all contractual terms and conditions applicable to the procurement, and a statement that an award will be made to the lowest responsible and responsive bidder whose bid meets the requirements of the solicitation. The IFB must state the time and place for both receiving the bids and the public bid opening. All bids received will be date and time-stamped and stored unopened in a secure place until the bid opening. A bidder may withdraw the bid at any time prior to the bid opening.

C. Bid Opening and Award. All bids received shall be recorded on an abstract (tabulation) of bids, and then made available for inspection by bidders and/or by governmental agencies, lenders, investors, or other properly interested parties. If equal low bids are received from responsible bidders, selection shall be made by drawing lots or other similar random method. The method for doing this shall be stated in the IFB. If only one responsive bid is received from a responsible bidder, award shall not be made unless the price can be determined to be reasonable, based on a cost or price analysis.
D. **Mistakes in Bids.** Correction or withdrawal of bids may be permitted, where appropriate, before bid opening by written or telegraphic notice received in the office designated in the IFB prior to the time set for bid opening. After bid opening, corrections in bids may be permitted only if the bidder can show by clear and convincing evidence that a mistake of a nonjudgmental character was made, the nature of the mistake, and the bid price actually intended. A low bidder alleging a nonjudgmental mistake may be permitted to withdraw its bid if the mistake is clearly evident on the face of the bid document but the intended bid is unclear or the bidder submits convincing evidence that a mistake was made. All decisions to allow correction or withdrawal of a bid shall be supported by a written determination signed by the Master Developer’s contracting officer. After bid opening, changes in bid prices or other provisions of bids prejudicial to the interest of the Master Developer or fair competition shall not be permitted.

**Competitive Proposals**

Unlike sealed bidding, the competitive proposal method permits: consideration of technical factors other than price; discussion with offerors concerning offers submitted; negotiation of contract price or estimated cost and other contract terms and conditions; revision of proposals before the final contractor selection; and the withdrawal of an offer at any time up until the point of award. An award is normally made on the basis of the proposal that represents the best overall value to the Master Developer, considering price and other factors, e.g., technical expertise, past experience, quality and capacity of proposed bidder, schedule to execute scope of work, etc., and not solely the lowest price.

A. **Conditions for Use.** Where conditions are not appropriate for the use of sealed bidding or where other factors exist that make the use of sealed bidding less advantageous to the Master Developer, competitive proposals may be used. Such other factors include a determination by the Master Developer that it is in the Master Developer’s best interests to engage a Contractor prior to finishing a complete, adequate, and realistic statement of work, final plans and specifications, or accurate purchase description so to use the Contractor’s knowledge and experience to develop the statement of work, plans and specifications or purchase description or to value engineer the products or services, in accordance with best practices in the private sector for similar projects. Competitive proposals are the preferred method for procuring professional services that will exceed the small purchase threshold.

B. **Form of Solicitation.** Competitive proposals shall be solicited through the issuance of an RFP or RFQ (where price is not an element of the selection). A mechanism for fairly and thoroughly evaluating the technical and price proposals shall be established **before** the solicitation is issued. Proposals shall be handled so as to prevent disclosure of the number of offerors, identity of the offerors, and the contents of their proposals until after award. The Master Developer may assign price a specific weight in the evaluation criteria or the Master Developer may consider price in conjunction with technical and other factors.

C. **Evaluation.** The proposals shall be evaluated by an employee or employees of the Master Developer who have the appropriate skills and experience to evaluate the proposal. Such employees shall be required to disclose any potential conflicts of interest. An Evaluation Report, summarizing the results of the evaluation, shall be prepared prior to award of a contract. One employee shall be deemed to be the contracting officer and shall have primary contact with each offeror.
D. **Negotiations.** Negotiations shall be conducted with all offerors who submit a proposal determined to have a reasonable chance of being selected for award, unless it is determined that negotiations are not needed with any of the offerors. This determination is based on the technical, price and other factors used to evaluate the proposals. These offerors shall be treated fairly and equally with respect to any opportunity for negotiation and revision of their proposals. No offeror shall be given any information about any other offeror’s proposal, and no offeror shall be assisted in bringing its proposal up to the level of any other proposal. A common deadline shall be established for receipt of proposal revisions based on negotiations. Negotiations are exchanges (in either competitive or sole source environment) between the Master Developer and offerors that are undertaken with the intent of allowing the offeror to revise its proposal. These negotiations may include bargaining. Bargaining includes persuasion, alteration of assumptions and positions, give-and-take, and may apply to price, schedule, technical requirements, type of contract or other terms of a proposed contract. The primary object of the negotiations is to maximize the Master Developer’s ability to obtain best value. The contracting officer shall indicate to, or discuss with, each offeror still being considered for award, significant weaknesses, deficiencies, and other aspects of its proposal (such as cost, price, technical approach, past performance, and terms and conditions) that could, in the opinion of the contracting officer, be altered or explained to enhance materially the proposer’s potential for award. The scope and extent of discussions are a matter of the contracting officer’s judgment. The contracting officer may inform an offeror that its price is considered by the Master Developer to be too high, or too low, and reveal the results of the analysis supporting that conclusion. It is also permissible to indicate to all offerors the cost or price that the price analysis, market research, and other reviews have identified as reasonable. “Auctioning” (revealing one offeror’s price in an attempt to get another offeror to lower their price) is prohibited.

E. **Award.** After evaluation of the revised proposals, if any, the contract shall be awarded to the responsible firm whose technical approach to the project, qualifications, price and/or any other factors considered, are most advantageous to the Master Developer provided that the price is within the maximum total project budgeted amount established for the specific property or activity.

**Noncompetitive Proposals**

A. **Conditions for Use.** Procurement by noncompetitive proposals (sole-source) may be used when the award of a contract is not feasible using small purchase procedures, sealed bids or competitive proposals, and if one of the following factors applies:

1. The item or service is available only from a single source, based on a good faith review of available sources;

2. An emergency exists that seriously threatens the public health, welfare, or safety, or endangers property, or would otherwise cause serious injury to the Master Developer or the Project, as may arise by reason of a flood, earthquake, epidemic, riot, equipment failure, or similar event. In such cases, there must be an immediate and serious need for supplies, services or construction such that the need cannot be met through any of the other procurement methods, and the emergency procurement shall be limited to those supplies, services or construction necessary simply to meet the emergency;

3. A public exigency circumstance; or

4. After solicitation of a number of sources, competition is determined inadequate by the Master Developer.
B. **Justification.** Each procurement based on noncompetitive proposals shall be supported by a written justification by the responsible contracting officer for the selection of this method.

**SOLICITATION AND ADVERTISING**

**Method of Solicitation**

A. **Petty Cash and Micro Purchases.** The Master Developer may contact only one source if the price is considered reasonable.

B. **Small Purchases.** Quotes may be solicited orally, through fax, or by any other reasonable method.

C. **Sealed Bidding and Competitive Proposals.** Solicitation must be done either publicly or by contacting at least three potential bidders/offereors. If the public solicitation method is used, the Master Developer must use one or more of the following solicitation methods, provided that the method employed provides for meaningful competition.

1. Advertising in newspapers or other print mediums of local or general circulations.
2. Advertising in various trade journals or publications (for construction).
3. E-Procurement. The Master Developer may conduct its public procurements through the Internet using e-procurement systems. However, all e-procurements must otherwise be in compliance with Federal, State and local requirements.

**Time Frame**

For purchases of more than $100,000 in which public solicitation is used, the public notice should run at least once for a reasonable amount of time.

**Form**

Notices/advertisements should state, at a minimum, the place, date, and time that the bids or proposals are due, the solicitation number or other identifying name for the solicitation, a contact who can provide a copy of, and information about, the solicitation, and a brief description of the needed items(s) and/or service(s).

**Time Period for Submission of Bids and Proposals**

A minimum of 15 days shall generally be provided for preparation and submission of bids or proposals. However, the Master Developer may allow for a shorter period under extraordinary circumstances.

**Cancellation of Solicitations**

A. An IFB, RFP, RFQ or other solicitation may be cancelled before bids/offers are due if:

1. The supplies, services or construction is no longer required;
2. The funds are no longer available;
3. Proposed amendments to the solicitation are of such magnitude that a new solicitation would be best; or
4. Other similar reasons.
B. A solicitation may be cancelled and all bids or proposals that have already been received may be rejected if:

1. The supplies or services (including construction) are no longer required;
2. Ambiguous or otherwise inadequate specifications were part of the solicitation;
3. All factors of significance to the Master Developer were not considered;
4. Prices exceed available funds and it would not be appropriate to adjust quantities or services to come within available funds;
5. There is reason to believe that bids or proposals may not have been independently determined in open competition, may have been collusive, or may have been submitted in bad faith; or
6. For good cause of a similar nature when it is in the best interest of the Master Developer.

C. The reasons for cancellation shall be documented in the procurement file and the reasons for cancellation and/or rejection shall be provided upon request.

D. A notice of cancellation shall be sent to all bidders/offerors solicited and, if appropriate, shall explain that they will be given an opportunity to compete on any resolicitation or future procurement of similar items.

F. If problems are found with the specifications, the Master Developer should cancel the solicitation, revise the specifications and resolicit.

**BONDING REQUIREMENTS**

The standards under this section apply to construction contracts that exceed $100,000. There are no bonding requirements for small purchases or for other competitive proposals. The Master Developer may require bonds in these latter circumstances when deemed appropriate; however, non-construction contracts should generally not require bid bonds. For construction contracts exceeding $100,000, the successful bidder shall furnish an assurance of completion which would typically be in the form of a performance and payment bond in a penal sum of 100% of the contract price, obtained from a guarantee or surety company acceptable to the U. S. Government and authorized to do business in the State where the work is to be performed.

**MDA AND LEGAL REQUIREMENTS**

**Local Hiring and HUD Section 3 Requirements.** The Master Developer shall structure any solicitation or procurement decision and any resulting contract with the intent of fulfilling Local Hire and HUD Section 3 Requirements contained in the Master Development Agreement with the Housing Authority.

**Davis-Bacon and Prevailing Wage Requirements.** The Master Developer shall structure any solicitation or procurement decision and any resulting contract to require contractors to comply with all applicable labor standards, including but not limited to the Davis-Bacon Act (40 U.S.C. § 276a et seq.), State prevailing wage laws, and City of Los Angeles “living wage” laws, as applicable. Pursuant to 24 C.F.R. § 965.101, if State prevailing wage rates (including basic hourly rate and fringe benefits) determined under State law to be prevailing with respect to an employee in any trade exceed the applicable wage rate as determined by the Secretary of Labor pursuant to the Davis-Bacon Act, such State prevailing wage rate shall preempt the Davis-Bacon wage rates and shall apply to the work to be performed pursuant to this Agreement. Master Developer and its contractors shall be responsible for determining the applicability of prevailing wages.
The Master Developer shall, to the “greatest extent feasible,” award at least ten (10) percent of the total dollar amount of building trades work in all construction contracts and three (3) percent of the total dollar amount of all non-construction contracts to Section 3 Businesses to satisfy HUD’s Section 3 numerical goals for contracting as set forth in 24 CFR Part 135.30. Furthermore, the Master Developer shall include the Section 3 Clause set forth in 24 CFR Part 135.38 and attached hereto as Exhibit 2 in all subcontracts and ensure compliance by its contractors, subcontractors and all parties under its authority doing work related to the Redevelopment.

CONTRACTOR QUALIFICATIONS AND DUTIES

Contractor Responsibility

The Master Developer shall not award any contract until the prospective contractor, i.e., low responsive bidder or successful offeror, has been determined to be responsible. A responsible bidder/offeror must:

A. Have adequate financial resources to perform the contract, or the ability to obtain them;
B. Be able to comply with the required or proposed delivery or performance schedule, taking into consideration all the bidder’s/offeror’s existing commercial and governmental business commitments;
C. Have a satisfactory performance record;
D. Have a satisfactory record of integrity and business ethics;
E. Have the necessary organization, experience, accounting and operational controls, and technical skills, or the ability to obtain them;
F. Have the necessary production, construction, and technical equipment and facilities, or the ability to obtain them; and
G. Have any required business and professional licensing, including a City of Los Angeles business license if required; and
H. Be otherwise qualified and eligible to receive an award under applicable laws and regulations.

Suspension and Debarment

Contracts shall not be awarded to debarred, suspended, or ineligible contractors. Contractors may be suspended, debarred, or determined to be ineligible by HUD in accordance with HUD regulations (24 CFR Part 24) or by other Federal agencies, e.g., Dept of Labor for violation of labor regulations. Master Developer will confirm, prior to award of a contract, that the proposed Additional Team Member has not been debarred, or otherwise declared ineligible for award, by an applicable regulatory agency. The following non-exclusive sources shall be reviewed when required:

(a.) U.S. General Services Administration’s “List of Parties Excluded From Federal Procurement and Non-procurement Programs”
(b.) U.S. Department of Housing and Urban Development’s “Limited Denial of Participation” List
(c.) Office of State Purchasing (OSP) Quasi Agencies Notification List
**Excluded Contractors.** Master Developer will not contract with any sole proprietor or any bidding entity if any individual partner, incorporator, director, manager, officer, organizer, or member, who has at least 10% ownership in the bidding entity, under the following circumstances:

1. A conviction of or plea of guilty or no contest to the following state crimes or equivalent federal crimes shall permanently bar any person or the bidding entity from bidding on the Project:
   
   (a.) Public bribery
   
   (b.) Corrupt Influencing
   
   (c.) Extortion
   
   (d.) Money laundering

2. A conviction of or plea of guilty or no contest to the following state crimes or equivalent federal crimes shall bar any person or the bidding entity from bidding on the Project for a period of five years from the date of conviction or from the date of the entrance of the plea of guilty or no contest:

   (a.) Theft
   
   (b.) Identity theft
   
   (c.) Theft of a business record
   
   (d.) False accounting
   
   (e.) Issuing worthless checks
   
   (f.) Bank fraud
   
   (g.) Forgery
   
   (h.) Contractors; misapplication of payments
   
   (i.) Malfeasance in office

Master Developer is not required to perform criminal background checks on contractors, vendors, or subcontractors. Each bidder shall be required to attest that it/he/she has not, nor has any individual partner, incorporator, director, manager, officer, organizer, or member, who has at least 10% ownership in the bidding entity been convicted of, or has not entered a plea of guilty or nolo contender to any of the crimes or equivalent crimes listed in the preceding paragraph. It shall be the responsibility of any person, company, or entity making an allegation of false attestation to present prima facie proof to Master Developer supporting their claim.

**CONTRACT PRICING ARRANGEMENTS**

**Contract Types**

Any type of contract that is appropriate to the procurement and that will promote the best interests of the Master Developer may be used. All solicitations and contracts shall include the clauses and provisions necessary to define the rights and responsibilities of both the contractor and the Master Developer.
For all contracts based on cost-reimbursement plus an amount or percentage for profit, the contract must include a ceiling price that the contractor exceeds at its own risk, or other appropriate mechanism to contain costs.

**CONTRACT CLAUSES**

All contracts should identify the contract pricing arrangement as well as other pertinent terms and conditions, as determined by the Master Developer. All contracts entered into shall contain all standard provisions required by HUD and Housing Authority and shall conform to the requirements of this Plan.

**SPECIFICATIONS**

**General**

All specifications shall be drafted so as to promote overall economy for the purpose intended and to encourage competition in satisfying the Master Developer’s needs. Specifications shall be reviewed prior to issuing any solicitation to ensure that they are not unduly restrictive or represent unnecessary or duplicative items. Function or performance specifications are preferred. Consideration shall be given to consolidating or breaking out procurements to obtain a more economical purchase.

**Limitation**

The following types of specifications shall be avoided:

A. geographic restrictions not mandated or encouraged by applicable Federal law (except for A/E and general contractor contracts, which may include geographic location as a selection factor if adequate competition is available);

Nothing in this procurement policy shall preempt any State licensing laws. Specifications shall be reviewed to ensure that organizational conflicts of interest do not occur.

**ASSISTANCE TO SMALL AND DISADVANTAGED BUSINESSES**

**Required Efforts**

Consistent with Presidential Executive Orders 13170, and Section 3 of the HUD Act of 1968, all feasible efforts shall be made to ensure that small and disadvantaged businesses, and other individuals or firms located in or owned in substantial part by persons residing in the area of the Project are used when possible. Such efforts shall include, but shall not be limited to:

A. Including such firms, when qualified, on solicitation mailing lists;

B. Encouraging their participation through direct solicitation of bids or proposals whenever they are potential sources;

C. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by such firms;

D. Establishing delivery schedules, where the requirement permits, which encourage participation by such firms;

E. Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce;
F. Including in contracts, to the greatest extent feasible, a clause requiring contractors, to provide opportunities for training and employment for lower income residents of the Project area and to award subcontracts for work in connection with the Project to business concerns which provide opportunities to low-income residents, as described in 24 CFR Part 135 (so-called Section 3 businesses);

G. Granting preferences in contract award to Section 3 businesses; and

H. Requiring prime contractors, when subcontracting is anticipated, to take the positive steps listed above.

Definitions

1. A small business is defined as a business that is: independently owned; not dominant in its field of operation; and not an affiliate or subsidiary of a business dominant in its field of operation. The size standards in 13 CFR Part 121 should be used to determine business size.

2. A disadvantaged business is a business entity ≥51% owned or controlled by “socially and economically disadvantaged” persons.
   a. “Socially disadvantaged” = those who have been subject to racial or ethnic prejudice or cultural bias within American society because of their identification as members of certain groups. Persons of color are presumed to qualify; others can demonstrate by preponderance of evidence.
   b. “Economically disadvantaged” = impaired ability to compete due to lack of access to capital and credit opportunities (all applicants must demonstrate)

3. A minority-owned business is defined as a business which is at least 51% owned by one or more minority group members; or, in the case of a publicly-owned business, one in which at least 51% of its voting stock is owned by one or more minority group members, and whose management and daily business operations are controlled by one or more such individuals. Minority group members include, but are not limited to Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, Asian Indian Americans, and Hasidic Jewish Americans.

4. Women’s business enterprise is defined as a business that is at least 51% owned by a woman or women who are U.S. citizens and who control and operate the business.

5. A “Section 3 business concern” is as defined under 24 CFR Part 135.

6. A labor surplus area business is defined as a business which, together with its immediate subcontractors, will incur more than 50% of the cost of performing the contract in an area of concentrated unemployment or underemployment, as defined by the DOL in 20 CFR Part 654, Subpart A, and in the list of labor surplus areas published by the Employment and Training Administration.
MEMORANDUM OF UNDERSTANDING

SECTION I – BACKGROUND AND INTENT

This Memorandum of Understanding (MOU) is entered into between Michaels Community Services Corporation dba Better Tomorrows (“BT”) a Social Service provider with offices located at 2 Cooper St., 15th floor P O Box 90708, Camden, New Jersey and Jordan Downs Phase S2, LP (“Client”) with offices located at 2 Cooper St., PO Box 90708, Camden, NJ 08101 to provide access to supportive services (as defined in Section II) to the targeted population residing at the Jordan Downs Phase S2 project to be located at 2045 East 101st Street, Los Angeles, CA 90002.

WHEREAS, this sole purpose of this MOU is to encourage complete cooperation between the Client and BT and to further detail the separate and distinct roles and responsibilities of each party; and

WHEREAS, Client will make available 81 units of affordable low-income housing to families who are also able to live independently with supportive services, but do not require any type of supervised living setting; and

WHEREAS, BT agrees to provide supportive services to the Clients residents and has trained and experienced staff, who will work with the targeted populations.

NOW, THEREFORE, the following represents the understanding of both parties regarding their respective roles and responsibilities to this MOU.

SECTION II – DESCRIPTION OF (BT) SERVICES TO CLIENT

1. Scope of Services: In accordance with the Social Services Plan (Attachment A), a single BT employed Social Service Coordinator or a 3rd party contracted by BT (“Social Service Lead”) will be responsible for coordinating the delivery of social services for the Client’s residents. The Social Service Coordinator or Social Service Lead shall work or provide services for a minimum of 12 hours per week. This value is based upon the property containing 175 bedrooms and the ratio of FTE hours needed based on TCAC and CDLAC requirements. Upon BT contract engagement, it will provide the services to residents of the community free of charge. The social services plan will include the following:

A. The Social Service Coordinator or Social Service Lead shall find partnerships and work with residents to provide resources to facilitate self-sufficiency, with resident education, community strengthening, cultural programs and skill building services. These resources would include GED preparation classes, job readiness coordination, healthy family classes, and financial literacy classes further detailed in the Social Services Plan attached hereto;

B. Providing community and social service linkages to residents
C. Assist the Michaels Management team’s efforts to screen each potential tenant and their ability to live independently.

D. Perform the following program support services functions:

1. Provide case referral services, which may include:
   a. Mental health and physical counseling and services
   b. Rehabilitation, vocational and employment assistance
   c. General health and dental services
   d. Income support and benefits
   e. Substance abuse (alcohol, drugs) treatment

2. Conduct an initial needs assessment and develop an individual self-sufficiency plan for each person with special needs, including a periodic evaluation and update of the service plan as resident needs change.

3. Refer residents, upon need or request, to treatment services or other appropriate social services.

4. Provide crisis intervention as needed and when requested by the Michaels Management team or provide consultation when there are disputes or differences between residents and property management.

5. Assist the Michaels Management team to resolve household disputes and resident conflicts.

6. Assist residents in understanding their rights and responsibilities under a tenant lease arrangement. This includes the explanation of the evictions and appeal process.

7. Consistent with individuals’ rights and principles, as well as, the principles of Supportive Housing, it is understood that referrals and other services will be made available to all residents. BT will take no action in making referrals or providing services without the agreement of the individual except when it appears, in their judgment, it is necessary to do so to protect the individual or others from serious harm.

Other Expected support services that are likely to be required through BT or their partners:

- Social service coordination/Case management of program services designed to assist residents to maintain their housing opportunity
- Linkages to mainstream resources including entitlement programs
- Linkages to healthcare, treatment programs and substance abuse counseling
- Clinical counseling and health care advocacy
- Mental health counseling
- Meals on Wheels
- Nutritional/dietary counseling
- Housekeeping Assistance
- Additional support services to be arranged as needed, including but not limited to assistance with activities of daily living, meals preparation, housekeeping, and employment counselling.

E. Provide the following administrative services:

1. Maintain program service records for a minimum period of five (5) years or the length of time required by Federal, State, and funding regulations, whichever is greater.
2. Cooperate with Client in monitoring and/or conducting audits or other reporting requirements with respect to project funders.

SECTION III. - DESCRIPTION OF THE ROLES AND RESPONSIBILITIES OF THE CLIENT

The Client, through its owners, will be responsible for the asset management and overseeing the ongoing duties of repair, maintenance, management, and operation of the Client's project.

The Client will directly:

A. Ensure that all regulatory and funding requirements are met.
B. Prepare all budgets and cost estimates related to Jordan Downs Phase S2 housing development.
C. Arrange for all required liability and property insurance for the housing development;
D. Pay all taxes associated with the housing development.
E. Oversee the contract and duties of the management company.

SECTION V - General Terms

1) **This Agreement** is dependent upon project completion. It is understood by both (BT) and the Client that any marketing and services provided are in conjunction with the full funding, development and completion of the housing development. If, for any reason, the project is not completed, aside from reimbursing BT for all realized preliminary contract expenses, neither party will be responsible for meeting the obligations of this Agreement.

2) **TERMS** - This Agreement is effective as of the last date recorded on the signature page of this Agreement between the parties and will automatically be renewed each January 1st on an annual basis, with the same terms and conditions unless amended by the parties or terminated under the termination section as outlined below. BT is committed to providing the services to residents for 15 years or longer as is mutually agreeable.

3) **Fees / Costs** - The contract cost and any budgeted social service supplies will be the only direct expense. Any services provided by BT or Social Service Lead to the residents are
to be provided at no resident cost. At each annual renewal, the contract cost will increase by 2.5% to offset annual expense increases.

4) **Termination** – Either party may terminate this Agreement by giving the other party three (3) months prior written notice. It will be the responsibility of the Client to find a new service provider, with the understanding that this Agreement will not terminate between either party until such time as a replacement provider is found and established under contract. Any party wishing to terminate this Agreement for cause must provide a written intent to terminate notice to the party in breach or default. The notice will provide thirty (30) days for the party in breach or default to respond with an acceptable plan to cure. With the exemption of a financial default for lack of payment which must be cured within thirty (30) days, all other contractual breaches or defaults must be cured within ninety (90) days of receipt of an intent to terminate notice.

5) **Confidentiality** – The Client and BT agree that by virtue of entering into this Agreement they will have access to certain confidential information regarding the other party’s operations related to this project. The Client agrees that it and their agent will not at any time, disclose confidential information and/or material without the consent of that party unless such disclosure is authorized by this Agreement or required by law. Unauthorized disclosure of confidential information shall be considered a breach of this Agreement. Where appropriate, resident release forms will be secured before confidential client information is exchanged. Confidential client information will be handled with the utmost discretion and judgment.

6) **Amendments**: This Agreement may be amended only in writing and authorized by the designated representatives of the parties.

**Jordan Downs Phase S2, LP**

Signed [Signature] Date: 5/5/20
Milton R Pratt
Vice President, Jordan S2-Michaels, LLC, general partner

**Michaels Community Service Corporation dba Better Tomorrows**

Signed [Signature] Date: 4/24/2020
Howard Tucker
President and CEO
Community Garden space for use by service provider Better Tomorrows
Better Tomorrows
Proposed Jordan Downs (Phase S2)
Social Services Coordination
(Attachment A)

Better Tomorrows (“BT”) is pleased to present this summary of proposed services. Upon project completion, BT is ready and will partner with Jordan Downs Phase 2, LP to implement the following services at the Jordan Downs (Phase S2) development. Our efforts at Jordan Downs will be focused on service navigation and helping relocating households from the existing Jordan Downs community to stabilize and thrive. In addition, for all families in the development, we will coordinate, manage, or directly implement programs and services to improve the resident’s lives. BT's Core Programs provide a focus on proven methods that measure our impact towards our mission to mobilize resources to magnify opportunities for individual, community, and generational transformation.

BT has a proven track record providing services to properties operated by Michaels across the country inclusive of California. BT is excited to expand this partnership to include the Jordan Downs affordable housing community.

The services proposed below may be implemented by an on-site Social Service Coordinator or by a 3rd party contracted by BT (“Social Service Lead”). The Social Service Lead shall find partnerships and work with residents to provide resources to facilitate self-sufficiency, as well as adult education, community strengthening, resident education, cultural programs and activities for residents. At the Jordan Downs community, our services will focus on service navigation connecting families and individuals to resources in their community to help create and sustain housing and financial stability. BT will tailor its approach at Jordan Downs S2 based on the needs of the residents in the community. Pursuant to this Memorandum of Understanding, all programs will be provided at no cost to residents. BT's work is intended to empower our residents for a happy and healthy quality of life.
Social services to be provided:

- **Resident Education**
  - Give out new resident welcome packet from Property Management to all new residents
    - Packets will include information about:
      - **Renter responsibilities**
        - Pay rent on time
        - How to contact maintenance
        - Being responsible for guests
        - Noise control
        - Housekeeping - how to maintain a clean home
          - Oven
          - Bathroom
          - Floors
          - Refrigerator
          - Pest prevention/control
          - Trash removal
          - Maintaining the exterior of your home (where to put trash)
  - **Better Tomorrows/Social Service resources**
    - Provide resident with information about referral services in the community
    - Assist residents with gaining access to services through referral and advocacy
    - Assist with developing resident organization and provide technical support

- **Emergency numbers and other helpful phone numbers and resources**

- **Food banks or other supplemental food distribution programs**
  - Partner with local food banks for monthly food bank distribution, monthly Senior food boxes
  - Partner with local grocery stores and local partners for perishable distribution as often as possible (ideally weekly)

- **Neighborhood Watch**
  - Support/develop crime watch or other appropriate crime prevention programs
    - Possibly include:
      - Working with the resident association to create a crime watch program
      - Bring in police officers and other public officials working with crime prevention and safety
      - Working with local police department to implement Multi-Family Crime Free Housing Program
    - Once established, hold a monthly meeting with Crime Watch/Neighborhood Watch group members
• Michaels Scholarship Assistance
  o Assist residents with annual Michaels educational scholarship applications

• Community Strengthening Events
  o Required Events (all activities need to be education-focused):
    ▪ National Night Out
    ▪ Holiday Events (limit of 4)
    ▪ Cultural Events (Black history month, MLK day, Cinco de Mayo, etc.)
    ▪ Provide support to the Resident Association
    ▪ Engage resident volunteers

• NAHMA Poster Contest (Family and Senior)
  o Work with residents annually to submit to the contest

Additional Enrichment Services Proposed with Community partners or referrals

I. Adult educational, health & wellness, or skill building classes

• GED Preparation
  o Hold GED preparation classes or work with residents one-on-one to coordinate referrals to area programs
  o Use computer program in lab if available or curriculum guide
    ▪ Focus on the following topics:
      • Social Studies
      • Science
      • Language Arts, Reading
      • Math
      • Language Arts, Writing
      • Essay Writing

• Job Readiness
  o Hold an annual job fair (either an annual job fair or an annual health fair)
  o Hold a quarterly introductory class to introduce residents/community members to the job readiness program
    ▪ Topics to include:
      • Job searches
      • Interview skills and mock interviews
      • Resume writing
      • Dressing for success
      • Typing program (if computer lab is available)
      • Microsoft Office training (if computer lab is available)
      • Workforce development training program options (referrals or engaging a partner to come on-site)
  o Work with residents individually on an on-going basis
• Job search bulletin board with available jobs and other resources for employment

• **Healthy Family Class (Family- for parents)**
  o Hold health/ wellness sessions including at least 3 health-related educational seminars and health screenings
    ▪ Educational seminar topics can include:
      • Nutrition, healthy meals
      • Parenting (choose among some of the following topics: communicating with children, keeping children away from gangs, proper discipline, parenting for new babies, being a role model, how to select good childcare, additional topics of your choice)
      • Exercise, physical activity- how to have an active home
      • Substance abuse prevention
      • Cleaning supplies to use
      • Adolescent hygiene
      • Teen pregnancy prevention
      • Safe sex/HIV prevention
      • Smoking cessation
      • Safe driving practices (seat belts, car seats)
      • Grand-Parenting
    ▪ Additional Topics
      • Health screenings can include screenings for:
        • General health
        • Diabetes
        • Vision
        • Blood pressure
        • Dental
        • Podiatry
        • Additional screenings
  o Hold an annual health fair- engage local providers to come on-site and offer screenings/provide information

• **Financial Literacy**
  o Hold biannual seminars, engaging local banks and small business resources to lead the seminars whenever possible:
  o Modules from the Money Smart Curriculum for adults
    ▪ Bank on It- An introduction to bank services
    ▪ Borrowing Basics- An introduction to credit
    ▪ Keep It Safe- Your rights as a consumer
    ▪ Check it Out- How to choose and keep a checking account
    ▪ Money Matters- How to keep track of your money
    ▪ Pay Yourself First- Why you should save, save, save
Financial Recovery- How to recover financially and rebuild your credit after a financial setback
To Your Credit- How your credit history will affect your credit future
Charge It Right- How to make a credit card work for you
Loan To Own- Know what you're borrowing before you buy
Your Own Home- What home ownership is all
Credit score repair
Budgeting
Homeownership
Local banks, banking resources
Entitlement program overview (Medicare, Medicaid, social security, etc.)
Additional topics with BT Manager's approval

Additional Support Provided through Referrals

Case Management Minimum Referral/Service Requirements (could be done by social service coordinator/ social service lead, through a partner coming on-site, or through a referral to an external program):
1. Entitlement programs
2. Adult Literacy
3. ESL
4. Transportation
5. Scholarship program assistance
6. Parenting Class
7. GED Preparation
8. Housekeeping assistance
Family Site Calendar (Detail is provided above):

<table>
<thead>
<tr>
<th>Better Tomorrows Core Programs</th>
<th>On-going, Sporadic</th>
<th>Monthly</th>
<th>Quarterly</th>
<th>Annually</th>
</tr>
</thead>
</table>
| Educational Success           | -New resident orientation  
- Housekeeping             | -Food bank distribution | - Resident Education Seminar  
- GED Program | -Financial Stability seminars (Money Smart counts as one quarterly session)  
- Job Readiness program introduction | -Money Smart program  
- Job Fair |
| Economic Stability             |                     |         |           |          |
| Health and Wellness            |                     | -Healthy Family Workshop |           | -Health Fair |
| Community Strengthening        | -Neighborhood Watch  
- Cultural Events | -Neighborhood Watch Meetings | -Limit of Quarterly Holiday Events | -National Night Out  
- NAHMA Poster Contest |


Coordination Contract Costs: $56,000

Better Tomorrow Social Services Coordinator/ Social Service Lead cost is all-inclusive including:
- On Site Coordinator Salaries(s), & Benefits & Taxes (as applicable)
- 3rd Party Contracts
- Administration Fee
- Programming Expenses
- Insurance, Misc. Fees, and Administrative Costs

Please note that the Contract Cost will increase 2.5% per year
EXHIBIT H

Supportive Services Plan

[attached]
MEMORANDUM OF UNDERSTANDING

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NOW, THEREFORE, the following represents the understanding of both parties regarding their respective roles and responsibilities to this MOU.

SECTION II - DESCRIPTION OF (BT) SERVICES TO CLIENT

1. Scope of Services: In accordance with the Social Services Plan (Attachment A), a single BT employed Social Service Coordinator or a 3rd party contracted by BT ("Social Service Lead") will be responsible for coordinating the delivery of social services for the Client's residents. The Social Service Coordinator or Social Service Lead shall work or provide services for a minimum of 12 hours per week. This value is based upon the property containing 175 bedrooms and the ratio of FTE hours needed based on TCAC and CDLAC requirements. Upon BT contract engagement, it will provide the services to residents of the community free of charge. The social services plan will include the following:

A. The Social Service Coordinator or Social Service Lead shall find partnerships and work with residents to provide resources to facilitate self-sufficiency, with resident education, community strengthening, cultural programs and skill building services. These resources would include GED preparation classes, job readiness coordination, healthy family classes, and financial literacy classes further detailed in the Social Services Plan attached hereto;

B. Providing community and social service linkages to residents
C. Assist the Michaels Management team’s efforts to screen each potential tenant and their ability to live independently.

D. Perform the following program support services functions:

1. Provide case referral services, which may include:
   a. Mental health and physical counseling and services
   b. Rehabilitation, vocational and employment assistance
   c. General health and dental services
   d. Income support and benefits
   e. Substance abuse (alcohol, drugs) treatment

2. Conduct an initial needs assessment and develop an individual self-sufficiency plan for each person with special needs, including a periodic evaluation and update of the service plan as resident needs change.

3. Refer residents, upon need or request, to treatment services or other appropriate social services.

4. Provide crisis intervention as needed and when requested by the Michaels Management team or provide consultation when there are disputes or differences between residents and property management.

5. Assist the Michaels Management team to resolve household disputes and resident conflicts.

6. Assist residents in understanding their rights and responsibilities under a tenant lease arrangement. This includes the explanation of the evictions and appeal process.

7. Consistent with individuals’ rights and principles, as well as, the principles of Supportive Housing, it is understood that referrals and other services will be made available to all residents. BT will take no action in making referrals or providing services without the agreement of the individual except when it appears, in their judgment, it is necessary to do so to protect the individual or others from serious harm.

Other Expected support services that are likely to be required through BT or their partners:

- Social service coordination/Case management of program services designed to assist residents to maintain their housing opportunity
- Linkages to mainstream resources including entitlement programs
- Linkages to healthcare, treatment programs and substance abuse counseling
- Clinical counseling and health care advocacy
- Mental health counseling
- Meals on Wheels
- Nutritional/dietary counseling
• Housekeeping Assistance
• Additional support services to be arranged as needed, including but not limited to assistance with activities of daily living, meals preparation, housekeeping, and employment counselling.

E. Provide the following administrative services:

1. Maintain program service records for a minimum period of five (5) years or the length of time required by Federal, State, and funding regulations, whichever is greater.
2. Cooperate with Client in monitoring and/or conducting audits or other reporting requirements with respect to project funders.

SECTION III. - DESCRIPTION OF THE ROLES AND RESPONSIBILITIES OF THE CLIENT

The Client, through its owners, will be responsible for the asset management and overseeing the ongoing duties of repair, maintenance, management, and operation of the Client’s project.

The Client will directly:

A. Ensure that all regulatory and funding requirements are met.
B. Prepare all budgets and cost estimates related to Jordan Downs Phase S2 housing development.
C. Arrange for all required liability and property insurance for the housing development;
D. Pay all taxes associated with the housing development.
E. Oversee the contract and duties of the management company.

SECTION V - General Terms

1) **This Agreement** is dependent upon project completion. It is understood by both (BT) and the Client that any marketing and services provided are in conjunction with the full funding, development and completion of the housing development. If, for any reason, the project is not completed, aside from reimbursing BT for all realized preliminary contract expenses, neither party will be responsible for meeting the obligations of this Agreement.

2) **TERMS** – This Agreement is effective as of the last date recorded on the signature page of this Agreement between the parties and will automatically be renewed each January 1st on an annual basis, with the same terms and conditions unless amended by the parties or terminated under the termination section as outlined below, BT is committed to providing the services to residents for 15 years or longer as is mutually agreeable.

3) **Fees/Costs** – The contract cost and any budgeted social service supplies will be the only direct expense. Any services provided by BT or Social Service Lead to the residents are
to be provided at no resident cost. At each annual renewal, the contract cost will increase by 2.5% to offset annual expense increases.

4) **Termination** – Either party may terminate this Agreement by giving the other party three (3) months prior written notice. It will be the responsibility of the Client to find a new service provider, with the understanding that this Agreement will not terminate between either party until such time as a replacement provider is found and established under contract. Any party wishing to terminate this Agreement for cause must provide a written intent to terminate notice to the party in breach or default. The notice will provide thirty (30) days for the party in breach or default to respond with an acceptable plan to cure. With the exemption of a financial default for lack of payment which must be cured within thirty (30) days, all other contractual breaches or defaults must be cured within ninety (90) days of receipt of an intent to terminate notice.

5) **Confidentiality** – The Client and BT agree that by virtue of entering into this Agreement they will have access to certain confidential information regarding the other party’s operations related to this project. The Client agrees that it and their agent will not at any time, disclose confidential information and/or material without the consent of that party unless such disclosure is authorized by this Agreement or required by law. Unauthorized disclosure of confidential information shall be considered a breach of this Agreement. Where appropriate, resident release forms will be secured before confidential client information is exchanged. Confidential client information will be handled with the utmost discretion and judgment.

6) **Amendments**: This Agreement may be amended only in writing and authorized by the designated representatives of the parties.

**Jordan Downs Phase S2, LP**

Signed: [Signature]
Milton R Pratt
Vice President, Jordan S2-Michaels, LLC, general partner

Signed: [Signature]
Howard Tucker
President and CEO

**Michaels Community Service Corporation dba Better Tomorrows**

Signed: [Signature]
Date: 5/5/20

Date: 4/24/2020
Better Tomorrows
Proposed Jordan Downs (Phase S2)
Social Services Coordination
(Attachment A)

Better Tomorrows ("BT") is pleased to present this summary of proposed services. Upon project completion, BT is ready and will partner with Jordan Downs Phase 2, LP to implement the following services at the Jordan Downs (Phase S2) development. Our efforts at Jordan Downs will be focused on service navigation and helping relocating households from the existing Jordan Downs community to stabilize and thrive. In addition, for all families in the development, we will coordinate, manage, or directly implement programs and services to improve the resident's lives. BT's Core Programs provide a focus on proven methods that measure our impact towards our mission to mobilize resources to magnify opportunities for individual, community, and generational transformation.

BT has a proven track record providing services to properties operated by Michaels across the country inclusive of California. BT is excited to expand this partnership to include the Jordan Downs affordable housing community.

The services proposed below may be implemented by an on-site Social Service Coordinator or by a 3rd party contracted by BT ("Social Service Lead"). The Social Service Lead shall find partnerships and work with residents to provide resources to facilitate self-sufficiency, as well as adult education, community strengthening, resident education, cultural programs and activities for residents. At the Jordan Downs community, our services will focus on service navigation connecting families and individuals to resources in their community to help create and sustain housing and financial stability. BT will tailor its approach at Jordan Downs S2 based on the needs of the residents in the community. Pursuant to this Memorandum of Understanding, all programs will be provided at no cost to residents. BT's work is intended to empower our residents for a happy and healthy quality of life.
Social services to be provided:

- **Resident Education**
  - Give out new resident welcome packet from Property Management to all new residents
    - Packets will include information about:
      - Renter responsibilities
        - Pay rent on time
        - How to contact maintenance
        - Being responsible for guests
        - Noise control
        - Housekeeping - how to maintain a clean home
          - Oven
          - Bathroom
          - Floors
          - Refrigerator
          - Pest prevention/control
          - Trash removal
          - Maintaining the exterior of your home (where to put trash)
  - Better Tomorrows/Social Service resources
    - Provide resident with information about referral services in the community
    - Assist residents with gaining access to services through referral and advocacy
    - Assist with developing resident organization and provide Technical support

- **Emergency numbers and other helpful phone numbers and resources**

- **Food banks or other supplemental food distribution programs**
  - Partner with local food banks for monthly food bank distribution, monthly Senior food boxes
  - Partner with local grocery stores and local partners for perishable distribution as often as possible (ideally weekly)

- **Neighborhood Watch** Support/develop crime watch or other appropriate crime prevention programs
  - Possibly include:
    - Working with the resident association to create a crime watch program
    - Bring in police officers and other public officials working with crime prevention and safety
    - Working with local police department to implement Multi-Family Crime Free Housing Program
  - Once established, hold a monthly meeting with Crime Watch/Neighborhood Watch group members
• **Michaels Scholarship Assistance**  
  o Assist residents with annual Michaels educational scholarship applications

• **Community Strengthening Events**  
  o Required Events (all activities need to be education-focused):  
    ▪ National Night Out  
    ▪ Holiday Events (limit of 4)  
    ▪ Cultural Events (Black history month, MLK day, Cinco de Mayo, etc.)  
    ▪ Provide support to the Resident Association  
    ▪ Engage resident volunteers

• **NAHMA Poster Contest (Family and Senior)**  
  o Work with residents annually to submit to the contest

**Additional Enrichment Services Proposed with Community partners or referrals**

I. **Adult educational, health & wellness, or skill building classes**

• **GED Preparation**  
  o Hold GED preparation classes or work with residents one-on-one to coordinate referrals to area programs  
  o Use computer program in lab if available or curriculum guide  
    ▪ Focus on the following topics:  
      • Social Studies  
      • Science  
      • Language Arts, Reading  
      • Math  
      • Language Arts, Writing  
      • Essay Writing

• **Job Readiness**  
  o Hold an annual job fair (either an annual job fair or an annual health fair)  
  o Hold a quarterly introductory class to introduce residents/community members to the job readiness program  
    ▪ Topics to include:  
      • Job searches  
      • Interview skills and mock interviews  
      • Resume writing  
      • Dressing for success  
      • Typing program (if computer lab is available)  
      • Microsoft Office training (if computer lab is available)  
      • Workforce development training program options (referrals or engaging a partner to come on-site)  
  o Work with residents individually on an on-going basis
- Job search bulletin board with available jobs and other resources for employment

- **Healthy Family Class (Family- for parents)**
  - Hold health/ wellness sessions including at least 3 health-related educational seminars and health screenings
    - Educational seminar topics can include:
      - Nutrition, healthy meals
      - Parenting (choose among some of the following topics: communicating with children, keeping children away from gangs, proper discipline, parenting for new babies, being a role model, how to select good childcare, additional topics of your choice)
      - Exercise, physical activity- how to have an active home
      - Substance abuse prevention
      - Cleaning supplies to use
      - Adolescent hygiene
      - Teen pregnancy prevention
      - Safe sex/HIV prevention
      - Smoking cessation
      - Safe driving practices (seat belts, car seats)
      - Grand-Parenting
      - Additional Topics
    - Health screenings can include screenings for:
      - General health
      - Diabetes
      - Vision
      - Blood pressure
      - Dental
      - Podiatry
      - Additional screenings
  - Hold an annual health fair- engage local providers to come on-site and offer screenings/provide information

- **Financial Literacy**
  - Hold biannual seminars, engaging local banks and small business resources to lead the seminars whenever possible:
  - Modules from the Money Smart Curriculum for adults
    - Bank on It- An introduction to bank services
    - Borrowing Basics- An introduction to credit
    - Keep It Safe- Your rights as a consumer
    - Check it Out- How to choose and keep a checking account
    - Money Matters- How to keep track of your money
    - Pay Yourself First- Why you should save, save, save
Financial Recovery- How to recover financially and rebuild your credit after a financial setback
To Your Credit- How your credit history will affect your credit future
Charge It Right- How to make a credit card work for you
Loan To Own- Know what you're borrowing before you buy
Your Own Home- What home ownership is all
Credit score repair
Budgeting
Homeownership
Local banks, banking resources
Entitlement program overview (Medicare, Medicaid, social security, etc.)
Additional topics with BT Manager's approval

Additional Support Provided through Referrals

Case Management Minimum Referral/Service Requirements (could be done by social service coordinator/ social service lead, through a partner coming on-site, or through a referral to an external program):
1. Entitlement programs
2. Adult Literacy
3. ESL
4. Transportation
5. Scholarship program assistance
6. Parenting Class
7. GED Preparation
8. Housekeeping assistance
Family Site Calendar (Detail is provided above):

<table>
<thead>
<tr>
<th>Better Tomorrows Core Programs</th>
<th>On-going, Sporadic</th>
<th>Monthly</th>
<th>Quarterly</th>
<th>Annually</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational Success</td>
<td>-New resident orientation -Housekeeping</td>
<td></td>
<td>-Resident Education Seminar -GED Program</td>
<td></td>
</tr>
<tr>
<td>Economic Stability</td>
<td></td>
<td>-Food bank distribution</td>
<td>-Financial Stability seminars (Money Smart counts as one quarterly session) -Job Readiness program introduction</td>
<td>-Money Smart program -Job Fair</td>
</tr>
<tr>
<td>Health and Wellness</td>
<td></td>
<td>-Healthy Family Workshop</td>
<td></td>
<td>-Health Fair</td>
</tr>
<tr>
<td>Community Strengthening</td>
<td>-Neighborhood Watch -Cultural Events</td>
<td>-Neighborhood Watch Meetings</td>
<td>-Limit of Quarterly Holiday Events</td>
<td>-National Night Out -NAHMA Poster Contest</td>
</tr>
</tbody>
</table>
Coordination Contract Costs:
$56,000

Better Tomorrow Social Services Coordinator/ Social Service Lead cost is all-inclusive including:
- On Site Coordinator Salaries(s), & Benefits & Taxes (as applicable)
- 3rd Party Contracts
- Administration Fee
- Programming Expenses
- Insurance, Misc. Fees, and Administrative Costs

Please note that the Contract Cost will increase 2.5% per year
EXHIBIT I-1

Mitigation Measures

[attached]
# JORDAN DOWNS MITIGATION MEASURES

## Environmental Mitigation Measures

<table>
<thead>
<tr>
<th>Measure/Feature</th>
<th>Project Phase</th>
<th>Monitoring Period</th>
<th>Responsible Party</th>
<th>Enforcement Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aesthetics and Visual Resources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MM-1</td>
<td>Temporary fencing (e.g., chain link or wood) with screening material shall be used around the perimeter of a development site to buffer views of construction equipment and materials. In addition, the following fencing requirements shall be implemented:</td>
<td>1-6</td>
<td>Pre-construction</td>
<td>JDPC⁴ Primestor (Phase 1/Phase 4 commercial)⁵ Department of Building and Safety (DBS)</td>
</tr>
<tr>
<td>• The applicant shall be responsible for maintaining the visibility of required signage and for maintaining the construction barrier free and clear of any unauthorized signs within 48 hours of occurrence.</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>• A sign shall be posted with the contact number of the construction manager so that he/she may address safety and other issues related to construction.</td>
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<td></td>
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</tr>
<tr>
<td>• (SP-1): The applicant shall affix or paint a plainly visible sign, on publicly accessible portions of the construction barriers, with the following language: “POST NO BILLS”. Such language shall appear at intervals of no less than 25 feet along the length of the publicly accessible portions of the barrier.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MM-2</td>
<td>HACLA shall ensure through appropriate postings and daily visual inspections that no unauthorized materials are posted on</td>
<td>1-6</td>
<td>Construction</td>
<td>HACLA DBS</td>
</tr>
</tbody>
</table>

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1 “MM-xx” refers to Environmental Mitigation Measures from the Final EIR and subsequent Addenda.
2 Pre-construction includes design, site preparation and grading.
3 Construction refers to foundation, superstructure, building envelope and interior construction.
4 Jordan Downs Community Partners LLC (“JDPC”) is the Master Developer of the redevelopment of the Jordan Downs Public Housing Community, per the Master Development Agreement (“MDA”) dated August 14, 2012. Section 5.1 of the MDA limits the transferability of development rights to either The Michaels Development Company I, LP or BRIDGE Housing Corporation. Some measures described herein that are currently ascribed to JDPC will be further assigned as applicable to future owners and may not be carried out by JDPC directly.
5 Developer of commercial component in Phase I only.
any temporary construction barriers or temporary pedestrian walkways and that such temporary barriers and walkways are maintained in a visually attractive manner, including the prompt removal of graffiti, throughout the construction period.

| MM-3 | The proposed project shall incorporate design features to lessen the visual contrast with existing residences on 97th and Grape Streets. The design features to be implemented include, but are not limited to, varying building height, sloped roof design, and landscaping, all of which shall be consistent with the proposed project elevations as described in Chapter III Project Description, as well as in this section. | 1-6 | Pre-construction | JDCP | DBS / City Planning |
| MM-4 | The buildings constructed along 97th Street that exceed 30 feet in height shall be designed either with increased (greater than 10 feet) setbacks or with a sloped roof for the first level and a second level that is stepped back to create a more visually consistent street view. | 1, 5, 6 | Pre-construction | JDCP | DBS / City Planning |
| MM-5 | Lighting fixtures constructed as part of the proposed project shall be oriented and focused onto the specific onsite location intended for illumination (e.g., parking lots, driveways, and walkways) and shielded away from adjacent sensitive areas (e.g., schools, other residential properties) and public rights of way to minimize light spillover onto off-site areas. | 1-6 | Pre-construction | JDCP | DBS / City Planning |
| MM-6 | Where appropriate and feasible, incorporate project design features to shield light and/or glare from vehicles entering or existing parking lots and structures that face sensitive uses by providing barriers so that light from vehicle headlights would not illuminate off-site sensitive uses. | 1-6 | Pre-construction | JDCP | DBS / City Planning |
| MM-7 | Where appropriate and feasible, incorporate project design features to provide landscaping, physical barriers, screening, or other buffers to minimize project-generated illumination from entering off-site areas and to prevent glare or interfere with vehicular traffic. | 1-6 | Pre-construction | JDCP | DBS / City Planning |
| MM-8 | Where appropriate and feasible, locate and orient driveways into parking lots, parking structures, and semi-subterranean garages in a manner that will not result in headlights from vehicles entering or exiting the parking areas directly lighting any off-site sensitive uses. | 1-6 | Pre-construction | JDCP | DBS / City Planning |
| MM-9 | Where appropriate and feasible, proposed new structures shall be designed to maximize the use of textured or other non-reflective exterior surfaces and non-reflective glass. | 1-6 | Pre-construction | JDCP | DBS / City Planning |
## Air Quality

<table>
<thead>
<tr>
<th>MM-10</th>
<th>Informational signs shall be provided that locate nearby public transportation options.</th>
<th>1-6</th>
<th>Pre-construction</th>
<th>JDCP Primestor</th>
<th>City Planning / DBS / HACLA</th>
</tr>
</thead>
<tbody>
<tr>
<td>MM-11</td>
<td>The surface parking area for the employment uses shall provide charging stations for electric vehicles.</td>
<td>1 and 4</td>
<td>Pre-construction</td>
<td>JDCP Primestor</td>
<td>City Planning / DBS / HACLA</td>
</tr>
<tr>
<td>MM-12</td>
<td>Equipment (e.g., forklifts and carts) used during operations of the employment uses shall use alternative power (e.g., electricity or propane) instead of diesel fuels.</td>
<td>1 and 4</td>
<td>Post-construction</td>
<td>Owner Entity</td>
<td>HACLA</td>
</tr>
<tr>
<td>MM-13</td>
<td>Delivery trucks shall be prohibited from idling in excess of five minutes.</td>
<td>1 and 4</td>
<td>Post-construction</td>
<td>Owner Entity</td>
<td>HACLA</td>
</tr>
<tr>
<td>MM-14</td>
<td>The applicant shall require by contract specifications that electrical outlets are included in the building design of the loading docks to allow use by refrigerated delivery trucks. If loading and/or unloading of perishable goods would occur for more than five minutes, and continual refrigeration is required, all refrigerated delivery trucks shall use the electrical outlets to continue powering the truck refrigeration units when the delivery truck engine is turned off.</td>
<td>1-6</td>
<td>Pre-construction</td>
<td>HACLA Owner Entity</td>
<td>DBS / HACLA</td>
</tr>
<tr>
<td>MM-15</td>
<td>Automatic lighting on/off controls and energy-efficient lighting shall be installed at the employment uses.</td>
<td>1-6</td>
<td>Pre-construction</td>
<td>Owner Entity</td>
<td>DBS / HACLA</td>
</tr>
<tr>
<td>MM-16</td>
<td>Residential units shall include Heating, Ventilation, and Air Conditioning Systems with a minimum efficiency reporting value of 13.</td>
<td>1-6</td>
<td>Pre-construction</td>
<td>JDCP</td>
<td>DBS / HACLA</td>
</tr>
<tr>
<td>MM-17</td>
<td>HACLA shall continue coordinating with responsible agencies to study ways to increase job opportunities and regional transit in the vicinity of the Specific Plan area.</td>
<td>1-6</td>
<td>Pre-construction/Construction/Post-construction</td>
<td>HACLA</td>
<td>Department of Transportation (LADOT) / Community Development Department (CDD) / HACLA</td>
</tr>
</tbody>
</table>

### Biological Resources

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6 Owner Entity refers to the holder of a long-term ground lease with HACLA for a leasehold interest in a portion of the redevelopment sites.
| MM-18 | Ground-disturbing and vegetation removal activities associated with construction of the project shall be performed outside of the breeding season for birds, or between September 1 and January 31. If these project activities cannot be implemented during this time period, the City should retain a qualified biologist to perform preconstruction nest surveys to identify active nests within and adjacent to (up to 500 feet) the project area. If the pre-construction survey is conducted early in the nesting season (February 1 – March 15) and nests are discovered, a qualified biologist may remove the nests only after it has been determined that the nest is not active (i.e., the nest does not contain eggs, nor is an adult actively brooding on the nest). Any active non-raptor nests identified within the project area or within 300 feet of the project area should be marked with a 300-foot buffer, and the buffer area would need to be avoided by construction activities until a qualified biologist determines that the chicks have fledged. If the 300-foot buffer for non-raptor nests or 500-foot buffer for raptor nests cannot be avoided during construction of the project, the City should retain a qualified biologist to monitor the nests on a daily basis during construction to ensure that the nests do not fail as a result of noise generated by the construction. The biological monitor shall be authorized to halt construction if the construction activities cause negative effects, such as the adults abandoning the nest or chicks falling from the nest. | 1-6 Construction | JDCP Primestor Infrastructure Contractor | DBS |

| MM-19 | To ensure that historic buildings are appropriately renovated and maintained, the preservation, rehabilitation, restoration, reconstruction or adaptive reuse of known historic resources shall meet the U.S. Secretary of the Interior's Standards for Rehabilitation (Secretary's Standards). Any proposal to preserve, rehabilitate, restore, reconstruct, or adaptively reuse a known historic resource in accordance with the Interior Secretary's Standards shall be deemed to not be a significant impact under CEQA and, in such cases, no additional mitigation measures will be required. | 1-6 Pre-construction | JDCP Primestor | City Planning, Office of Historic Resources / DBS |

| MM-20 | The Applicant shall work with qualified preservation | 1-6 Pre- | JDCP | City Planning, |
professionals to ensure Standards-compliant projects, including the design of rehabilitation projects, compatibility of new construction with historic structures, and periodic site visits to monitor construction with historic structures to ensure that such activities comply with the Secretary of the Interior’s Standards. Historic professionals shall meet the National Park Service standards.

| MM-21 | If a unique archaeological resource is discovered during project construction activities, work in the area shall cease and deposits shall be treated in accordance with federal, State and local guidelines, including those set forth in California Public Resources Code Section 21083.2. In addition, if it is determined that an archeological site is a historical resource, the provisions of Section 21084.1 of the Public Resources Code and CEQA Guidelines Section 15064.5 would be implemented. |
| 1-6 Construction | JDCP Primestor Infrastructure Contractor | DBS |

| MM-22 | A qualified paleontologist shall be retained to perform periodic inspections of excavation and grading activities where excavations of older soils may occur. The services of a qualified paleontologist shall be secured by contacting the Natural History Museum of Los Angeles County. The frequency of inspections will be based on consultation with the paleontologist and will depend on the rate of excavation and grading activities, the materials being excavated, and if found, the abundance and type of fossils encountered. Monitoring shall consist of visually inspecting fresh exposures of rock for larger fossil remains and, where appropriate, collecting wet or dry screened sediment samples of promising horizons for smaller fossil remains. If a potential fossil is found, the paleontologist shall be allowed to temporarily divert or redirect grading and excavation activities in the area of the exposed fossil to facilitate evaluation and, if necessary, salvage. At the paleontologist’s discretion and to reduce any construction delay, the grading and excavation contractor shall assist in removing rock samples for initial processing. Any fossils encountered and recovered shall be prepared to the point of identification and catalogued before they are donated to their final repository. Any fossils collected should be donated to a public, nonprofit institution with a research interest in the materials, such as the Natural History Museum of Los Angeles County. Accompanying notes, maps, |
| 1-6 Construction | JDCP Primestor Infrastructure Contractor | DBS |
and photographs shall also be filed at the repository. If fossils are found, following the completion of the above tasks, the paleontologist shall prepare a report summarizing the results of the monitoring and salvaging efforts, the methodology used in these efforts, as well a description of the fossils collected and their significance. The report shall be submitted by the applicant to the lead agency, the Natural History Museum of Los Angeles County, and representatives of other appropriate or concerned agencies to signify the satisfactory completion of the project and required mitigation measures. *(note: Per Caltrans EA: The report shall be submitted by Bureau of Engineering to Caltrans, the Natural History Museum of Los Angeles County, and representatives of other appropriate or concerned agencies to signify the satisfactory completion of the salvaging efforts.)*

<table>
<thead>
<tr>
<th>Energy</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MM-23</td>
<td>HACLA shall coordinate with LADWP to determine the specific on-site electricity transformation facility requirements for the proposed project.</td>
</tr>
<tr>
<td>MM-24</td>
<td>HACLA shall coordinate with LADWP to determine if any required improvements to the LADWP electricity distribution system are needed to accommodate the proposed project. HACLA shall create a fund to finance the costs of infrastructure improvements to the electricity distribution system to accommodate the proposed project. The type, quantity, and costs of any required infrastructure improvements shall be set forth in a Memorandum of Understanding (MOU) that shall be agreed on by HACLA and LADWP.</td>
</tr>
<tr>
<td>MM-25</td>
<td>HACLA shall incorporate into building and electrical plans any necessary on-site transformation facility infrastructure and be subject to review and approval by the LADWP prior to construction.</td>
</tr>
<tr>
<td>MM-26</td>
<td>HACLA shall incorporate into the guidelines of the Specific Plan electrical generating solar panels for streetscape pedestrian lighting, gateway lighting, and other passive outdoor lighting.</td>
</tr>
<tr>
<td>MM-27</td>
<td>HACLA shall coordinate with SoCal Gas to determine if any required improvements to the SoCal Gas natural gas distribution system are needed accommodate the proposed project. HACLA shall create a fund to finance the costs of</td>
</tr>
</tbody>
</table>
infrastructure improvements to the SoCal Gas natural gas distribution system to accommodate the proposed project. The type, quantity, and costs of the infrastructure improvements shall be agreed on in accordance with SoCal Gas’ policies and extension rules on file with the California Public Utilities Commission at the time contractual agreements are made.

<table>
<thead>
<tr>
<th>MM-28</th>
<th>Building and natural gas connection plans shall be subject to review and approval by SoCal Gas prior to construction.</th>
<th>1-6</th>
<th>Pre-construction</th>
<th>JDCP</th>
<th>Primestor</th>
<th>DBS</th>
</tr>
</thead>
<tbody>
<tr>
<td>MM-29</td>
<td>HACLA shall set aside a percentage of roof floor area for installation of water-heating solar panels.</td>
<td>1-6</td>
<td>Pre-construction</td>
<td>HACLA</td>
<td>DBS</td>
<td></td>
</tr>
</tbody>
</table>

Geology and Soils

<table>
<thead>
<tr>
<th>MM-30</th>
<th>Seismic design for structures and foundations shall comply with the most current seismic building code standards for site-specific soil conditions. (note: 1st Addendum to final EIR states: “...soil conditions that are contained in both the California and Los Angeles Building Codes.”)</th>
<th>1-6</th>
<th>Pre-construction</th>
<th>JDCP</th>
<th>Primestor</th>
<th>DBS</th>
</tr>
</thead>
<tbody>
<tr>
<td>MM-31</td>
<td>The proposed project shall demonstrate compliance with specific recommendations for grading guidelines, foundation design, retaining wall design, temporary excavations, slabs on grade, site drainage, design review, construction monitoring and geotechnical testing to the satisfaction of the City of Los Angeles Department of Building and Safety, as conditions to issuance of any grading and building permits.</td>
<td>1-6</td>
<td>Pre-construction</td>
<td>JDCP</td>
<td>Primestor</td>
<td>Infrastructurer Contractor</td>
</tr>
<tr>
<td>MM-32</td>
<td>During inclement periods of the year, when rain is threatening (between November 1 and April 15 per the Los Angeles Building Code, Sec. 7002), an erosion control plan that identifies BMPs shall be implemented to the satisfaction of the City of Los Angeles Department of Building and Safety to minimize potential erosion during construction. The erosion control plan shall be a condition to issuance of any grading permit.</td>
<td>1-6</td>
<td>Construction</td>
<td>JDCP</td>
<td>Primestor</td>
<td>Infrastructurer Contractor</td>
</tr>
<tr>
<td>MM-33</td>
<td>To the extent feasible, grading shall be scheduled for completion prior to the start of the rainy season (between November 1 and April 15 per the Los Angeles Building Code, Sec. 7002), or detailed temporary erosion control plans shall be implemented in a manner satisfactory to the City of Los Angeles Department of Building and Safety.</td>
<td>1-6</td>
<td>Construction</td>
<td>JDCP</td>
<td>Primestor</td>
<td>Infrastructurer Contractor</td>
</tr>
</tbody>
</table>
### Angeles Department of Building and Safety.

| MM-34 | Appropriate erosion control and drainage devices shall be incorporated to the satisfaction of the City of Los Angeles Department of Building and Safety. Such measures include interceptor terraces, berms, vee-channels, and inlet and outlet structures | 1-6 | Construction | JDCP Primestor Infrastructure Contractor | DBS |

| MM-35 | Provisions shall be made for adequate surface drainage away from the areas of excavation as well as protection of excavated areas from flooding. The grading contractor shall control surface water and the transportation of silt and sediment. | 1-6 | Construction | JDCP Primestor Infrastructure Contractor | DBS |

### Hazards and Hazardous Materials

| MM-36 | HACLA shall retain a Certified Asbestos Consultant to determine the presence of asbestos and asbestos containing materials (ACM) within buildings to be demolished. If asbestos is discovered, a Licensed Asbestos Abatement Contractor shall be retained to safely remove ACM in accordance with the 1994 Federal Occupational Exposure to Asbestos Standards. ACM removal will be monitored by a Certified Technician. | 1-6 | Construction | HACLA JDCP Primestor | DBS |

| MM-37 | For all buildings to be re-used or demolished, lead-based paint testing shall be conducted. If lead-based paint is discovered, a licensed lead-based paint/materials abatement contractor shall be retained to safely remove lead-based paint in accordance with HUD Lead-Based Paint Guidelines. | 1-6 | Construction | JDCP Primestor | DBS |

### Noise

| MM-38 | Loading and unloading of trucks shall be prohibited between 10:00 p.m. and 7:00 a.m. | 1-6 | Pre-construction/Construction/Post-construction | JDCP Primestor Owner Entities Infrastructure Contractor | DBS LAPD |

| MM-39 | A ten-foot solid wall shall be constructed between the | 1 | Pre-construction | Primestor | DBS |
employment uses, including the recycling facility, and the residences and David Starr Jordan High School. |  / Construction |  
| MM-40 | Residential units adjacent to the employment uses, including the recycling facility, shall be constructed with materials capable of reducing exterior-to-interior noise levels by at least 19 dBA. | 1, 6 | Pre-construction / Construction | JDCP | DBS |
| MM-41 | Residential land uses facing 103rd Street shall be constructed with single-glazed windows that are at least 5/16 inches thick. Alternatively, double-glazed windows may be used if the glass is at least 3/32 inches thick with four inches of airspace. | 4 | Pre-construction | JDCP | DBS |

### Population and Housing

| MM-42 | HACLA shall prepare and implement an existing tenant relocation plan whereby all of the existing tenants of the Jordan Downs public housing complex would be relocated either on site or in the vicinity of the site to affordable housing equal to their existing conditions. | 1-6 | Pre-construction/ Construction | HACLA | DBS |
| MM-43 | HACLA shall coordinate with the Department of Building and Safety to designate the replacement public housing units per the new vesting tract map, in order to properly identify and process the new Certificates of Occupancy, and ensure the conservation of these public housing units. | 1-6 | Pre-construction/ Construction | HACLA | DBS |

### Public Services

| MM-44 | Project plans shall be submitted to LAFD for review and approval to ensure that all new structures would comply with current fire codes and LAFD requirements. | 1-6 | Pre-construction/ Construction | JDCP | Primestor | LAFD |
| MM-45 | HACLA shall consult with the LAFD and incorporate fire protection and suppression features that are appropriate for the design of the proposed project. | 1-6 | Pre-construction / Construction | HACLA | LAFD |
| MM-46 | HACLA shall consult with the LAFD to ensure the proper emergency access points and routes are provided. | 1-6 | Pre-construction / Construction | HACLA | LAFD |
| MM-47 | HACLA shall prepare, in consultation with the LAPD and the HACLA Public Safety Department, a comprehensive safety and security plan for the Specific Plan area which would include, but would not be limited to:  
- The preparation and implementation of a safety education material and training for residents of the Specific Plan area, | 1-6 | Pre-construction / Construction | HACLA | LAPD |
- A neighborhood watch program,
- Security plan for all buildings within the Specific Plan area,
- Periodic safety meetings between Specific Plan area residents and business owners and representatives of HACLA, LAPD, and the HACLA Public Safety Department to assess current level of safety of residents and visitors to Specific Plan area, as well as current crime rate and shall submit building plans to the LAPD Crime Prevention Unit to identify appropriate crime prevention features for the proposed project. Any design features identified by the LAPD shall be incorporated into the proposed project's final design and to the satisfaction of the LAPD.

| MM-48 | HACLA and the HACLA Public Safety Department shall coordinate with the LAPD to develop a video monitoring system monitoring to supersede the existing video monitoring system at the existing Jordan Downs public housing project. The HACLA Public Safety Department shall have access to the on-site video monitoring system. | 1-6 | Pre-construction / Construction / Post-construction | HACLA | LAPD |
| MM-49 | All parking garages, entrances, hallways, and parking facilities shall be well-illuminated and designed to eliminate areas of concealment. | 1-6 | Pre-construction / Construction / Post-construction | JDCP Primestor | DBS |
| MM-50 | HACLA shall consult with the LAPD to develop a plan to build a police station or sub-station onsite that will serve the Specific Plan area. | 1-6 | Pre-construction / post-construction | HACLA | LAPD |
| MM-51 | HACLA shall consult with the LAPL to develop a plan to build a library sub-branch on-site that will serve the residents of the Specific Plan area. | 1-6 | Pre-construction / post-construction | HACLA | LAPL |

**Transportation and Traffic**

| MM-52 | An additional northbound left-turn lane shall be provided by restriping the existing painted roadway median to convert the Wilmington Avenue and I-105 EB Ramps intersection into a second northbound left-turn lane. Minor signal modifications may | 1-6 | Pre-construction / Construction / Post-construction | JDCP | DPW, Bureau of Engineering LADOT |

7 Not applicable to Phase 1A and subject to assignment to future Owner Entities.
be required to align the northbound left-turn signal head.

<table>
<thead>
<tr>
<th>MM-53&lt;sup&gt;8&lt;/sup&gt;</th>
<th>The Applicant shall work with LADOT to implement signalization at the following intersections: a) Alameda Street (W)/97&lt;sup&gt;th&lt;/sup&gt; Street; b) Wilmington Avenue/Century Boulevard and c) Alameda Street (E)/Tweedy Boulevard.&lt;sup&gt;9&lt;/sup&gt;</th>
<th>1-6</th>
<th>Pre-construction / Construction / Post-construction</th>
<th>JDCP Infrastructure Contractor</th>
<th>DPW, Bureau of Engineering / LADOT</th>
</tr>
</thead>
<tbody>
<tr>
<td>MM-54</td>
<td>The Applicant shall work with Metro to incorporate the B-TAP program for all residents and employees associated with the Specific Plan. The B-TAP program would provide Metro transit passes that can be renewed each calendar year. The program would apply to residents living in and employees working within the Specific Plan area.</td>
<td>1-6</td>
<td>Construction / Post-construction</td>
<td>JDCP</td>
<td>Metro</td>
</tr>
<tr>
<td>TT-1&lt;sup&gt;10&lt;/sup&gt;</td>
<td>The final project approval should include a commitment from the project applicant to continue to seek mitigation for the traffic impact identified at the intersection of Central Avenue and Century Blvd., to the greatest extent possible, through the full build-out year of the project. Development of any mitigation should be conducted in cooperation with Council Office 15, DOT’s Southern District Office and appropriate representatives from the affected area.</td>
<td>1-6</td>
<td>Pre-construction</td>
<td>JDCP</td>
<td>LADOT</td>
</tr>
<tr>
<td>TT-2</td>
<td>In order to insure full redress of traffic impacts identified outside the City of Los Angeles, it is DOT’s recommendation that the project be required to secure written communication from LA County, the City of Lynwood and the City of South Gate, to confirm each agency’s full awareness of the potential traffic impacts that have been identified within their respective jurisdictions and insure that a mutual agreement has been reached with regard to the appropriate redress of said impacts.</td>
<td>1-6</td>
<td>Pre-construction</td>
<td>JDCP</td>
<td>LADOT</td>
</tr>
<tr>
<td>TT-3</td>
<td>A separate driveway and circulation plan should be submitted to DOT’s Citywide Planning Coordination Section for review and approval.</td>
<td>1-6</td>
<td>Pre-construction</td>
<td>JDCP</td>
<td>LADOT</td>
</tr>
<tr>
<td>TT-4</td>
<td>DOT recommends that a construction worksite traffic control plan be submitted to DOT’s Southern District Office for review and approval prior to the start of any construction work. The plan should show the location of any roadway or sidewalk closures,</td>
<td>1-6</td>
<td>Pre-construction</td>
<td>JDCP</td>
<td>LADOT</td>
</tr>
</tbody>
</table>

<sup>8</sup> Not applicable to Phase 1A.
<sup>9</sup> The third intersection is per LADOT letter to Dept. of City Planning dated Jan. 12, 2016.
<sup>10</sup> “TT-xx” refers to mitigation measures from the LADOT letter to Dept. of City Planning dated Jan. 12, 2016.
Public Utilities

| MM-55 | Building plans and water connection plans developed during specific project design review shall be subject to review and approval by the LADWP. If additional water connections and/or improvements to offsite water distribution infrastructure are necessary to serve the proposed project, such improvements shall be implemented to the satisfaction of LADWP. | 1-6 | Pre-construction / Construction / Post-construction | JDCP Primestor Infrastructure Contractor | DWP |

**Construction Mitigation Measures**

| MM-56 | That a sign be required on site clearly stating a contact/complaint telephone number that provides contact to a live voice, not a recording or voice mail, during all hours of construction, the construction site address, and the tract map number. YOU ARE REQUIRED TO POST THE SIGN 7 DAYS BEFORE CONSTRUCTION IS TO BEGIN.  
- Locate the sign in a conspicuous place on the subject site or structure (if developed) so that it can be easily read by the public. The sign must be sturdily attached to a wooden post if it will be free-standing.  
- Regardless of who posts the site, it is always the responsibility of the applicant to assure that the notice is firmly attached, legible, and remains in that condition throughout the entire construction period.  
- If the case involves more than one street frontage, post a sign on each street frontage involved. If a site exceeds five (5) acres in size, a separate notice of posting will be required for each five (5) acres or portion thereof. Each sign must be posted in a prominent location. | 1-6 | Construction | JDCP Primestor Infrastructure Contractor | DBS |

| MM-57 | The construction area and all accessible areas (public streets, sidewalks, etc.) within 100 feet of the Specific Plan area and/or the tract map area (whichever applies) shall be swept (preferably with water sweepers) and watered at least twice daily. | 1-6 | Construction | JDCP Primestor | DBS |
Infrastructure Contractor

**MM-58**

Construction contractors shall utilize at least one of the following measures at each vehicle egress from the Specific Plan area and/or the tract map area (whichever applies) to a paved public road:

- Install a pad consisting of washed gravel maintained in clean condition to a depth of at least six inches and extending at least 30 feet wide and at least 50 feet long;
- Pave the surface extending at least 100 feet and at least 20 feet wide;
- Utilize a wheel shaker/wheel spreading device consisting of raised dividers at least 24 feet long and 10 feet wide to remove bulk material from tires and vehicle undercarriages;
- Install a wheel washing system to remove bulk material from tires and vehicle undercarriages.

<p>| MM-59 | Site access points shall be swept/washed within thirty minutes of visible dirt deposition. Street sweepers that comply with SCAQMD Rule 1186 and 1186.1 shall be used to sweep site access points or reclaimed water shall be used to wash site access points. |
| MM-60 | All haul trucks hauling soil, sand, and other loose materials shall be covered (e.g., with tarps or other enclosures that would reduce fugitive dust emissions). |
| MM-61 | Construction contractors’ activity on unpaved surfaces shall be suspended when winds exceed 25 miles per hour. |
| MM-62 | Heavy-duty equipment operations shall be suspended during first and second stage smog alerts. |
| MM-63  | Ground cover in disturbed areas shall be replaced as quickly as possible. | 1-6 | Construction | JDCP Primestor Infrastructure Contractor | DBS |
| MM-64  | Construction contractors shall utilize super-compliant architectural coatings as defined by the SCAQMD (VOC standard of less than ten grams per liter). | 1-6 | Construction | JDCP Primestor Infrastructure Contractor | DBS |
| MM-65  | Construction contractors shall utilize materials that do not require painting, as feasible. | 1-6 | Construction | JDCP Primestor Infrastructure Contractor | DBS |
| MM-66  | Construction contractors shall use pre-painted construction materials, as feasible. | 1-6 | Construction | JDCP Primestor Infrastructure Contractor | DBS |
| MM-67  | Contractors shall maintain equipment and vehicle engines in good condition and in proper tune per manufacturers’ specifications. | 1-6 | Construction | JDCP Primestor Infrastructure Contractor | DBS |
| MM-68  | All off-road diesel-powered construction equipment greater than 50 horsepower shall meet USEPA Tier 4 emission standards, where available. In addition, all construction equipment shall be outfitted with BACT devices certified by CARB. Any emissions control device used by the contractor shall achieve emissions reductions that are no less than what could be achieved by a Level 3 diesel emissions control strategy for a similarly sized engine as defined by CARB regulations. | 1-6 | Construction | JDCP Primestor Infrastructure Contractor | DBS |
| MM-69  | Construction contractors shall use electricity from power poles | 1-6 | Construction | JDCP | DBS |</p>
<table>
<thead>
<tr>
<th>MM-70</th>
<th>Heavy-duty trucks shall be prohibited from idling in excess of five minutes, both on-and off-site.</th>
<th>1-6</th>
<th>Construction</th>
<th>JDCP Primestor Infrastructure Contractor</th>
<th>DBS</th>
</tr>
</thead>
<tbody>
<tr>
<td>MM-86</td>
<td>Construction parking shall be configured to minimize traffic interference.</td>
<td>1-6</td>
<td>Construction</td>
<td>JDCP Primestor Infrastructure Contractor</td>
<td>DBS</td>
</tr>
<tr>
<td>MM-87</td>
<td>Construction activity that affects traffic flow on the arterial system shall be limited to off-peak hours.</td>
<td>1-6</td>
<td>Construction</td>
<td>JDCP Primestor Infrastructure Contractor</td>
<td>DBS</td>
</tr>
<tr>
<td>MM-88</td>
<td>Construction contractors shall coordinate with administrators at David Starr Jordan High School, Florence Griffith Joyner Elementary School, and Weigand Elementary School and to minimize student exposure to air pollution during periods of heavy construction activity (e.g., grading and excavation).</td>
<td>1-6</td>
<td>Construction</td>
<td>JDCP Primestor Infrastructure Contractor</td>
<td>DBS</td>
</tr>
<tr>
<td>MM-89</td>
<td>All construction equipment shall be equipped with mufflers and other suitable noise attenuation devices.</td>
<td>1-6</td>
<td>Construction</td>
<td>JDCP Primestor Infrastructure Contractor</td>
<td>DBS</td>
</tr>
<tr>
<td>MM-90</td>
<td>Grading and construction contractors shall use quieter equipment as opposed to noisier equipment (such as rubber-tired equipment rather than metal-tracked equipment).</td>
<td>1-6</td>
<td>Construction</td>
<td>JDCP Primestor Infrastructure Contractor</td>
<td>DBS</td>
</tr>
</tbody>
</table>
| MM-91 | The construction contractor shall locate construction staging areas away from sensitive uses. *(note: Caltrans EA states: "Locate equipment and materials storage sites at least 500 feet away from sensitive receptors. Keep construction areas clean and orderly.")* | 1-6 | Construction | JDCP  
Primestor  
Infrastructure Contractor | DBS |
| --- | --- | --- | --- | --- | --- |
| MM-92 | Construction haul truck and materials delivery traffic shall avoid residential areas whenever feasible. | 1-6 | Construction | JDCP  
Primestor  
Infrastructure Contractor | DBS |
| MM-93 | The construction contractor shall schedule high noise-producing activities between the hours of 8:00 a.m. and 5:00 p.m. to minimize disruption to sensitive uses. | 1-6 | Construction | JDCP  
Primestor  
Infrastructure Contractor | DBS |
| MM-94 | The construction contractor shall use on-site electrical sources to power equipment rather than diesel generators where feasible. | 1-6 | Construction | JDCP  
Primestor  
Infrastructure Contractor | DBS |
| MM-95 | All residential units located within 500 feet of the construction site shall be sent a notice regarding the construction schedule of the proposed project. A sign, legible at a distance of 50 feet, shall also be posted at the construction site. All notices and signs shall indicate the dates and duration of construction activities, as well as provide a telephone number where residents can inquire about the construction process and register complaints. | 1-6 | Construction | JDCP  
Primestor  
Infrastructure Contractor | DBS |
| MM-96 | A "noise disturbance coordinator" shall be established. The disturbance coordinator shall be responsible for responding to any local complaints about construction noise. The disturbance coordinator shall determine the cause of the noise complaint (e.g., starting too early, bad muffler, etc.) and shall be required to implement reasonable measures such that the complaint is resolved. All notices that are sent to residential units within 500 feet of the construction site and all signs posted at the construction site shall list the telephone number for the disturbance coordinator. | 1-6 | Construction | JDCP  
Primestor  
Infrastructure Contractor | DBS |
| MM-97 | Prior to initiating construction for soil remediation and Phases 1, 2, 4 | 1-2, 4 | Pre-construction | JDCP | DBS |
2, and 4, the construction contractor shall coordinate with the site administrator for David Starr Jordan High School to discuss construction activities that generate high noise levels. Coordination between the site administrator and the construction contractor shall continue on an as-needed basis throughout the construction phase of the project to mitigate potential disruption of classroom activities.

| MM-98 | Prior to initiating construction for Phases 3 and 4, the construction contractor shall coordinate with the site administrator for Florence Griffith Joyner Elementary School to discuss construction activities that generate high noise levels. Coordination between the site administrator and the construction contractor shall continue on an as-needed basis throughout the construction phase of the project to mitigate potential disruption of classroom activities. | / Construction | Primestor Infrastructure Contractor | 3-4 Construction | JDCP | DBS |

### Caltrans Mitigation Measures for Century Blvd. Extension Project

<table>
<thead>
<tr>
<th>Measure/Feature</th>
<th>Project Phase</th>
<th>Monitoring Period</th>
<th>Responsible Party</th>
<th>Enforcement/Monitoring Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>CT-1</td>
<td>1</td>
<td>Pre-construction</td>
<td>HACLA</td>
<td>DBS</td>
</tr>
<tr>
<td>CT-2</td>
<td>1</td>
<td>Construction</td>
<td>JDCP Primestor Infrastructure</td>
<td>DBS</td>
</tr>
</tbody>
</table>

11 This list only includes Caltrans measures that are not exact duplicates of measures listed in the EIR.
| CT-3 | If human remains are discovered, State Health and Safety Code Section 7050.5 states that further disturbances and activities shall stop in any area or nearby area suspected to overlie remains, and the County Coroner contacted. Pursuant to Public Resources Code (PRC) Section 5097.98, if the remains are thought to be Native American, the coroner will notify the NAHC, which will then notify the Most Likely Descendant (MLD). At this time, the person who discovered the remains shall contact Alex Kirkish, Ph.D., District Archaeologist, so that they may work with the MLD on the respectful treatment and disposition of the remains. Further provisions of PRC 5097.98 are to be followed as applicable. | 1 | Construction | JDCP Primestor Infrastructure Contractor | DBS |
| CT-4 | The project shall be required to comply with the City of Los Angeles grading permit regulations, which require necessary measures, plans (including a wet weather erosion control plan if construction occurs during the rainy season), and inspections to reduce sedimentation and erosion. (note: this measure is similar but not identical to MM-31 above.) | 1 | Construction | JDCP Primestor Infrastructure Contractor | DBS |
| CT-5 | The design of the Proposed Build Alternative shall incorporate "Green Street" planting elements, such as a palette of infiltration planters and bioswales, for use in managing and treating stormwater runoff to feed landscaping and percolate through the soil (Century Blvd. Extension) | 1 | Pre-construction | JDCP | DBS / City Planning |
| CT-6 | The project shall comply with the provisions of the City of Los Angeles specifications for roadway construction and geotechnical report prepared for the project to ensure that the project is consistent with the latest seismic design standards for structural loads and materials. | 1 | Pre-construction | JDCP Infrastructure Contractor | DBS |
| CT-7 | If a potential fossil is found, a qualified paleontologist retained for the project shall be allowed to temporarily divert or redirect grading and excavation activities from the area of the exposed fossil to facilitate evaluation and, if necessary, salvage. At the paleontologist’s discretion and to reduce any construction delay, the grading and excavation contractor shall assist in removing rock samples for initial processing. Any fossils encountered and recovered shall be prepared to the point of identification and catalogued before they are donated to their final repository. Any fossils collected should be donated to a public, nonprofit institution with a research interest in the materials, such as the | 1 | Construction | JDCP Primestor Infrastructure Contractor | DBS |
Natural History Museum of Los Angeles County. Accompanying notes, maps, and photographs shall also be filed at the repository. If fossils are found, following the completion of the above tasks, the paleontologist shall prepare a report summarizing the results of the monitoring and salvaging efforts, the methodology used in these efforts, as well as a description of the fossils collected and their significance. The report shall be submitted by Bureau of Engineering to Caltrans, the Natural History Museum of Los Angeles County, and representatives of other appropriate or concerned agencies to signify the satisfactory completion of the salvaging efforts. (*note: this measure is similar to MM-22 above*).

**CT-8**
Prior to project construction, HACLA shall receive the certificate of completion from DTSC. The site shall be remediated to meet site-specific clean-up goals to allow for the development of unrestricted land uses, as approved by DTSC, prior to construction.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Pre-construction</th>
<th>HACLA</th>
<th>DTSC</th>
</tr>
</thead>
</table>

**CT-9**
Should any previously unidentified soils that exceed site-specific clean-up goals, as approved by DTSC for the project site, be encountered during construction, an action plan shall be developed, approved by DTSC as appropriate, and implemented, prior to resuming construction activities in the contaminated area. As needed, the investigation and remediation of a release or threatened release of any hazardous substances at or from the project site shall be overseen by the DTSC in accordance with all federal, state, and local laws and regulations.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Construction</th>
<th>JDCP Primestor Infrastructure Contractor</th>
<th>DTSC</th>
</tr>
</thead>
</table>

**CT-10**
A Health and Safety Plan shall be prepared prior to construction activities to train workers to recognize potential health and safety hazards, communicate potential health and safety hazards to others, instruct personnel in procedures for performing work safely, mitigate hazards and avoid exposure to hazardous substances with the use of engineering and administrative controls, use protective equipment to limit exposure when engineering and administrative controls are not effective. The Health and Safety Plan shall contain provisions for providing breathing zone monitoring if workers will be exposed to concentrations of contaminants near the Permissible Exposure Limits, consistent with DTSC’s approved site-specific clean-up goals as they relate to the 21- acre site that is currently undergoing remediation.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Pre-construction</th>
<th>JDCP Primestor Infrastructure Contractor</th>
<th>DBS</th>
</tr>
</thead>
<tbody>
<tr>
<td>CT-11</td>
<td>Construction workers shall undergo Health and Safety training as required by Cal/OSHA regulations in Title 8 CCR for handling hazardous materials and/or wastes.</td>
<td>1</td>
<td>Construction</td>
<td>JDCP Primestor Infrastructure Contractor</td>
</tr>
<tr>
<td>CT-12</td>
<td>Construction shall use dust suppression methods when disturbing soil so as not to create visible dust emissions or cause soils that exceed site-specific clean-up goals, as approved by DTSC for the project site, to become airborne</td>
<td>1</td>
<td>Construction</td>
<td>JDCP Primestor Infrastructure Contractor</td>
</tr>
<tr>
<td>CT-13</td>
<td>Prior to construction, an Excavation, Disposal, and Transportation Plan shall be prepared to describe the procedures and methodology for excavation, temporary storage, containerization, transport and disposal of hazardous waste. This includes construction of the temporary stockpile area (e.g., berms to prevent runoff, wetting, and cover to prevent soil from becoming airborne); use of USDOT-approved containers for storage and transport; use of registered transporter; decontamination of transport vehicles prior leaving the site; obtaining written acceptance of disposal facility prior to transport vehicle leaving site so load is not rejected upon arrival; and compliance with manifest requirements.</td>
<td>1</td>
<td>Construction</td>
<td>JDCP Primestor Infrastructure Contractor</td>
</tr>
<tr>
<td>CT-14</td>
<td>In compliance with SCAQMD Rule 1166 requirements, an Excavation Management Plan and necessary permitting application forms shall be prepared and submitted for approval to the SCAQMD.</td>
<td>1</td>
<td>Pre-construction</td>
<td>JDCP Primestor Infrastructure Contractor</td>
</tr>
<tr>
<td>CT-15</td>
<td>The City shall continue to implement an emergency response plan for responding to releases from accidents (e.g., LAFD, first responders from the Los Angeles County Hazardous Materials Unit). Actions may involve cordoning off the affected area, stabilizing and containing releases of hazardous materials, and remediating the released hazardous materials.</td>
<td>1</td>
<td>Construction</td>
<td>City of LA</td>
</tr>
<tr>
<td>CT-16</td>
<td>Apply water or dust palliative to the site and equipment as frequently as necessary to control fugitive dust emissions. Fugitive emissions generally must meet a “no visible dust” criterion either at the point of emission or at the right of way line as required by the SCAQMD.</td>
<td>1</td>
<td>Construction</td>
<td>JDCP Primestor Infrastructure</td>
</tr>
<tr>
<td>CT-17</td>
<td>Spread soil binder on any unpaved roads used for construction purposes, and all project construction parking areas.</td>
<td>1 Construction</td>
<td>JDCP Primestor Infrastructure Contractor</td>
<td>DBS</td>
</tr>
<tr>
<td>CT-18</td>
<td>Properly tune and maintain construction equipment and vehicles. Use low-sulfur fuel in all construction equipment as provided in California Code of Regulations Title 17, Section 93114.</td>
<td>1 Construction</td>
<td>JDCP Primestor Infrastructure Contractor</td>
<td>DBS</td>
</tr>
<tr>
<td>CT-19</td>
<td>Develop a dust control plan documenting sprinkling, temporary paving, speed limits, and expedited revegetation as needed to minimize construction impacts to existing communities.</td>
<td>1 Construction</td>
<td>JDCP Primestor Infrastructure Contractor</td>
<td>DBS</td>
</tr>
<tr>
<td>CT-20</td>
<td>Locate equipment and materials storage sites at least 500 feet from the sensitive receptors. Keep construction areas clean and orderly.</td>
<td>1 Construction</td>
<td>JDCP Primestor Infrastructure Contractor</td>
<td>DBS</td>
</tr>
<tr>
<td>CT-21</td>
<td>Extended idling, material storage, and equipment maintenance should be prohibited within 500 feet of sensitive air receptors, to the extent feasible.</td>
<td>1 Construction</td>
<td>JDCP Primestor Infrastructure Contractor</td>
<td>DBS</td>
</tr>
<tr>
<td>CT-22</td>
<td>Use track-out reduction measures such as gravel pads at project access points to minimize dust and mud deposits on roads affected by construction traffic.</td>
<td>1 Construction</td>
<td>JDCP Primestor Infrastructure Contractor</td>
<td>DBS</td>
</tr>
<tr>
<td>CT-23</td>
<td>Cover all transported loads of soils and wet materials prior to transport, or provide adequate freeboard (space from the top of the material to the top of the truck) to minimize emission of dust</td>
<td>1 Construction</td>
<td>JDCP Primestor</td>
<td>DBS</td>
</tr>
<tr>
<td>CT-24</td>
<td>Promptly and regularly remove dust and mud that are deposited on paved, public roads due to construction activity and traffic to decrease particulate matter.</td>
<td>1</td>
<td>Construction</td>
<td>JDCP Primestor Infrastructure Contractor</td>
</tr>
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<tr>
<td>CT-25</td>
<td>Route and schedule construction traffic to avoid peak travel times as much as possible, to reduce congestion and related air quality impacts caused by idling vehicles along local roads.</td>
<td>1</td>
<td>Construction</td>
<td>JDCP Primestor Infrastructure Contractor</td>
</tr>
<tr>
<td>CT-26</td>
<td><strong>AQ11: Rule 401 – Visible Emissions:</strong> A person shall not discharge into the atmosphere from any single source of emission whatsoever any air contaminants for a period or periods aggregating more than three (3) minutes in any one (1) hour which are as dark or darker in shade as that designated as No. 1 on the Ringelmann Chart or of such opacity as to obscure an observer's view to a degree equal to or greater than smoke.</td>
<td>1</td>
<td>Construction</td>
<td>JDCP Primestor Infrastructure Contractor</td>
</tr>
<tr>
<td>CT-27</td>
<td><strong>Rule 402 – Nuisance:</strong> A person shall not discharge from any source whatsoever such quantities of air contaminants or other material which cause injury, detriment, nuisance or annoyance to any considerable number of persons or to the public or which endangers the comfort, repose, health or safety of any such persons or the public or which cause or have a natural tendency to cause injury or damage to business or property.</td>
<td>1</td>
<td>Construction</td>
<td>JDCP Primestor Infrastructure Contractor</td>
</tr>
<tr>
<td>CT-28</td>
<td><strong>Rule 403 – Fugitive Dust:</strong> SCAQMD’s Rule 403 requires that fugitive dust be controlled with the best available control measures (BACM) in order to reduce dust so that it does not remain visible in the atmosphere beyond the property line of the proposed project. It also requires a dust control plan to be submitted and approved prior to construction. The dust control plan should describe all applicable dust control measures that will be implemented at the project; and should describe types of dust suppressant, surface treatments and other measures to be utilized at the construction sites to comply with the Rule. The relevant specifics of Rule 403 are as follows:</td>
<td>1</td>
<td>Construction</td>
<td>JDCP Primestor Infrastructure Contractor</td>
</tr>
</tbody>
</table>
No person shall cause or allow the emissions of fugitive dust from any active operation, open storage pile, or disturbed surface area such that the dust remains visible in the atmosphere beyond the property line of the emission source; or the dust emission exceeds 20 percent opacity, if the dust emission is the result of movement of a motorized vehicle.

No person shall conduct active operations without utilizing the applicable best available control measures included in Table 1 of Rule 403 to minimize fugitive dust emissions from each fugitive dust source type within the active operation.

No person shall cause or allow PM10 levels to exceed 50 micrograms per cubic meter when determined, by simultaneous sampling, as the difference between upwind and downwind samples collected on high-volume particulate matter samplers or other U.S. EPA-approved equivalent method for PM10 monitoring.

No person shall allow track-out to extend 25 feet or more in cumulative length from the point of origin from an active operation. Notwithstanding the preceding, all trackout from an active operation shall be removed at the conclusion of each workday or evening shift.

No person shall conduct an active operation with a disturbed surface area of five or more acres or with a daily import or export of 100 cubic yards or more of bulk material without utilizing approved control measure/measures at each vehicle egress from the site to a paved public road.

In compliance with the Executive Order on Invasive Species, EO 13112, and guidance from the Federal Highway Administration (FHWA), the landscaping and erosion control included in the proposed project shall not use any species on the California Noxious Weed List. In areas of particular sensitivity, extra precautions shall be taken if invasive species are found in or near construction areas. This includes the inspection and cleaning of construction equipment and eradication strategies to be implemented should an invasion occur.
EXHIBIT I-2

Waste Soil Management Plan

[attached]
WASTE SOIL MANAGEMENT PLAN
JORDAN DOWNS REDEVELOPMENT PROJECT
LOS ANGELES, CALIFORNIA

Prepared For:
Housing Authority of the City of Los Angeles
2600 Wilshire Boulevard
Los Angeles, CA 90057

Prepared By:
C. SPENGLER STRATEGIES
INNOVATIVE CONSTRUCTION + ENVIRONMENTAL SOLUTIONS
2423 BURGNER BLVD. SAN DIEGO, CA 92110  619.733.8803

August 15, 2017
CSS Project Number: 2017.05.01.01
www.cspenglerstrategies.com
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Figure 2 Areas of Potential Residual COC/COPC Concentrations
Figure 3 Subcontractor Response Plan for Suspect Soil

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A Suspect Soil Notification Form and Location Maps
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<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
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<tbody>
<tr>
<td>BMPs</td>
<td>Best Management Practices</td>
</tr>
<tr>
<td>COCs</td>
<td>Constituents of Concern</td>
</tr>
<tr>
<td>COPCs</td>
<td>Constituents of Potential Concern</td>
</tr>
<tr>
<td>Cy</td>
<td>Cubic Yards</td>
</tr>
<tr>
<td>DTSC</td>
<td>California Department of Toxic Substances Control</td>
</tr>
<tr>
<td>EPA</td>
<td>United States Environmental Protection Agency</td>
</tr>
<tr>
<td>HACLA</td>
<td>Housing Authority of the City of Los Angeles</td>
</tr>
<tr>
<td>IIPP</td>
<td>Injury and Illness Prevention Program</td>
</tr>
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<td>JDRP</td>
<td>Jordan Downs Redevelopment</td>
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<tr>
<td>JDPHCA</td>
<td>Jordan Downs Public Housing Community Area</td>
</tr>
<tr>
<td>LARWQCB</td>
<td>Los Angeles Regional Water Quality Control Board</td>
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<tr>
<td>MCCTC</td>
<td>Maximum Concentration of Contaminants for the Toxicity Characteristic</td>
</tr>
<tr>
<td>mg/kg</td>
<td>milligrams per kilogram</td>
</tr>
<tr>
<td>mg/L</td>
<td>milligrams per liter</td>
</tr>
<tr>
<td>NPDES</td>
<td>National Pollutant Discharge Elimination System</td>
</tr>
<tr>
<td>PCBs</td>
<td>Polychlorinated Biphenyls</td>
</tr>
<tr>
<td>PAHs</td>
<td>Polynuclear aromatic hydrocarbons</td>
</tr>
<tr>
<td>PCE</td>
<td>Tetrachloroethene (aka Perchloroethylene)</td>
</tr>
<tr>
<td>PVC</td>
<td>Polyvinyl Chloride</td>
</tr>
<tr>
<td>RCRA</td>
<td>Resource Conservation and Recovery Act</td>
</tr>
<tr>
<td>RBCGs</td>
<td>Risk-Based Cleanup Goals</td>
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<tr>
<td>ROWs</td>
<td>Rights-of-Ways</td>
</tr>
<tr>
<td>RWQCB</td>
<td>Regional Water Quality Control Board</td>
</tr>
<tr>
<td>SCAQMD</td>
<td>South Coast Air Quality Management District</td>
</tr>
<tr>
<td>SHSP</td>
<td>Site-Specific Health and Safety Plan</td>
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<tr>
<td>SSLs</td>
<td>Soil Screening Levels</td>
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<tr>
<td>STLC</td>
<td>Soluble Threshold Limit Concentration</td>
</tr>
<tr>
<td>SWPPP</td>
<td>Storm Water Pollution Prevention Plan</td>
</tr>
<tr>
<td>SWRCB</td>
<td>State of California, State Water Resources Control Board</td>
</tr>
<tr>
<td>TCE</td>
<td>Trichloroethene</td>
</tr>
<tr>
<td>TCLP</td>
<td>Toxicity Characteristic Leaching Procedure</td>
</tr>
<tr>
<td>TPH</td>
<td>Total Petroleum Hydrocarbons</td>
</tr>
<tr>
<td>TT TLC</td>
<td>Toxicity Threshold Limit Concentration</td>
</tr>
<tr>
<td>UCL</td>
<td>Upper Confidence Level</td>
</tr>
<tr>
<td>UST</td>
<td>Underground Storage Tank</td>
</tr>
<tr>
<td>µg/kg</td>
<td>micrograms per kilogram</td>
</tr>
<tr>
<td>VOCs</td>
<td>Volatile Organic Compounds</td>
</tr>
<tr>
<td>WET</td>
<td>Waste Extraction Test</td>
</tr>
<tr>
<td>WSMP</td>
<td>Waste Soil Management Plan</td>
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</table>
WASTE SOIL MANAGEMENT PLAN

1 INTRODUCTION

The Jordan Downs Redevelopment Project (JDRP) involves the redevelopment of the Housing Authority of the City of Los Angeles’s (HACLA) 49-acre, 1950s public housing project and the adjacent 21-acre former industrial property. Together, the 70-acre Project will involve demolition of the existing 700 multifamily apartments and construction of approximately 1,400 homes, a retail center, a community center, public parks, and streets. HACLA has completed the remediation of the 21-acre property (Remediation Area) under the oversight of the California Department of Toxic Substances Control (DTSC) and successfully remediated the Site to criteria deemed protective of human health and the environment.

The Remediation Area was subject to very specific cleanup criteria and it is anticipated that all the remaining soil is suitable to remain within the 21-acre Remediation Area and can be excavated and reused within the Remediation Area with one exception. The exception is the excavation of soil containing volatile organic compounds (VOCs) that is subject to the South Coast Air Quality Management District’s (SCAQMD) Rule 1166 for excavating VOC-contaminated soil. VOC-contaminated soil will require off-site disposal. It is possible that residual VOC-contaminated soil subject to Rule 1166 is still present but was judged by the DTSC to be acceptable if left in-place.1,2

It should be noted that the Jordan Downs Public Housing Community Area (JDPHCA) adjacent to the 21-acre Remediation Area has only been subjected to a limited amount of assessment. Based on multiple Phase I Environmental Site Assessments, the history of the JDPHCA is understood to have always been residential with some small scale agricultural activities prior to the housing development, and these reports have not recommended further assessments.

This Waste Soil Management Plan (WSMP) provides direction from HACLA to the general contractors and their subcontractors involved in any type of earthwork activities (grading, excavations, trenching, drilling, etc.) within the entire JDRP in regards to the actions to be taken when soil is encountered that is suspected to contain petroleum products or hazardous substances. HACLA owns the land at Jordan Downs and must be notified of all suspect conditions that may indicate a release(s) of hazardous substances or petroleum products.

2 SITE DESCRIPTION

For the purpose of this WSMP, the “Site” is considered to be the entirety of the JDRP which is bounded by South Alameda Street to the east, 97th Street to the north, Grape Street to the West, 103 Street to the south (western portion), and the David Starr Jordan High School and Atlas Metals to the south (eastern portion). The Site is subdivided into two primary areas:

1. Remediation Area – 21 acres of the former steel mill factory recently remediated.
2. Existing Jordan Downs Public Housing Community Area (JDPHCA) – 49 acres

Please refer to Figure 1.

3 OBJECTIVE

This WSMP provides direction to current and future contractors who are involved in excavations and grading at the Site to address situations where soil or fill materials suspected of containing hazardous substances or petroleum products are encountered to a degree that requires waste characterization and offsite disposal.

4 RESIDUAL IMPACTS TO THE REMEDIATED AREA

The primary types of residual impacts to the soil at the Site include the following:

- Metals – primarily lead and arsenic.
- Petroleum Hydrocarbons – primarily diesel and oil, however, residual concentrations of gasoline are present in the vicinity of the former underground storage tank (UST1) removed from what is now Century Boulevard, just west of the intersection with the future Lilac Street.
- Volatile Organic Compounds (VOCs) – primarily those associated with petroleum products and those associated with solvents and other chemical products.

4.1 Metals

The known residual concentrations of metals at the Site have been judged to be suitable for the residential development by DTSC. Therefore, soil with the known residual concentrations of metals can be excavated, stockpiled, and reused pursuant to the needs of the construction activities without restriction.
During the remediation an effort was made to excavate and evaluate all of the fill soil (i.e., soil previously disturbed) and it is expected that fill soil with obvious concentrated pockets of debris are not present at the Site. However, isolated pieces of concrete, asphalt, or brick may be encountered, but should a contractor encounter a distinct pocket of fill with debris, stained soil, or unexpected odors, the protocols within this WSMP should be followed. Work in the area of the deposit should be halted and the area should be cordoned off with caution tape until it is evaluated by the Environmental Professional.

4.2 Petroleum Hydrocarbons

Several sources of releases of petroleum hydrocarbons were discovered during the course of the remediation. The majority of the petroleum releases covered large portions of Lots 3 and 12 and the adjacent rights-of-ways (ROWs). Other isolated releases occurred in Lot 1 including a suspected former UST pit (T55 pit), an elevator ram, and an undefined source adjacent to the northern Site boundary at 97th Street. A clarifier in the northeastern quadrant of Lot 13 had a release of petroleum and VOCs. The release from UST1 is located adjacent to the western side of the intersection between the new Century Boulevard and Lilac Street. See Figure 2 for the approximate locations of these releases.

Should a contractor encounter soil with unexpected odors reminiscent of petroleum products, the protocols within this WSMP should be followed. Work in the area of the odorous soil should be halted and the area cordoned off with caution tape until it is evaluated by the Environmental Professional.

4.3 VOCs

Volatile organic compounds (VOCs) can be divided into two main categories:

1) Those associated with commercial and industrial solvents such as tetrachloroethene (perchloroethylene) (PCE), trichloroethene (TCE), and associated breakdown products; and

2) Those VOCs associated with petroleum products such as benzene, toluene, ethylbenzene, and xylenes along with other lesser known chemicals.

Both of these types of VOCs were detected at the Site. In general, and with DTSC’s concurrence, shallow soil (less than 20 feet below grade) containing VOCs was removed with any residual concentrations being near or below laboratory detection limits. Excavations below 20 feet below grade have a higher likelihood of encountering noticeable concentrations of VOCs from either source.

The areas where residual concentrations of VOCs may potentially be encountered in deeper excavations include the following:
• Across lots 12 and 13 and adjacent ROWs – diesel and oil related VOCs.
• Former UST1 at the western side of the intersection of Century Boulevard and Lilac Street – gasoline related VOCs.
• Former Paint Dipping Tanks location in lot 1, adjacent to the north side of Century Boulevard, across from lot 15 – solvent based VOCs.
• Former elevator ram excavation in lot 1, northwest of the Paint Dipping Tanks location – solvent based VOCs.
• Three locations in the northern portion of lot 1 including a former clarifier location, a suspected former UST pit (T55), and an area along the northern lot line where a petroleum and lead and arsenic release was remediated – petroleum and solvent related VOCs.

Other locations on Figure 2 depict locations where VOCs were detected during the remediation but residual concentrations of concern are no longer anticipated to be present. See Figure 2 for the approximate locations of these releases.

Should a contractor encounter soil with unexpected odors reminiscent of solvents or petroleum products, the protocols within this WSMP should be followed. Work in the area of the odorous soil should be halted and the area cordoned off with caution tape until it is evaluated by the Environmental Professional.

5 HEALTH AND SAFETY

It is expected that every subcontractor on the Site has established, implemented, and maintained a written Injury and Illness Prevention Program (IIPP) pursuant to Title 8 of the California Code of Regulations, Section 3203 (T8 CCR 3203) to address standard construction practices.

Due to the potential to encounter soil with residual concentrations of COCs/COPCs, it is recommended that any subcontractor performing any earthwork at depths greater than 3 feet below grade also have a prepared Site-Specific Health and Safety Plan (SHSP) and have personnel available with the appropriate training as described in the following section to handle suspect soil or materials.

5.1 Worker Health and Safety

Upon confirmation of soil containing residual concentrations COCs/COPCs or new COCs by the Environmental Professional, the subcontractor (Subcontractor) that is involved with exposing, handling, excavating, grading, trenching, stockpiling, loading and transporting such soil shall, at a minimum, have 40-hour hour Occupational Health and Safety Organization (OSHA) HAZWOPER training including current annual 8-hour refresher certifications and be part of a medical monitoring program pursuant to the regulations
found in 29 Code of Federal Regulations (CFR) Part 1910.120 and California Code of Regulations (CCR), Title 8, Section 5192.

A health and safety plan shall be implemented by the Subcontractor for work conducted at the Site and workers within the “exclusion zone” is required pursuant to the regulations found in 29 Code of Federal Regulations (CFR) Part 1910.120 and California Code of Regulations (CCR), Title 8, Section 5192. The health and safety plan shall outline the potential chemical and physical hazards that could be encountered during all fieldwork activities. The appropriate personal protective equipment and emergency response procedures for the anticipated Site-specific chemical and physical hazards shall be detailed in this plan. Subcontractor personnel and any second-tier subcontracted personnel involved with the field work are to be required to read and sign this document in order to encourage proper health and safety practices.

5.2 Community Health and Safety

Due to the extensive nature of the remediation effort within the Remediation Area, a Community Health and Safety Plan has not been required as of the date of the preparation of this WSMP, and one is not anticipated to be required. However, measures to prevent nuisance conditions to the surrounding community are required in the form of the following requirements:

5.2.1 Dust Control

As required by the South Coast Air Quality Management District (SCAQMD) Rule 403 – Fugitive Dust Emissions, fugitive dust emissions must be controlled and in compliance with requirements contained in Rule 403. These are standard requirements for construction activities on sites of 5 acres or more. Mitigation measures required include, but are not limited to the following:

- Application of water to control dust generation at the points of dust/odor generation;
- Stockpile control – covers, wetting;
- Cease work conditions – wind speed, odor, and/or particulate monitoring thresholds;
- Truck loading and covering procedures;
- Shaker plates and/or gravel pads at ingress/egress points; and
- Housekeeping (street cleaning if necessary).

This list is not to be considered definitive, and all the rules and regulations within Rule 403 that are applicable to the Site shall be adhered to at all times.
5.2.2 Storm Water Management

As required by the Los Angeles Regional Water Quality Control Board (LARWQCB) and the City of Los Angeles, a Storm Water Pollution Prevention Plan (SWPPP) is required to be implemented through the use of Best Management Practices (BMPs) to control storm water and non-storm water runoff. Effective implementation of such BMPs will assist in the prevention of potential impacts to the surrounding community.

5.2.3 SCAQMD Rule 1166 – Excavation of VOC-Contaminated Soils

SCAQMD Rule 1166 sets forth the requirements to control the emission of VOCs generated from the excavation and handling of VOC-contaminated soil. Rule 1166 applies to all soil excavations with volumes exceeding 1 cubic yard of VOC-contaminated soil. VOC-contaminated soil is defined as having VOC concentrations exceeding 50 parts per million – vapor (ppmv) as measured by a hexane-calibrated organic vapor analyzer (OVA).

Should the Subcontractor encounter soil noticeable odors, the Environmental Professional will evaluate the soil for vapors with an OVA and make a judgement on whether the soil qualifies as a VOC-contaminated soil as defined by Rule 1166. If so, the Environmental Professional will provide a Rule 1166 permit and monitor the excavation as required. Soil with VOC concentrations between 50 and 1,000 ppm as measured by the OVA can be placed in stockpiles on and covered with plastic sheeting pending waste characterization and offsite disposal. Soil with VOC concentrations greater than 1,000 ppm must be immediately placed in covered bins or directly loaded onto trucks for immediate removal from the Site. If directly loaded, the soil must be properly characterized prior to excavation activities. Soil placed in covered bins can be stored until a full waste characterization is completed for the proper off-Site disposal.

6 DISCOVERY AND ACTION

All subcontractors conducting earthwork of any kind should be provided with this WSMP and instructed to adhere to the protocols and recommendations contained herein. The protocols described herein should be considered minimum requirements and are based on the current knowledge of the Site at the time of the completion of the remediation activities. Should conditions be encountered that warrant additional precautions, then it is the responsibility of the Subcontractor and General Contractor to implement such precautions as they deem necessary to protect human health and the environment.

It is the responsibility of the Subcontractor to direct their equipment operators and personnel to be observant during all earthwork activities and to promptly report suspect conditions to the General Contractor’s site superintendent.
The following are typical indications of soil that should be considered to potentially contain residual concentrations of COCs/COPCs or new COCs:

- Deposits of fill materials that are distinct from the surrounding undisturbed native soil. Note that as part of the remediation effort excavations up to 30 feet deep were backfilled with onsite soils and imported fill materials. Therefore, the Remediation Area has 3 to 30 feet of fill soil which should be generally homogenous.

- Distinct deposits of fill soil/materials that contain debris, glass, brick, concrete, wood, etc. Isolated pieces of concrete, asphalt, or even brick should not be considered a cause for concern as it may be present in the fill materials placed after the remediation was completed.

- Noticeable odors reminiscent of petroleum production (gasoline, diesel, oil) or solvents. Odors of concern would be persistent and identifiable as coming from a particular location.

- Stained or discolored soil. Natural colors of the native soil at the Site include light yellow, tan, light brown, brown, reddish-brown, olive, gray, dark gray, and even black. The darker soils are generally at depths greater than 10 feet below grade. Soil suspected to be stained or discolored soil should be compared to the surrounding soil.

Upon discovery of soil suspected to contain residual concentrations of COCs/COPCs or to be VOC-contaminated soil under Rule 1166, the following actions shall be taken:

1) The Subcontractor will stop all work in the immediate vicinity of the suspect soil and prevent any further disturbance of the soil.

2) The Subcontractor shall isolate the area with barricades, caution tape, or other appropriate methods to prevent their workers and other subcontractors from entering or disturbing the area.

3) If odors are of such strength to cause a nuisance or be noticeable in adjacent areas of concurrent construction activities, or by the adjacent the community, the following mitigation efforts shall be immediately applied as necessary:
   a. Use water to wet down the source area of the odors; however, take care to not cause runoff or ponding of water.
   b. Use plastic sheeting to cover the source area.
   c. If necessary create a larger “exclusion zone” with the assistance of the General Contractor and discontinue work in areas affected by the odor.
4) The Subcontractor and General Contractor shall, as soon as possible but no later than the end of the work day of the discovery, complete the attached **Suspect Soil Notification Form and Suspect Soil Location Map** (Appendix A) and email the completed Form and Map to HACLA's representative, and to the representative of the developer for the particular phase of the project in which the suspect soil was found.

5) The General Contractor will also email the **Notification Form and Suspect Soil Location Map** as soon as possible but no later than the end of the work day of the discovery to the appropriately licensed Environmental Professional acting on behalf of HACLA. In addition, telephone calls to notify the Environmental Professional immediately are recommended.

6) The Environmental Professional will respond by visiting the Site within 24-hours of receipt of the Notification Form and Suspect Soil Location Map and will contact the General Contractor and the Subcontractor prior to the Site visit to coordinate the observation of the suspect soil.

7) The Environmental Professional will observe the suspect soil and, if odors are present, monitor the soil with an OVA.

8) Depending on the observations the Environmental Professional will provide further direction on whether the soil requires special handling, sampling and testing, off-Site disposal, or no further action is warranted.

9) Should the suspect soil be deemed VOC-contaminated per Rule 1166, the Section 5.2.3 of this WSMP will apply. The Environmental Professional will submit the necessary notification to the SCAQMD and provide the required air monitoring during the remainder of the earthwork that involves the VOC-contaminated work. Therefore, close coordination between the Subcontractor and the Environmental Professional will be required.

## 7 SOIL WASTE CHARACTERIZATION

As previously described the Site is divided into two areas: 1) The 21-acre Remediation Area and 2) The remaining 49 acres of the existing Jordan Downs Public Housing Community Area (JDPHCA). The rules for earthwork spoils are different for each of the two areas.

### 7.1 Remediation Area

The Remediation Area has undergone a remediation under the oversight of the DTSC with approved cleanup criteria which may exceed the typical waste criteria. However, the
remaining soil has been judged suitable for the planned future land uses and the Remediation Area is still in need of several thousand of cubic yards of soil to bring the eastern portion up to subgrade. Therefore, all excess earthwork spoils can be used as fill soil within the Remediation Area. The exceptions to this are as follows:

- New discoveries of Waste soil that, upon sampling and testing, are shown to have concentrations of COCs that exceed the risk-based cleanup goals (RBCGs) established for the Remediation Area; and

- Soil judged by the Environmental Professional to be VOC-contaminated soil under Rule 1166.

Please note that any import into the Remediation Area either from off-Site or from the Jordan Downs Public Housing Community Area must be subject to the protocols described in the Soil Import Plan for the Jordan Downs Redevelopment Project.

### 7.2 Jordan Downs Public Housing Community

Any excess earthwork spoils that need to be exported off the JDRP, must be first sampled and characterized to determine whether it is classified as a waste, and if it is a waste, then whether it is a nonhazardous waste or a hazardous waste, etc. If the soil is determined to be waste, then waste characterization must be performed.

Since the 49-acre Jordan Downs Public Housing Community was not subject to a remediation with oversight by a regulatory agency, site-specific cleanup goals have not been established beyond the published soil screening levels used by DTSC and/or other regulatory agencies.

Certain areas of the JDPHCA have been assessed with regard to lead in the shallow soils and the DTSC concurred the concentrations of lead in the soil meet the standards for residential land use, which is 80 milligrams per kilogram (mg/kg) when calculated as the the 95% upper confidence limit (UCL). However, since statistics are used in this evaluation some lead concentrations may be higher than 80 mg/kg (residential screening level) and soil with lead concentrations at or above 50 mg/kg of lead has the potential to be a hazardous waste if exported from the Site (contrarily, such soil is not considered a hazardous waste if does not leave its place of origin). Due to the extensiveness of the remediation, it is unlikely that soil excavated from within the Remediation Area, with the possible exception of soil immediately adjacent to the southern property line, will be characterized as a hazardous waste, but the potential exists. Please note that soil characterized as a hazardous waste for the purpose of disposal off-Site (e.g., at a landfill) does not preclude it from being considered suitable for use at a residential site.
The applicable portions of the California Water Code and Titles 23 and 27 of the California Code of Regulations (CCR) have been interpreted by regulatory agencies to mean that any soil with detectable concentrations of hazardous substances or metals above published background levels would be a “waste” upon excavation. Any such waste must be transported to a classified waste management unit for treatment, storage, or disposal, or reused in accordance with appropriate local, state, and federal regulations. For example, if soil containing elevated concentrations of lead or petroleum hydrocarbons is identified, it will need to be disposed of at a facility (landfill) with an appropriate permit (i.e., waste discharge requirements).

7.3 Waste Characterization

Soil sampling and characterization shall be conducted in accordance with the United States Environmental Protection Agency’s (EPA’s) Test Methods for Evaluating Solid Waste, Physical/Chemical Methods (SW-846) sampling and analytical procedures and/or disposal facility requirements.

Various types of waste may be found in the Project area as a result of the historical land use. These wastes may include but are not limited to the following:

- Lead (primarily from the degradation of lead-based paint and aerial deposition from automobiles and factories), and possibly other toxic metals.
- Petroleum hydrocarbons – possibly from consumer spills and disposal of waste oil.
- Burn ash – there is the potential that residual materials from open-pit trash burning may be found, especially at the western end of the Site where private residential properties predate the existing apartment buildings. COCs in burn ash include toxic metals, polynuclear aromatic hydrocarbons (PAHs), and dioxins/furans.

Gasoline and solvents (i.e., volatile organic compounds (VOCs) including halogenated VOCs (HVOCs)) are not expected to be found at the Site; however, the possibility always exists that such compounds could be found.

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3 The California Water Code, Division 7, Chapter 2 Section 13050 (d) defines a waste to include “any and all other waste substances, liquid, solid, gaseous, or radioactive, associated with human habitation ... or from any producing, manufacturing, or processing operation of whatever nature, including such waste placed within containers of whatever nature prior to, and for the purposes of, disposal.”

4 Titles 23 and 27 of the CCR, state that “Actions taken by or at the direction of public agencies to clean up or abate conditions of pollution or nuisance resulting from unintentional or unauthorized releases of waste or pollutants to the environment; provided wastes, pollutants, or contaminated materials removed from the immediate place of release shall be discharged according to” appropriate waste classification system promulgated in each of the Titles.

The soil characterization process is based upon sequential analysis to assess the relative solubility (mobility) of residual metals or other COCs, as necessary, in soil. In general, waste characterization is based on the concept that the more soluble the COC, the more hazardous the waste classification. For the type of wastes described above, metals are typically the driver for the waste characterization.

The waste characterization process generally consists of the following steps:

1. Visual and olfactory inspection and OVA screening of the waste soil for evidence of VOCs. If odors, staining, or discoloration are present then analyses for petroleum products (EPA Method 8015M for the full carbon range of total petroleum hydrocarbons) and for VOCs by EPA Method 8260B should be performed.

2. For metals, the first step is to conduct an analysis for total metals (Title 22 Metals by EPA Methods 6010B/7471A). If the total metal concentration is greater than the Toxicity Threshold Limit Concentration (TTLC), then the soil is considered a California (non-RCRA) hazardous waste. If it is less than the TTLC, then proceed to the Step 3.

3. If the total concentration of the metal in the sample is less than the TTLC, but equals or exceeds the Soluble Threshold Limit Concentration (STLC) value by 10 times, the soil is further analyzed for that metal by using the Waste Extraction Test (WET) method. If the result of the WET equals or exceeds the STLC value, then the soil is considered a California (non-RCRA) hazardous waste.

4. If the total concentration of a metal in the soil equals or exceeds the Maximum Concentration of Contaminants for the Toxicity Characteristic (MCCTC) (aka TCLP limit) value by 20 times, the soil is further analyzed by using the Toxicity Characteristic Leaching Procedure (TCLP) analysis method (EPA 1311). If the result of the TCLP equals or exceeds the MCCTC, then the soil is considered to be a RCRA-hazardous waste.

These screening criteria are derived from the nature of the WET and TCLP analysis methodologies which are based on a 10:1 and a 20:1 aqueous dilution of the sample by weight, respectively. Pursuant to EPA’s SW-846 waste characterization procedures, statistical analyses are used to calculate the minimum number of samples needed to provide a representative sample population of the soil to be excavated and to provide the 80-percent UCL) of the statistical mean which is used in comparison to the TTLC, STLC or MCCTC. The number of samples required to characterize a given volume of soil is generally dictated by the waste discharge requirements (WDRs) of the disposal/treatment facility. Each landfill has its own set of WDRs and additional analyses or information may be required by the disposal facility.
The characterization of the soil will fall into one of the following five categories:

- **Unrestricted Export Material** – Soils reported to contain concentrations of metals at or below typical residential Soil Screening Levels (SSLs) as used by the DTSC could be considered to be soils that can be reused without restriction. In general, this is likely to only apply to soil excavated from undisturbed formational soil.

- **Nonhazardous Waste** - Soils reported to contain concentrations of metals (or other similarly regulated COCs) that are less than the TTLC, and have soluble concentrations less than the STLC and MCCTC, but are above the SSLs, or contain other COCs such as petroleum products, VOCs, PAHs, etc., are soils that would require disposal at a permitted disposal facility as a nonhazardous waste.

- **California Hazardous/Non RCRA Waste** - Soils reported to contain concentrations of metals (or other similarly regulated COCs) that are greater than TTLC and which require disposal at a Class I disposal facility as a federal RCRA hazardous waste./or soluble concentrations that exceed the STLC but do not exceed the MCCTC are soils that require disposal at a Class I disposal facility within California as a California Hazardous (non-RCRA) Hazardous Waste or transported out of the state and disposed of as a nonhazardous waste. For the latter, please note that for the purpose of transporting the waste within the State of California, the waste would still be classified as a hazardous waste.

- **RCRA Waste** - Soils reported to contain concentrations of metals (or other similarly regulated COCs) that have soluble concentrations that exceed the MCCTC are soils.

All stockpiled or containerized soil deemed to be a waste shall be removed from the Project Site within 90 calendar days except if required to be removed within a shorter time period under other regulations such as Rule 1166.

### 8 STOCKPILE MANAGEMENT

It is understood that it will be necessary for excavated waste soil, or soil suspected to be a waste, to be stockpiled or containerized and stored on-Site. If stockpiled, the soil must be placed on plastic sheeting or another impervious surface, and covered by plastic sheeting to prevent storm water infiltration/runoff, and fugitive emissions of dust and vapors. When used, all containers must include sealable or lockable lids to prevent fugitive emissions of vapor or odors and infiltration of water during rain events. All containers and stockpiles must be appropriately labelled with the type of waste, date of generation, name and phone number of the Subcontractor responsible for the management and handling of the container(s).
With the exception of soil deemed to be VOC-contaminated per Rule 1166, stockpiles of soil suspected to contain COCs shall be stockpiled or containerized per the protocols listed below. VOC-contaminated soils shall be managed pursuant to the requirements within Rule 1166.

- Place soil on a liner of 6-mil (minimum) plastic sheeting of sufficient size to allow for the lapping of the plastic approximately one-third to one-half the way up the sides of the stockpile.
- Moisten to minimize dust emissions during stockpiling (no runoff is to be created during this process). Water shall be used for dust control whenever soil is added to or taken from the stockpile.
- Cover the stockpile with 6-mil plastic sheeting to minimize and prevent potential pollutant runoff from stockpile due to rain. The sheeting shall extend to the ground and be secured by sand/gravel bags. The sheeting must be maintained in good condition, adequately held in place to minimize wind damage, and repaired as necessary.
- Alternatively, excavated soil can be stored in 55-gallon Department of Transportation (DOT)-approved drums, or covered roll-off bins.

### 9 SOIL LOADOUT AND TRANSPORTATION

All loading and export activities of soil confirmed to contain concentrations of COCs that require off-Site disposal shall be conducted in a manner that minimizes fugitive dust and odor emissions. All loading activities shall be conducted within a HAZWOPER exclusion zone. All hazardous waste operations shall be conducted in accordance with DOT hazardous waste regulations contained in 40 CFR Part 171.

#### 9.1 Transportation Haul Route

The export of all soil from the Site shall be in accordance with all applicable local, state, and federal regulations governing the transportation of nonhazardous and hazardous waste. All drivers shall be appropriately licensed and insured. The Subcontractor must submit and obtain approval of a Haul Route from the City of Los Angeles and shall only use major thoroughfares and minimize trucking through residential areas and adjacent to schools.

#### 9.2 Recordkeeping/Manifests

The Subcontractor shall manage the documentation of all the waste profiling and soil loading including daily logs of the trucks loaded, a description of which stockpiles were
loaded (soil source), the truck identification on to which the soil is loaded, date and time of loadout, and the completed manifest used to track the transportation of the soil or waste. Standard uniform hazardous and nonhazardous waste manifests will be used to track the transportation and disposal of waste soil.

All manifests and waste profiles shall be signed by an authorized representative of HACLA.

Upon receiving completed manifest and weight ticket, the Subcontractor shall reconcile all manifests to ensure they are appropriately completed. The Subcontractor shall provide “Generator” copy to the General Contractor who must provide it to HACLA within 10 days of the soil being exported.

The Subcontractor shall provide copies of the truck logs, final manifests signed by the disposal facility and associated weight tickets to the General Contractor within 5 days of receipt from the disposal facility and the General Contractor will provide them to HACLA within 5 days of receipt from the Subcontractor.

The Subcontractor shall ensure the proper distribution of all copies of nonhazardous and hazardous manifests.
Client: Housing Authority of the City of Los Angeles
c/o JDRM c/o Bridge Housing Corporation
20321 Irvine Avenue, Suite F-1
Newport Beach, CA 92660

Site: Jordan Downs Redevelopment Project
9901 South Alameda Street
Los Angeles, CA 90002

DISCLAIMER: All dimensions are approximate and are for illustrative purposes only. The dimensions shall not be relied upon for any purpose.

NOT TO SCALE

LEGEND
- Approximate Site boundaries 70-acre Jordan Downs Redevelopment Project
- Approximate boundaries of the 21-acre Jordan Downs Remediation Area
- Approximate boundaries of the existing 49-acre Jordan Downs Public Housing Community

SITE BOUNDARIES
JORDAN DOWNS REDEVELOPMENT PROJECT
WASTE SOIL MANAGEMENT PLAN

Project No: C.2017.05.01.01
Date Drafted: 06/12/2017

FIGURE 1
LEGEND
- Approximate boundaries of the Jordan Downs Remediation Area
- Approximate location of UST1 and residual gasoline concentrations
- Approximate locations of potential residual petroleum (diesel and oil) concentrations
- Approximate locations of potential residual volatile organic compounds (VOCs) concentrations

DISCLAIMER: All dimensions are approximate and are for illustrative purposes only. The dimensions shall not be relied upon for any purpose.

AREAS OF POTENTIAL RESIDUAL COC/COPC CONCENTRATIONS

JORDAN DOWNS REDEVELOPMENT PROJECT
WASTE SOIL MANAGEMENT PLAN

Project No: C.2017.05.01.01
Date Drafted: 06/12/2017

Client: Housing Authority of the City of Los Angeles
C/o JDRM C/o Bridge Housing Corporation
20321 Irvine Avenue, Suite F-1
Newport Beach, CA 92660

Site: Jordan Downs Redevelopment Project
9901 South Alameda Street
Los Angeles, CA 90002

CONSTITUENTS OF CONCERN/CONSTITUENTS OF POTENTIAL CONCERN

COCs/COPCs

New Lot Number

11
APPENDIX A
SUSPECT SOIL NOTIFICATION FORM
AND LOCATION MAPS
# Jordan Downs Redevelopment Project
## Suspect Soil Notification Form

<table>
<thead>
<tr>
<th>DATE</th>
<th></th>
</tr>
</thead>
</table>

**PROJECT PHASE**

(circle one)

1A  1B  2A  2B  3A  3B  4A  4B  5A  5B  6A  6B  RETAIL

<table>
<thead>
<tr>
<th>Entity</th>
<th>Company Name</th>
<th>Contact Name</th>
<th>Email</th>
<th>Phone Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Contractor</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Subcontractor</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

**Type of Work Involved**

---

**Description of Suspect Soil**

---

**Has the Work Area Been Isolated?**

YES  NO

If not, isolate the area of the suspect soil immediately to prevent further disturbance or exposure.

**Location of the Suspect Soil**

(provide both horizontal and depth information)

(mark the location on the attached map)

Promptly email this notification and location map to Ramin.Kianfar@hacla.org and to the Developer’s main contact person.

**IF THERE IS A CONDITION JUDGED TO BE IMMEDIATELY DANGEROUS TO LIFE OR HEALTH CALL 911 IMMEDIATELY AND REQUEST THE HAZ MAT TASK FORCE (HMTF) BEFORE COMPLETING THIS FORM.**
CLEARLY MARK THE LOCATION OF THE SUSPECT SOIL
USE UPPER MAP IF IT'S IN THE REMEDIATION AREA
USE LOWER MAP FOR ALL OTHER AREAS
EXHIBIT J

Distribution of Net Cash Flow

[attached]
EXHIBIT A

Distribution of Net Cash Flow

[SUBJECT TO FURTHER REVIEW]

Capitized terms used in this Exhibit A, but not defined in the Note, shall have thing meaning set forth in the Partnership Agreement. From and after Conversion, Net Cash Flow for each fiscal year (or fractional portion thereof) shall be distributed within ninety (90) days after the end of each fiscal year, in the following order of priority:

First, to the Investor Limited Partner until the aggregate amount of distributions made to the Investor Limited Partner under Section 11.03(b)(i) of the Partnership Agreement for the current and all prior years equals the Assumed Investor Limited Partner Tax Liability for the current and all prior years;

Second, to the Investor Limited Partner in an amount equal to any amounts due and owing to the Investor Limited Partner hereunder, including without limitation, Unpaid Tax Credit Shortfall, Investor Limited Partner Advances, Special Additional Capital Contributions, the Default Cash Priority, and then any unpaid Asset Management Fees to the Investor Limited Partner;

Third, to any Asset Management Fee payable to the Investor Limited Partner for the current fiscal year;

Fourth, to pay any accrued and unpaid management fee under Section 7.01 of the Partnership Agreement;

Fifth, to the extent of 100% of remaining Net Cash Flow towards the payment of all amounts due under the Development Agreement until paid in full;

Sixth, to the payment of any accrued and unpaid MGP Partnership Fee and then to the MGP Partnership Management Fee under Section 14.06 of the Partnership Agreement for the current fiscal year;

Seventh, to the extent of 100% of remaining Net Cash Flow and only until payment in full of all amounts due under that certain Service Coordination Fee Agreement by and between the Partnership and Housing Authority dated as of substantially even date herewith (the “HACLA Services Agreement”) (1) 90% to the payment of all amounts due under the HACLA Services Agreement until paid in full and (2) 10% to the Incentive Management Fee in accordance with Section 14.02 of the Partnership Agreement;

Eighth, to replenish the Operating Reserve to the Operating and Debt Service Reserve Minimum;

Ninth, to the pro rata payment of any outstanding Operating Deficit Loans, General Partner Loans, HAP Guaranty Loans (if applicable), based upon the respective outstanding balances of
each, and thereafter to any loans made by Administrative General Partner in accordance with Section 5.03(a) of the Partnership Agreement; and

Tenth, to the extent of 80% of remaining Net Cash Flow, towards the payment of the following: (1) Base Rent and Accrued Base Rent under the Ground Lease until paid current, (2) then, amounts due on the [Authority CNI Loan or this Note] until paid in full, and (3) then, amounts due on the [Authority TCC Loan or this Note] until paid in full.
GROUND LEASE AGREEMENT

by and between

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

and

JORDAN DOWNS PHASE S2, LP

DATED AS OF __________, 2021
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GROUND LEASE AGREEMENT

Jordan Downs Phase S2

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

RECITALS

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

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

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

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

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

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

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

**ARTICLE 1 DEFINITIONS**

Section 1.1 Definitions.

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

(a) "Accrued Base Rent" shall have the meaning set forth in Section 4.1 hereof.

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

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

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

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

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

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

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

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

(6) Investor equity funds generated from Low Income Housing Tax Credits in the approximate amount of [Thirteen Million Two Hundred Thousand Dollars ($13,200,000)] made with funds available to the Landlord pursuant to a Transformative Climate Communities Program Grant from the State of California (the “Authority TCC Loan” and collectively with the Authority IIG Loan and Authority CNI Loan, the “Authority Loan”); and

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

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

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

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

“Authority Compliance Fee” shall mean a Ten Thousand Dollar ($10,000.00) fee paid annually to the Landlord beginning the first day of the first month following construction completion of the Project. The Authority Compliance Fee shall be paid no later than one hundred twenty (120) days following the end of each fiscal year (a pro-rata Authority Compliance Fee shall be paid for any partial fiscal year). The Authority Compliance Fee shall increase annually by a rate of three percent (3%) and shall be paid as an Operating Expense prior to the distribution of Net Cash Flow.
(g) “Authority Loan Agreement” shall mean that certain Authority Loan Agreement by and between the Landlord, as lender, and the Tenant, as borrower, governing the Authority Loan.

(h) “Base Rent” shall have the meaning set forth in Section 4.1 hereof.

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

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

(k) “Clean and Buildable Condition” shall mean (i) that existing buildings and all physical improvements on the Leased Premises have been demolished and removed in accordance with all applicable laws, including environmental laws, as well as all roads, gutters, curbs and utility mains; (ii) the removal and disposal of all debris from the demolition and all other surface and subsurface physical obstructions shall have been completed in accordance with all applicable laws, including environmental laws; (iii) any areas of the Leased Premises that are disturbed by any demolition activity shall be restored to pre-demolition grade and material compacted with suitable fill material rough graded so as to allow the construction of the Improvements and (iv) all abandoned utility lines disclosed by utility company records have been removed.

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

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

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

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

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

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

(s) “Event of Default” shall have the meaning set forth in Article 13 hereof.

(t) “First Mortgage Loan” shall mean (i) the Construction Loan or (ii) the Permanent Loan, during the respective term of each or, if both have been paid off and the deed of trust related to such loans have been released, the loan that is next in priority order.

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

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

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

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

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

“Improvements” shall mean the eighty-one (81) Residential Units to be constructed on the Leased Premises, including, without limitation, tenant related space and related ancillary facilities, together with any and all replacements or substitutions therefor or modifications thereto.

“Insurance Requirements” shall mean the requirements, whether now or hereafter in force, of any insurer or insurance carrier, any board of fire underwriters or any other company, bureau, organization, or entity performing the same or similar functions, applicable to the Leased Premises and/or the Improvements, or any portion thereof, to the extent so applicable.

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

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

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

“Lease” shall mean this Ground Lease Agreement.

“Lease Year” shall mean a calendar year.

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

“Legal Requirements” shall mean all applicable laws, statutes, codes, ordinances, orders, rules, regulations, and requirements of all Governmental Authorities and the appropriate agencies, officers, departments, boards, and commissions thereof, whether now or hereafter in force, applicable to Landlord, Tenant, the Leased Premises, the Improvements, or any portion thereof, to the extent so applicable.
(jj) “Management Agent” shall mean the Person designated from time to time as “Management Agent” of all or any portion of the Improvements under any management agreement entered into from time to time with Tenant. Michaels Management-Affordable, LLC, a New Jersey limited liability company, shall serve as the initial Management Agent for the Project.

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

(ll) “Memorandum of Lease” shall mean the memorandum of this Lease to be recorded against the Leased Premises in the Official Records in the form attached hereto as Exhibit B.

(mm) “Mortgage” shall mean any mortgage, deed of trust, security agreement, or collateral assignment executed in connection with the Approved Financing encumbering Tenant’s Estate created hereunder as a leasehold deed of trust lien.

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

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

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

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

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

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

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

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

“PBV Units” shall mean the sixty-three (63) units operated and maintained in accordance with any PBV HAP Contract of which thirty-two (32) units (“PBV Replacement Units”) are designated replacement units for the public housing units to be demolished at the existing Jordan Downs public housing site. The PBV Replacement Units are subject to the CNI Declaration.
“Party” shall mean Landlord or Tenant, as applicable. Landlord and Tenant shall be referred to collectively as the “Parties”.

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

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

“Project” shall mean the Improvements and Tenant’s Estate.

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

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

“RAD Units” shall mean the seventeen (17) units operated and maintained in accordance with any RAD HAP Contract entered into. The RAD Units are subject to the RAD Use Agreement and CNI Declaration.

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

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

(gg) (ff)“Rent” shall have the meaning set forth in Section 4.1 hereof.

(hh) (gg)“Residential Units” shall mean the eighty-one (81) multifamily residential units to be developed on the Tenant’s Estate (including the managers’ units).

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

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

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

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

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

(nn) (mm)“Taking” shall mean a taking during the Term hereof of all or any part of the Leased Premises and/or the Improvements, or any interest therein or right accruing thereto, as a result of the exercise of the right of condemnation or eminent domain or a change in grade materially affecting the Leased Premises or any part thereof. A conveyance in lieu of or in anticipation of the exercise of any such right of condemnation or eminent domain shall be considered a Taking. Any such Taking shall be deemed to have occurred upon the earlier to occur of (a) the date on which the property, right, or interest so taken must be surrendered to the condemning authority, or (b) the date title vested in a condemning authority or other party pursuant to any Taking. If a Mortgage exists, the Mortgagees, to the extent permitted by law and pursuant to such Mortgagees loan documents, shall be made parties to any Taking or Taking proceeding.
“Tax Credit Eligible Household” shall mean a household that is eligible to rent and occupy a qualified low-income dwelling unit under Section 42 and any Legal Requirements of the State of California or TCAC relating to low-income housing tax credits.

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

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

“TCAC” shall mean the California Tax Credit Allocation Committee.

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

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

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

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

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

ARTICLE 2 LEASE OF THE LEASED PREMISES
Section 2.1  **Leased Premises.** Subject to the terms hereof and in consideration of the covenants of payment and performance stipulated herein, Landlord has leased, demised, and let, and by these presents does hereby lease, demise, and let unto Tenant, and Tenant hereby leases and takes from Landlord, the Leased Premises. Tenant has compensated Landlord for the purchase of the 75-year leasehold interest created by this Lease in the amount of Three Million Four Hundred Thousand Dollars ($3,400,000), pursuant to the following documents entered into as of even date herewith: the DDA, Authority Acquisition Note, and Authority Acquisition Deed of Trust. Landlord and Tenant acknowledge and agree that the principal amount of the Authority Acquisition Note, Three Million Four Hundred Thousand Dollars ($3,400,000.00), represents the purchase price, at the appraised fair market value, of the Leased Premises shall pay Landlord the Base Rent for the leasehold interest in Leased Premises as set forth in section 4.1 of this Lease.

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

Section 2.3  **Term.** Unless sooner terminated pursuant to the provisions hereof, this Lease shall continue in full force and effect for a term ("**Term**"), commencing on the Commencement Date and expiring seventy-five (75) years thereafter.

Section 2.4  **Use.** Tenant shall, throughout the Term, continuously use the Leased Premises and the Improvements only for the construction, operation, marketing for lease, and leasing of the Residential Units, and such other uses as are reasonably and customarily attendant to such uses, subject to the Regulatory Agreements and this Lease, including but not limited to the restrictions and requirements set forth in Article 3 hereof. The Project shall be used, operated, and devoted for the entire Term as required by **Exhibit C** and for no other use or purpose. Further, Tenant agrees:

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

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

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

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

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

Section 2.5  **Possession.** Landlord agrees to and shall provide possession of the Leased Premises to Tenant on the Commencement Date.
Section 2.6 Memorandum of Lease. The Parties shall execute and acknowledge the Memorandum of Lease, in the form attached hereto as Exhibit B, which Tenant shall cause to be immediately recorded in the Official Records at Tenant’s expense.

ARTICLE 3 THE IMPROVEMENTS

Section 3.1 Construction.

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

(b) The Tenant’s time to perform its obligations under this Section 3.1 may be reasonably extended if the Tenant is prevented or delayed from completing construction as required by this Section 3.1 by an event of Force Majeure. For purposes of solely of Sections 3.1 of this Lease, “Force Majeure” is an act or event outside of the Tenant’s control, including, as applicable, (i) acts of God, or of the public enemy, (ii) court order, acts, delays, failure or refusal to act on the part of a Governmental Authority in either its sovereign or contractual capacity, (iii) acts of a contractor other than The Michaels Development Company I, L.P. or its affiliates, or subcontractor, in the performance of an agreement with the Landlord (and not pursuant to a contract with the Tenant), (iv) riots, war or acts of terrorism, (v) fires, (vi) floods or earthquakes, epidemics, (vii) quarantine restrictions, (viii) strikes or lockouts, (ix) freight embargoes, (x) litigation, (xi) Non-issuance of permits, (xii) lack of HUD approval (xiii) unusually severe weather, (xiv) the presence of unknown Hazardous Materials or archeological finds, and (xv) or delays of subcontractors or suppliers at any tier arising from unforeseeable causes, and (xvi) failure of the Demolition Contractor (as defined in Section 14.3) to complete Demolition and Remediation Work (as defined in Section 14.3) by [May 15, 2021]. To claim Force Majeure as
an excuse for failure to perform under this Section 3.1, the Tenant must prove that (A) the Force Majeure event is directly related to the Tenant’s inability to perform an obligation described in this Section 3.1, (B) the Tenant took reasonable steps to minimize delay or damages caused by foreseeable events, (C) the Tenant substantially fulfilled all non-excused obligations of this Section 3.1 and (D) the Tenant timely notified the Landlord of the occurrence of a Force Majeure event. Upon completion of the Force Majeure event, the Tenant must as soon as reasonably practicable recommence the performance of its obligations under this Section 3.1 in a manner that minimizes the effects of the stoppage or delay caused by the Force Majeure event.

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

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

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

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

Section 3.3 Permits, Licenses and Easements.

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

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

Section 3.4 Title to Improvements.

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

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

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

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

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

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

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

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

(d) Tenant will comply with Section 3 of the Housing and Urban Development Act of 1968 and its implementing regulations[4] 24 CFR Part 135[5] (“Section 3”), as such may be amended from time to time. Section 3 requires that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons. During construction of the Project, Tenant shall comply with the Section 3 requirements set forth in the Construction Section 3 Plan (the “Construction Section 3 Plan”) attached hereto as Exhibit E-1, the Local Hire and Section 3 Rider attached hereto as Exhibit E-3 (the “Section 3 Rider”) and the Section 3 Guide and Compliance Plan attached hereto as Exhibit E-4 (the “HACLA Section 3 Plan”). Following completion of construction and for the remainder of the Term of this Lease, Tenant shall comply with the Section 3 commitments set forth in the Section 3 Rider, HACLA Section 3 Plan and the Section 3 Plan approved by Landlord attached hereto as Exhibit E-2 (the “Section 3 Plan” and collectively,
with the Construction Section 3 Plan, Section 3 Rider and HACLA Section 3 Plan, the “Section 3 Documents”),

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

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

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

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

Section 3.8 Covenants Applicable to RAD Units.

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

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

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

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

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

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

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

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

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

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

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

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

(iv) Notwithstanding the provisions of this Section 3.8(d), the RAD Use Agreement shall remain in full force and effect. The Tenant (or its partners) shall not be obligated to make a loan to the Project or deplete reserves as part of a Feasibility Plan, except as provided in this Section 3.8(d). Subject to the RAD Requirements, the RAD HAP Contract and applicable law, Landlord shall make best efforts to (1) mitigate the loss or reduction in subsidy at the Project by prioritizing the Project in its allocation of

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additional or replacement Housing Choice Vouchers, RAD subsidy, or comparable subsidy; (2) cause any unavoidable reduction in subsidy to occur gradually; and (3) coordinate with the Tenant in planning and implementing such reduction.

Section 3.9  Covenants Applicable to PBV Units.

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

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

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

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

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

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

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

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

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

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

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

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

Section 3.10 Prevailing Wages To the extent required with respect to the Improvements, Tenant shall pay and assure that all contractors and subcontractors working on the Project pay the general prevailing rate of per diem wages, as determined by the U.S. Labor Department, pursuant to the federal Davis-Bacon Act and implementing rules and regulations. Tenant shall comply with all applicable reporting and recordkeeping requirements.

Section 3.11 Payment and Performance Bonds In connection with the Improvements, Tenant shall require its general contractor to procure and deliver to Landlord copies of labor and material (payment) bonds and performance bonds, or a dual bond which covers both payment and performance obligations, in a penal sum each of not less than one hundred percent (100%) of the scheduled cost of the Improvements, and one hundred percent (100%) payment bond. Said bonds shall be issued by an insurance company which is licensed to do business in the State of California and has a rating equivalent to AAA or AA+ by an insurance company listed in the current year’s Federal Register or as otherwise approved by Landlord. The labor and materials (payment) bond shall name Landlord as a co-obligee or assignee.

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

Section 3.13 Accessibility Requirements The design and the operation of the Project shall meet the program accessibility requirements of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8 or any applicable successor regulation, the Americans with Disabilities Act, and the Fair Housing Act and their implementing regulations. In addition, the Tenant shall ensure that the percentage of accessible dwelling units complies with the requirements of Section 504 of the Rehabilitation Act of 1973.
ARTICLE 4 RENTS

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

Section 4.1 Rent. As consideration for this Lease and the use the Leased Premises, the Tenant shall pay to the Landlord the Base Rent, as set forth in this Section 4.1. The term “Base Rent” shall mean the annual rent payment due from the Tenant to the Landlord on April 1st of each year of the Term beginning in 2022. The Base Rent shall be (i) in the initial amount of Two Hundred Thirty-Seven Thousand Dollars ($237,000.00), increasing annually at the rate of four percent (4%), beginning in the year 2022 and continuing through the year 2040 and (ii) One Dollar ($1.00) beginning in 2041 and continuing for the remainder of the Term. Notwithstanding the foregoing, prior to April 1, 2077, such Base Rent shall be due and payable only to the extent of Net Cash Flow available annually for such purposes pursuant to the priority described in Exhibit J attached hereto. Any Base Rent for which the Parties have agreed there is not sufficient Net Cash Flow in any given year shall be deferred to the following year, and shall be paid from subsequent years’ Net Cash Flow (in the same priority) until paid in full. All accrued and unpaid Base Rent ("Accrued Base Rent"), shall be due and payable in full by the Tenant on the earlier of (A) a Capital Transaction (as defined in the Partnership Agreement) and (B) April 1, 2077 and, thereafter, the Base Rent shall be paid currently. [The Landlord and Tenant acknowledge and agree that the Base Rent provided herein constitutes fair market rent for the right to use the Land and agree to account for payment thereof as an expense for tax and accounting purposes.]

Section 4.2 Additional Rents. In addition to the Base Rent and Accrued Base Rent specified in Section 4.1 hereof, any and all of the payments that Tenant is required to make hereunder to or for the benefit of Landlord shall be deemed to be “Additional Rents.” All such Additional Rents shall be payable in accordance with the provisions of this Lease specifying the payment of such Additional Rents, including, but not limited to, Section 4.3 herein. The Base Rent and Accrued Base Rent specified in Section 4.1 hereof and Additional Rents payable hereunder shall be deemed “Rents” reserved by Landlord, and any remedies now or hereafter given to Landlord under the laws of the State of California for collection of the Rents shall exist in favor of Landlord, in addition to any and all other remedies specified in this Lease.

Section 4.3 Payments. All Rents or other sums, if any, due Landlord hereunder shall be paid by Tenant to Landlord at the address of Landlord set forth herein for notices, or to such other person and/or at such other address as Landlord may direct. All Rents shall be paid promptly when due without demand, offset or deduction in lawful money of the United States. If Tenant fails to make any payment of Rents on or before the date such payment is due and payable in accordance with the terms of this Lease, then the Landlord shall have the right to impose upon Tenant a late charge of five percent (5%) of the amount of such payment.
Section 4.4 **Net Lease and Assumption of Risk.** This Lease is intended to be, and shall be, construed as an absolute net lease, whereby under all circumstances and conditions (whether now or hereafter existing or within the contemplation of the Parties), the Rents provided for herein shall be absolutely net to Landlord over and above all costs, expenses, and charges of every kind or nature whatsoever related to the Leased Premises, including, without limitation, taxes, utility costs, insurance premiums, operating expenses, costs of repairs, maintenance, restorations, and replacements of the Project, except as may otherwise be expressly set forth herein.

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

(a) Within one hundred twenty (120) days after the end of each Lease Year but in no event later than April 1 of each Lease Year, Tenant shall prepare and deliver to Landlord a statement (the "**Annual Statement**"), in form and containing such details as are reasonably satisfactory to Landlord, showing the total amount of Net Cash Flow received during such Lease Year, itemizing all revenues and expenditures used to compute Net Cash Flow, and specifying (i) the total amount of the annual Net Cash Flow payment due pursuant to the terms of the Authority Acquisition Note, if any due for the payment of the Base Rent and Accrued Base Rent under Section 4.1 and (ii) the current accumulated Accrued Base Rent. Tenant shall make any required Net Cash Flow payment to Landlord on the date that it delivers the Annual Statement to Landlord. Concurrent with delivery of each Annual Statement, Tenant shall also deliver to Landlord the audited financial statements of Tenant, as of the end of the prior Lease Year, with the report of Tenant’s accountants thereon stating that the audit of such financial statements has been made in accordance with generally accepted audit standards.

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

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

ARTICLE 5 TAXES AND OTHER IMPOSITIONS; UTILITIES

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

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

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

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

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

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

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

ARTICLE 6 INSURANCE

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

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

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

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

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

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

Section 6.3 **Evidence of Insurance.** Certificates of insurance for all insurance required to be maintained by Tenant prior to Closing under this Article 6 shall be furnished by Tenant to Landlord on or before the date of this Lease. Landlord reserves the right to require complete, certified copies of all required insurance policies, including endorsements demonstrating the coverage required by this Lease at any time.
Section 6.4 Failure to Maintain. If Tenant fails to maintain such insurance, Landlord, at its election, may procure such insurance as may be necessary to comply with the above requirements (but shall not be obligated to procure same), and Tenant agrees to repay to Landlord as Additional Rents the cost of such insurance.

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

ARTICLE 7 MAINTENANCE, ALTERATIONS, REPAIRS AND REPLACEMENTS

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

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

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

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

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

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

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

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

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

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

Section 7.6 Management and Operation of the Residential Units.

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

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

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

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

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

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

ARTICLE 8 MORTGAGE LOANS

Section 8.1 Loan Obligations. Nothing contained in this Lease shall relieve the Tenant of its obligations and responsibilities under any Approved Financing or Approved Financing Documents to operate the Project as set forth therein.

Section 8.2 Liens and Encumbrances Against Tenant’s Interest in the Leasehold Estate. Tenant shall have the right to encumber the leasehold estate created by this Lease and the Improvements with the Regulatory Agreements and all other liens and restrictive covenants related to the Approved Financing. Except as otherwise provided in this Lease, Tenant shall not engage in any financing or any other transaction creating any security interest or other encumbrance or lien upon the Property other than a lien for current taxes, whether by express agreement or operation of law, or allow any encumbrance or lien to be made on or attached to the Property or the Improvements, except with the prior written consent of the Landlord, which approval shall not be unreasonably withheld, delayed or conditioned, and as otherwise permitted under this Lease. The Tenant shall notify the Landlord in writing in advance of any financing secured by any deed of trust, mortgage, or other similar lien instrument that it proposes to enter.
into with respect to the Improvements, and of any encumbrance or lien that has been created on or attached to the Property whether by voluntary act of the Tenant or otherwise.

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

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

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

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

ARTICLE 9 PERMITTED MORTGAGES AND INVESTOR RIGHTS

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

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

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

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

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

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

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

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

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

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

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

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

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

In addition, without limiting the preceding paragraph, in the event of the filing of a
petition in bankruptcy by or against Tenant, and Tenant rejects this Lease under the then
applicable provisions of the United States Bankruptcy Code, U.S.C. Title 11 (the “Bankruptcy
Code”), Landlord shall notify Mortgagee of such rejection and, upon the request of such
Mortgagee, or its designee, within the sixty (60) day time period specified above, affirm this
Lease, and Landlord will enter into a New Lease with Mortgagee or its designee. Notwithstanding
the foregoing, in the case of the Permanent Loan, Landlord hereby acknowledges and agrees that
such Mortgagee need not request a New Lease and that Landlord shall immediately affirm this
Lease and enter into a New Lease without waiting for the sixty (60) day period to expire.

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

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

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

If Landlord shall, without termination of the Lease, evict Tenant, or if Tenant shall abandon the Leased Premises, then any reletting thereof shall be subject to the liens and rights of Mortgagees, and in any event Landlord shall not relet the Leased Premises or any part thereof, other than renewal of occupancies of residential tenants and leases or other occupancy agreements with new residential tenants consistent with any covenants of record for low-income housing, without sixty (60) days’ advance written notice to all Mortgagees of the intended reletting and the terms thereof, and if any Mortgagee shall, within thirty (30) days of receipt of such notice, give notice to Landlord of such Mortgagee’s intent to pursue proceedings to foreclose on the Leased Premises or otherwise cause the transfer thereof, then so long as the Mortgagee shall diligently pursue such proceedings Landlord shall not proceed with such reletting without the written consent of such Mortgagee.

If a Mortgagee shall elect to demand a New Lease under this Section and only in the event that such Mortgagee is not recognized as a proper plaintiff, Landlord agrees, at the request of, on behalf of, and at the expense of the Mortgagee, to institute and pursue diligently to conclusion any appropriate legal remedy or remedies to oust or remove the original Tenant from the Leased Premises, and those sub-tenants actually occupying the Leased Premises, or any part thereof, as designated by the Mortgagee, subject to the rights of non-defaulting residential tenants in occupancy of apartment units at the Leased Premises. Mortgagees shall cooperate with Landlord in connection with any such actions.

Nothing herein contained shall require any Mortgagee to accept a New Lease.
No Mortgagee shall be liable to Landlord unless it expressly assumes such liability in writing. In the event any Mortgagee or other transferee becomes the “Tenant” under this Lease or under any New Lease obtained pursuant to this Article, Mortgagee or other transferee shall not be liable for the obligations of Tenant under this Lease that do not accrue during the period of time that the Mortgagee or such other transferee, as the case may be, remains the actual Tenant under this Lease or the New Lease, holding record title to the leasehold interest thereunder, other than the requirement that the Mortgagee cure any monetary defaults (other than Excluded Defaults) by Tenant upon entering into a New Lease. In no event shall any Mortgagee or other transferee be: (i) liable for the erection, completion, or restoration of any improvements unless erection, completion, or restoration of any improvements is required as a result of the acts or omissions of the Mortgagee following the date of its acquisition of Tenant’s interest in the Leased Premises; (ii) liable for any condition of the Leased Premises that existed prior to the date of its acquisition of Tenant’s interest in the Leased Premises, or for any damage, loss, or injury caused by such preexisting condition, or for the correction thereof or the compliance with any law related thereto; (iii) bound by any amendment of this Lease made without the prior written consent of the Mortgagee; or (iv) liable for any act or omission of any prior “Tenant” of any portion of the Leased Premises (including Tenant). Any liability of any Mortgagee or other transferee shall be limited to its interests in the leasehold and the Leased Premises, and shall be enforceable solely against those interests.

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

Section 9.8 Rights of Investor. Investor shall have the same notice and cure rights as any Mortgagee, which rights shall run concurrently with those of any Mortgagee for so long as Investor is a limited partner of Tenant, provided, however, that Investor shall be deemed to have met any condition relating to the commencement or continuation of a foreclosure proceeding if it is attempting with diligence and in good faith to remove the general partner of Tenant. Notwithstanding anything to the contrary herein, Tenant shall not be permitted to terminate this Lease prior to the expiration of the Term without the prior written consent of the Investor. The address for any notices to same, as of the date hereof, is provided in Section 18.12 hereof. Notwithstanding any other provisions herein:

(a) if a monetary event of default occurs under the terms of this Lease, prior to exercising any remedies hereunder, Landlord shall provide written notice of such default to Investor and Investor shall have a period of sixty (60) days after such notice is given within which to cure the default prior to exercise of remedies by Landlord; or

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

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

ARTICLE 10 REPRESENTATIONS, WARRANTIES AND COVENANTS

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

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

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

(c) Tenant (i) shall not cause or permit any Hazardous Substances and Materials to be
placed, held, located, or released or disposed of on, under, or at the Leased Premises or any part
thereof, except in commercially reasonable amounts used in the construction and operation of the
Improvements and in accordance with Legal Requirements, and (ii) shall not cause or permit any
Hazardous Substances and Materials contamination of the Leased Premises or any part thereof;
provided, however, that Tenant shall not be in violation of this Subsection 10.1(c) or otherwise
be liable or obligated under this Lease for any of the foregoing to the extent caused by the
existence of soils, water, or materials already located on the Leased Premises as of the
Commencement Date or that arises from the migration of Hazardous Materials or Substances
released from, disposed of, or otherwise placed at, a location other than the Leased Premises by
parties and/or circumstances over which Tenant has no control and due to no fault of Tenant (for
convenience such event is called an “On-Site Migration” hereinafter); and

(d) At all times during the Term, Tenant or its authorized representative shall use,
maintain and operate the Leased Premises and the Improvements thereon in accordance with all
Legal Requirements and Regulatory Agreements. The Tenant acknowledges that prior to the date
hereof, the City and Landlord certified an Environmental Impact Report (the “EIR”) and its
related Mitigation and Monitoring Program attached hereto as Exhibit I-1 (as amended consistent
with applicable law from time to time, the “Mitigation Measures”). The Tenant will comply
with the terms of the EIR, the Mitigation Measures, the Waste Soil Management Plan attached
hereto as Exhibit I-2 and related conditions of approval adopted by the City or Landlord prior to
the date hereof to the extent applicable to the Leased Premises and Improvements.
Section 10.2  Representations, Warranties and Covenants of Landlord. As an inducement to Tenant to enter into and to proceed under this Lease, Landlord warrants and represents to Tenant as follows, which warranties, representations, and covenants are true and correct as of the date of this Lease:

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

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

(c) Landlord shall provide all available information relating to the Leased Premises, as expeditiously as necessary, for the orderly progress of the Project. In addition, the Landlord shall coordinate closely with the Tenant regarding all communications with HUD, forward to the Tenant all relevant correspondence, directives, and other written materials either to or from HUD with respect to this Lease. Landlord will respond as promptly as possible, within its management structure, to questions that may arise during Project administration.

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

Section 10.3  Hazardous Substances and Materials.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Landlord hereby agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the Tenant) the Tenant and any affiliate of Tenant and their respective board members, directors, officers, employees, members, agents, consultants, lenders, volunteers, representatives, successors, and assigns (all the foregoing, the “Tenant Indemnitees”) from and against any loss, damage, cost, expense, or liability to the extent arising out of or attributable to (i) the presence, from prior to the Commencement Date and subject to Landlord’s responsibilities under Section 14.3 herein, of any Hazardous Substances and Materials or any environmental condition not identified in any Phase I Environmental Site Assessment and, if applicable, Phase II Environmental Site Assessment for the Leased Premises, (ii) On-Site Migration, or (iii) Tenant’s construction of the Improvements substantially in accordance with the requirements of Article 3 hereof. However, anything in the preceding sentence notwithstanding, the foregoing indemnities shall not extend to claims, losses, fees, damages, costs, or expenses of any kind or nature to the extent Hazardous Substances and Materials or environmental conditions are (y) caused or exacerbated by a Tenant Indemnitee’s intentional wrongful acts, intentional wrongful omissions, gross negligence, or willful misconduct (including grossly negligent deviations from the requirements of Article 3 hereof) or (z) result from any Hazardous Substances and Materials brought onto and/or released at the Leased Premises by any Tenant Indemnitee or with any Tenant Indemnitee’s knowledge or permission (express or implied).

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

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

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

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

**ARTICLE 11 EMINENT DOMAIN**

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

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

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

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

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

ARTICLE 12 DAMAGE OR DESTRUCTION

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

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

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

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

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

ARTICLE 13 EVENTS OF DEFAULT

Section 13.1 Events of Default. Each of the following shall be an “Event of Default” by Tenant hereunder:

(a) failure by Tenant to pay any Rents when due or to pay or cause to be paid any Impositions, insurance premiums, or other liquidated sums of money herein stipulated to be paid by Tenant, if such failure shall continue for a period of sixty (60) days after written notice thereof has been given by Landlord to Tenant and Investor;
(b) failure by Tenant to perform or observe any of the provisions of this Lease stipulated in this Lease to be observed and performed by Tenant (including, but not limited to the failure to comply with Section 3.6), if such failure shall continue for a period of ninety (90) days after written notice thereof has been given by Landlord to Tenant and Investor; provided, however, that if any such failure cannot reasonably be cured within such ninety (90)-day period, then Landlord shall not have the right to terminate this Lease or Tenant’s right to possession hereunder so long as Tenant or Investor promptly commences the curing of any such failure and thereafter proceeds in good faith and with due diligence to remedy and correct such failure within a reasonable period of time;

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

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

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

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

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

(h) the appointment of a trustee or receiver for Tenant or for all or the major part of Tenant’s property or the Leased Premises, in any involuntary proceeding, not including pursuant to any Mortgage, or taking of jurisdiction by any court over all or the major part of Tenant’s property or the Leased Premises in any involuntary proceeding for the reorganization, dissolution, liquidation, or winding up of Tenant, if such trustee or receiver shall not be discharged or such jurisdiction relinquished or vacated or stayed on appeal or otherwise stayed within ninety (90) days;

(i) the Tenant’s failure to pay assessments due pursuant to the Declaration of Restrictions (CC&Rs), unless assessments are disputed in good faith and Tenant deposits a bond sufficient to cover the assessment costs with title company;

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

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

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

Section 13.2 Rights and Remedies.

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

(b) Upon the exercise of Landlord’s remedies pursuant to this Section 13.2, Tenant shall execute such releases, deeds, and other instruments in recordable form as Landlord shall reasonably request in order to accurately set forth of record the then current status of Tenant’s Estate and Tenant’s rights hereunder.

Section 13.3 Deficiency Judgments. Landlord, for itself and for each and every succeeding owner of Landlord’s Estate in the Leased Premises, agrees that it shall never be entitled to seek a personal judgment against Tenant or its members and that (a) upon any Event of Default hereunder, the rights of Landlord to enforce the obligations of Tenant, its successors, or assigns, or to collect any judgment, shall be limited to the termination of this Lease and of Tenant’s Estate and the enforcement of any other rights and remedies specifically granted to Landlord hereunder, provided, however, that the limitations set forth in this Section 13.3 shall
Section 13.4 Default by Landlord.

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

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

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

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

ARTICLE 14 QUIET ENJOYMENT AND POSSESSION; INSPECTIONS

Section 14.1 Quiet Enjoyment. Landlord covenants and warrants that Tenant, upon payment of all sums herein provided and upon performance and observance of all of its covenants

not be applicable to (i) fraud, (ii) misappropriation of any Net Condemnation Award or insurance, and (iii) misappropriation of Authority Loan funds.
herein contained, shall peaceably and quietly have, hold, occupy, use, and enjoy, and shall have the full, exclusive, and unrestricted use and enjoyment of, all of the Leased Premises during the Term, subject only to the provisions of this Lease, the RAD Use Agreement, CNI Declaration, the Regulatory Agreements, and all applicable Legal Requirements.

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

Section 14.3  Right of Access – Demolition and Remediation Work. Tenant and Landlord acknowledge that the Landlord has entered into that certain [Contract for Federal Construction between the Housing Authority of the City of Los Angeles and Interior Demolition, Inc.] (the “Demolition Contractor”) [C-HA-2019-146 (2020) dated January 1, 2020] (the “Demolition and Remediation Contract”) in order to put the Leased Premises into Clean and Buildable Condition (the “Demolition and Remediation Work”). The Landlord has agreed to execute this Lease and deliver the Leased Premises prior to the completion of the Demolition and Remediation Work as an accommodation to the Tenant to enable it to meet California Debt Limit Allocation Committee (“CDLAC”) deadlines for closing on construction financing and commencement of construction by [March 29, 2021]. Accordingly, the Landlord will endeavor to cause the Demolition and Remediation Work to be completed by [May 15, 2021] and Landlord hereby agrees to indemnify, protect, hold harmless and defend the Tenant Indemnitees from and against loss, damage, cost, expense, or liability solely attributable to mechanics liens, stop notices or other claims for labor, supplies, equipment and services arising from the Demolition and Remediation Work. In addition, the Landlord shall require the Demolition Contractor to add the Tenant, Investor, and all Mortgagees as additional insureds to its insurance coverage for the Demolition and Remediation Work. However, the Landlord assumes no liability for any loss, damage, cost, expense or liability arising from or related to the Tenant’s obligations to any Mortgagee, Investor, or any party including, but not limited to, any tax credit adjustors from the Investor, guaranties to any party, or any TCAC or CDLAC penalties, charges or recapture. The Landlord’s time to complete the Demolition and Remediation Work may be reasonably extended by and event of Force Majeure as defined in Section 3.1 of this Lease. To claim Force Majeure as an excuse for failure to perform under this Section 14.3, the Landlord must prove that (i) the Force Majeure event is directly related to the Landlord’s inability to perform an obligation described in this Section 14.3, (ii) the Landlord took reasonable steps to minimize delay or damages caused by foreseeable events, (iii) the Landlord substantially fulfilled all non-excused obligations of this Section 14.3 and (iv) the Landlord timely notified the Tenant of the likelihood or actual occurrence of a Force Majeure event. Upon completion of the Force Majeure event, the Landlord must as soon as reasonably practicable recommence the performance of its obligations under this Section 14.3 in a manner that minimizes the effects of the stoppage or delay caused by the Force Majeure event.
ARTICLE 15 VACATION OF LEASED PREMISES

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

ARTICLE 16 NON-MERGER

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

ARTICLE 17 ASSIGNMENTS AND TRANSFERS; FORECLOSURE

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

Section 17.2 Limitations on Consent Requirement. Notwithstanding the foregoing:

(a) The consent of Landlord shall not be required for:
(1) a lease of any Residential Unit at the Leased Premises, subject to the Landlord’s prior approval of the form of Tenant Lease;

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

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

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

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

(b) If Tenant requests the consent of Landlord to an internal reorganization of Tenant, or of any of the partners, members, or stockholders of Tenant, Landlord will not unreasonably withhold or delay such consent.

Section 17.3 Subsequent Assignment. In cases where Landlord’s consent is required, Landlord’s or HUD’s consent to one assignment will not waive the requirement that Landlord and HUD consent to any subsequent assignment.

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

Section 17.5 Consent of Landlord Not Required. The foreclosure of a Mortgage or any sale thereunder, whether by judicial proceedings or by virtue of any power contained in any Mortgage, or any conveyance of the Tenant’s Estate to any Mortgagee or its affiliate through, or in lieu of, foreclosure or other appropriate proceedings in the nature thereof, shall not require Landlord’s consent or breach any provision of or constitute an Event of Default under this Lease, and upon such foreclosure, sale, or conveyance, Landlord shall recognize any Mortgagee or such affiliate or designee of any Mortgagee, or any purchaser at any such foreclosure sale, as Tenant hereunder. Provided, however, that Landlord may disapprove a subsequent Transfer after foreclosure, deed in lieu of foreclosure or other appropriate proceedings where (and only where) the proposed transferee has (a) insufficient prior experience in managing affordable multifamily rental housing, (b) demonstrated poor performance in managing affordable multifamily rental housing, or (c) has been debarred or suspended by HUD.
Section 17.6 Transfer After Foreclosure. This Lease may be transferred, without the consent of Landlord, to any Mortgagee or an affiliate thereof, pursuant to foreclosure or similar proceedings, or pursuant to a Transfer of this Lease to such Mortgagee (or its affiliate) in lieu thereof, and may be thereafter transferred by such Mortgagee (or its affiliate), and any Mortgagee (or its affiliate) shall be liable to perform the obligations herein imposed on Tenant only for and during the period it is in possession or ownership of the leasehold estate created hereby. Provided, however, that Landlord may disapprove a subsequent Transfer after foreclosure, deed in lieu of foreclosure, or other appropriate proceedings by Mortgagee (or its affiliate) where (and only where) the proposed transferee has (a) insufficient prior experience in managing affordable multifamily rental housing, (b) demonstrated poor performance in managing affordable multifamily rental housing, or (c) has been debarred or suspended by HUD. In no event shall any Mortgagee (or its affiliate) be (i) liable for any prior act or omission of Tenant unless and to the extent such act or omission is continuing following the foreclosure or other transfer, or (ii) subject to any offsets or defenses which Landlord may have against Tenant.

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

ARTICLE 18 MISCELLANEOUS PROVISIONS

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

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

Section 18.3 Governing Law. This Lease, and the rights and obligations of the Parties hereunder, shall be governed by and construed in accordance with the substantive laws of the State of California.
Section 18.4 Binding Effect. This Lease shall inure to the benefit of and be binding upon the Parties hereto, their heirs, successors, administrators, executors, and permitted assigns.

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

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

Section 18.7 Captions. All captions, headings, paragraphs, subparagraphs, letters, and other reference captions are solely for the purpose of facilitating convenient reference to this Lease, shall not supplement, limit, or otherwise vary the text of this Lease in any respect, and shall be wholly disregarded when interpreting the meaning of any terms or provisions hereof. All references to particular articles, sections, subsections, paragraphs, and subparagraphs by number refer to the text of such items as so numbered in this Lease.

Section 18.8 Gender. Words of any gender used in this Lease shall be held and construed to include any other gender, and words of a singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

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

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

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

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

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

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

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

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

with a copy to: Levine, Staller, Sklar, Chan & Brown, P.A. 3030 Atlantic Avenue Atlantic City, NJ 08401 Attn: Arthur M. Brown

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

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

with a copy to: CIT Bank, N.A.
Section 18.13 Counterparts. This Lease may be executed in several counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute one and the same agreement.

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

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

Section 18.16 Multiple Mortgages. If at any time there shall be more than one Mortgage, the Mortgagee under the First Mortgage Loan (“First Loan Mortgagee”) shall be prior in lien and shall be vested with all of the rights of Mortgagee under this Lease (other than the provisions for receipt of notices) to the exclusion of any junior Mortgage and junior Mortgagee; provided, however, that: (a) if the First Loan Mortgagee fails to or refuses to exercise its rights set forth under this Lease, each holder of a junior Mortgage in the order of priority of their respective liens shall have the right to exercise such rights; and (b) with respect to the right of a Mortgagee under Section 9.7 (right to request a New Lease), such right may, notwithstanding the limitation of time set forth in Section 9.7, if any, be exercised by the holder of any junior Mortgage, in the event the holder of a senior Mortgage shall not have exercised such right within a reasonable amount of time.
Section 18.17  Conflicts with Mortgage. In the event of a default under a Mortgage, such Mortgagee may exercise with respect to the Leased Premises any right, power, or remedy under the Mortgage which is not in conflict with the provisions of this Lease. In the event of a conflict or inconsistency between any requirement contained in this Lease and any requirement contained in any document referred to in this Lease, including any Mortgage, the terms of this Lease shall in all instances be controlling.

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

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

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

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

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

Section 18.21  Non-Waiver of Governmental Rights. Nothing in this Lease shall be construed to in any way obligate Landlord or any other Governmental Authority to take any discretionary action relating to the construction, development, or operation of the Project, including, but not limited to, condemnation, rezoning, variances, subdivision, environmental

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clearances, or any other governmental approvals which are or may be required pursuant to the Legal Requirements. Nothing in this Lease shall be construed to restrict or impair in any manner whatsoever any Legal Requirement or the exercise by Landlord of any governmental powers or rights thereunder.

**ARTICLE 19 PARTICULAR COVENANTS**

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

Section 19.2 **Mandatory Language in All Subsequent Deeds, Leases and Contracts.** All deeds, leases, or contracts entered into by Tenant on or after the date of execution of this Lease as to any portion of the Project or Leased Premises shall contain the following language:

(a) In deeds: “Grantee herein covenants by and for itself, its successors, and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, sex, sexual orientation, marital status, ancestry, or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the property herein conveyed nor shall the grantee or any person claiming under or through the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of residential tenants, lessees, subtenants, sublessee, or vendees in the property herein conveyed. The foregoing covenant shall run with the land.”

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

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

ARTICLE 20 HUD PROVISIONS

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

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

(b) If any of the provisions of this Lease conflict with the terms of the RAD Use Agreement, the provisions of the RAD Use Agreement shall control.

(c) The provisions in this Article 20 are required to be inserted into this Lease by HUD and may not be amended without HUD’s prior written approval.

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

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

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

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

(2) Fail to renew the RAD HAP Contract upon such terms and conditions applicable at the time of renewal when offered for renewal by the Housing Authority of the City of Los Angeles or HUD.

(3) Except to the extent permitted by the RAD HAP Contract or RAD Use Agreement and the normal operation of the Project, neither the Tenant nor any partners shall have any authority without the consent of the Housing Authority of the City of Los Angeles to sell, transfer, convey, assign, mortgage, pledge, sublease or otherwise dispose of, at any time, the Project or any part thereof.
Section 20.2  CNI Provisions.

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

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

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

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

**LANDLORD:**

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

By: ___________________________
Douglas Guthrie
President and Chief Executive Officer
TENANT:

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

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

By: _______________________________
    Kenneth P. Crawford
    Vice President

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

By: _______________________________
    Tina Smith-Booth
    President
EXHIBIT A

Leased Premises

The land referred to herein is situated in the State of California, County of Los Angeles, City of Los Angeles, and described as follows:

Lot 2 of Tract No. 82633-01, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 1425 Pages 61 to 63 inclusive of Maps, in the office of the County Recorder of said County.

Also except from that portion of said Tract, not included within Nevada Villa Tract, as per map recorded in Book 6 Page 190 of Maps, all uranium, thorium, and all other materials essential to the production of fissionable material contained in whatever concentration in deposits, as reserved by the United States of America, in deed recorded December 30, 1952 in Book 40622 Page 378 of Official Records.

APN: 6046-021-917 and 6046-021-917; 6046-019-926
EXHIBIT B

Memorandum of Lease

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

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

No fee for recording pursuant to
Government Code Section 27383

(SPACE ABOVE THIS LINE FOR RECORDER’S USE)

MEMORANDUM OF GROUND LEASE

Jordan Downs Phase S2

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

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

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

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

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

LANDLORD:

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

By: ___________________________
    Douglas Guthrie
    President and Chief Executive Officer

WITNESS:

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

STATE OF CALIFORNIA )
COUNTY OF _____________ )

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

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

WITNESS my hand and official seal.

Signature _______________________________
TENANT:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

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

By: _______________________________
Kenneth P. Crawford
Vice President

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

By: _______________________________
Tina Smith-Booth
President

WITNESS:

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

STATE OF CALIFORNIA )
COUNTY OF _____________ )

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

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

WITNESS my hand and official seal.

Signature _______________________________
EXHIBIT A

Memorandum of Ground Lease Jordan Downs Phase S2

PROPERTY DESCRIPTION

The land referred to herein is situated in the State of California, County of Los Angeles, City of Los Angeles and described as follows:

Lot 2 of Tract No. 82633-01, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 1425 Pages 61 to 63 inclusive of Maps, in the office of the County Recorder of said County.

Also except from that portion of said Tract, not included within Nevada Villa Tract, as per map recorded in Book 6 Page 190 of Maps, all uranium, thorium, and all other materials essential to the production of fissionable material contained in whatever concentration in deposits, as reserved by the United States of America, in deed recorded December 30, 1952 in Book 40622 Page 378 of Official Records.

APN: 6046-021-917 and 6046-019-926
EXHIBIT B

Memorandum of Ground Lease Jordan Downs Phase S2

AFFORDABILITY RESTRICTIONS

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

<table>
<thead>
<tr>
<th></th>
<th>30% AMI</th>
<th>40% AMI</th>
<th>50% AMI</th>
<th>Manager/Non-Revenue</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Bedroom</td>
<td>2</td>
<td>3</td>
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<tr>
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</tr>
<tr>
<td>Three Bedroom</td>
<td>3</td>
<td>7</td>
<td>19</td>
<td>-</td>
<td>14</td>
</tr>
<tr>
<td>Four Bedroom</td>
<td>-</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14</strong></td>
<td><strong>14</strong></td>
<td><strong>52</strong></td>
<td><strong>1</strong></td>
<td><strong>81</strong></td>
</tr>
</tbody>
</table>

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

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

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

Affordability Restrictions

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

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

**Tenant Protections**

**Tenant Leases**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sustainability Plan

[attached]
EXHIBIT E-1

Construction Section 3 Plan

[attached]
EXHIBIT E-2

Section 3 Plan

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

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

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

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

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

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

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

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

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

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

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

HACLA Section 3 Guide and Compliance Plan

[attached]
EXHIBIT F

Feasibility Plan Requirements

Subject to the provisions of Section 3.8(d) and 3.9(b) of this Lease, any Feasibility Plan submitted by Tenant to Landlord shall, at a minimum, include the following:

(a) A statement describing the Tenant’s reasons for deviating from the affordability requirements of this Lease and the Regulatory Agreements.

(b) A demonstration that any deviation from the affordability requirements of this Lease and the Regulatory Agreements is only to the extent necessary to preserve the viability of the Project and the affected Residential Units while maintaining the affordability of the Residential Units to the maximum extent practicable.

(c) An explanation of the Tenant’s proposed remedies, including, but not limited to: (i) how the Tenant will select the units and families, including the number of units and income levels for such units that will be affected by rent increases; (ii) a timetable for the implementation of the Feasibility Plan; and (iii) the impact on existing residential tenants.

(d) A statement of all steps Tenant has taken with regard to the Project to offset the loss of any subsidy, including the use of other public and private development resources, the use of cash flow, and funds from other operating deficit reserves.

(e) An explanation of proposed Operating Expense reductions and modifications to Project operations to improve financial performance.

(f) A financial statement showing actual operating expenses and revenues over the past 5 years and the projected expenses and revenues over the next 10 years.

(g) A statement that Tenant has provided, or will provide, all affected residential tenants with at least ninety (90) days’ notice prior to the implementation of the approved Feasibility Plan or any rent increases.

(h) A certification that upon reinstatement of any terminated subsidies or the finding of alternative subsidies or financial structures that Tenant will reinstate the affordability restrictions of this Lease and the Regulatory Agreements proportionate to the reinstated subsidies.

(i) An update to the Feasibility Plan shall be submitted by Tenant to Landlord at least annually for Landlord’s review and approval to ensure that the provisions of the Feasibility Plan continue to be appropriate.
EXHIBIT G

Property Management and Re-Occupancy Plan

[attached]
EXHIBIT H

Supportive Services Plan

[attached]
EXHIBIT I-1

Mitigation Measures

[attached]
EXHIBIT I-2

Waste Soil Management Plan

[attached]
EXHIBIT J

Distribution of Net Cash Flow

[attached]
## Summary Report

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DISPOSITION AND DEVELOPMENT AGREEMENT

for the

REDEVELOPMENT OF THE JORDAN DOWNS PUBLIC HOUSING COMMUNITY

Phase S2 Multifamily Rental Development

by and among

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

and

JORDAN DOWNS PHASE S2, LP
DISPOSITION AND DEVELOPMENT AGREEMENT FOR THE REDEVELOPMENT OF THE JORDAN DOWNS PUBLIC HOUSING COMMUNITY

Phase S2 Multifamily Rental Development

This Disposition and Development Agreement for the Redevelopment of the Jordan Downs Public Housing Community (this “Agreement”) is entered into and effective as of __________, 2021 (the “Effective Date”) by and among the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic (the “Authority”), Jordan Downs Phase S2, LP, a California limited partnership (“Partnership”), and The Michaels Development Company I, L.P., a New Jersey limited partnership (“Developer”). The Authority, the Partnership and the Developer are collectively referred to herein as the “Parties.”

RECITALS

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

B. The Authority is the owner of real property located in the Watts Community of the City of Los Angeles occupied by the Jordan Downs Public Housing Community (“Jordan Downs Site”) as well as a neighboring site known as 9901 Alameda Street (“9901 Alameda”). The Authority intends to redevelop the Jordan Downs Site and 9901 Alameda in multiple phases.

C. The Authority issued a Request for Qualifications on September 7, 2011, to seek one or more private developers to serve as master developer for the Jordan Downs Site and 9901 Alameda and through a competitive selection process selected Jordan Downs Community Partners LLC, a California limited liability company (“Master Developer”), a joint venture of the BRIDGE Housing Corporation (“BRIDGE”) and Developer as master developer for the Jordan Downs Site.

D. The Authority, Master Developer, Developer and BRIDGE are parties to that certain Master Development Agreement for the Redevelopment of the Jordan Downs Public Housing Community, dated August 1, 2012, as amended by that certain (i) Assignment of Rights to Develop the Retail Site and First Amendment to Master Development Agreement, dated July 13, 2017, with Primestor Jordan Downs, LLC, (ii) Second Amendment to Master Development Agreement, dated October 4, 2017, and (iii) Third Amendment to Master Development Agreement, dated July 7, 2020, and as may be further amended and assigned (collectively, the “Master Development Agreement”).

E. Phase S2 of the redevelopment (“Phase S2”) will includes eighty-one (81) residential dwelling units, including eighty (80) units operated and maintained as low-income housing tax credit units (“Tax Credit Units”), and related site improvements (“Improvements”) to be constructed on the real described and depicted in Exhibit A attached hereto (the “Phase S2 Site”). The Parties intend for this Agreement govern the development of Phase S2.
F. In order to finance the construction and development of Phase S2, the Developer has applied for and received the construction and permanent financing described in the Financing Plan.

G. HUD issued a Rental Assistance Demonstration (RAD) Conversion Commitment for seventeen (17) units (“RAD Units”) of public housing to convert to Section 8 Project Based Voucher assistance at Phase S2 on March 10, 2021 and the Authority has agreed to provide Section 8 Project Based Voucher assistance for sixty-three (63) units (“PBV Units”) at Phase S2. The RAD Units and thirty-two (32) PBV Units are designated as “replacement units” under that certain HUD FY2019 Choice Neighborhoods Initiative (“CNI”) Implementation Grant Agreement Number CA9D004CNG119 between HUD and the Authority and will replace public housing units demolished at the Jordan Downs Site (“Replacement Units”).

H. The Project will be developed as described in the Scope of Development attached hereto as Exhibit B.

I. To facilitate the Project, as of the date hereof, the Authority has entered into the Ground Lease with that Partnership that conveys a leasehold interest in the Phase S2 Site. The Partnership will own and operate the Improvements, and will lease the RAD Units and PBV Units pursuant to the requirements of this Agreement, the Authority Loan Documents, the Ground Lease, the RAD program, the CNI grant program and other applicable financing programs. As of even date herewith, the Authority and the Partnership have entered into agreements providing the Authority with a Right of First Refusal and Purchase Option to acquire Phase S2 after expiration of the Tax Credit Compliance Period.

J. Pursuant to Section 3.5 of the Master Development Agreement, the Authority and the Developer desire to enter into this Agreement to set forth certain terms of development not addressed in the Authority Loan Documents or Ground Lease. Except as otherwise set forth in Sections 4.16.4 and 4.17.4 of the Master Development Agreement, pursuant to Section 2.2 of the Master Development Agreement, the Master Development Agreement shall terminate with respect to Phase S2 as of Closing.

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

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, the following terms shall have the meanings set forth below.

“Act” means the United States Housing Act of 1937 (42 U.S.C. § 1437, et seq.), as amended from time to time, any successor legislation, and all implementing regulations issued thereunder or in furtherance thereof.
“Agreement” means this Agreement including all exhibits attached hereto and made a part hereof.

“Authority” means the Housing Authority of the City of Los Angeles, a public body corporate and politic, organized pursuant to Section 34200, et seq. of the California Health and Safety Code, as amended, including any successor in interest or assigns by act of the Authority, or by operation of law, or otherwise.

“Authority Board” means the Board of Commissioners of the Authority.

“Authority Loan Agreement” means that certain Authority Loan Agreement by and between the Authority and the Partnership dated as of substantially even date herewith.

“Authority Loan Documents” means the Authority Loan Agreement, the deeds of trust, and promissory notes evidencing loans from the Authority to the Partnership of approximately even date herewith.

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

“Closing” means the close of escrow for conveyance of a leasehold interest in Phase S2 Site by the Authority to the Partnership, pursuant to the Ground Lease.

“Concept Plan” means the conceptual rendering of the Improvements to be constructed as part of Phase S2 attached hereto as Exhibit C, as the Parties may revise from time to time.

“Developer” means The Michaels Development Company I, L.P., a New Jersey limited partnership.

“Developer Fee” shall mean the fee to be earned by Developer for Phase S2, a portion of which will be deferred as provided in the Financing Plan.

“Financing Plan” means the plan for financing Phase S2, including the development budget for Phase S2 and sources and uses analysis, as attached hereto as Exhibit D, as such may be amended by mutual agreement of the Parties from time to time.

“Ground Lease” means that certain Ground Lease Agreement by and between the Authority and the Partnership for the Phase S2 Site to be executed and delivered in conjunction with the Closing for Phase S2.

“HCD” means the California Department of Housing and Community Development.

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

“Jordan Downs Site” means the original Jordan Downs public housing development site, as described Recital B.
“Master Developer” means Jordan Downs Community Partners, LLC, a California limited liability company.

“Partnership” means Jordan Downs Phase S2, LP, a California limited partnership.

“Phase S2 Site” means the portion of the Jordan Downs Site on which Phase S2 is to be constructed, as generally described and depicted in Exhibit A.

“Scope of Development” means the description of the basic physical characteristics of Phase S2, including: Scope of Development Narrative, Basic Site Plan, Schedule of Performance Unit Distribution Chart, Parking and Physical Goals and Requirements. The Scope of Development is attached hereto as Exhibit B.

“Tax Credit Compliance Period” means the fifteen (15) year compliance period as described in Section 42(i)(1) of the Internal Revenue Code of 1986 starting with the first year of the credit period.

Section 1.2 List of Exhibits. The following exhibits are attached hereto and incorporated into this Agreement by this reference:

- Exhibit A: Description and Map of Phase S2 Site
- Exhibit B: Scope of Development
- Exhibit C: Concept Plan
- Exhibit D: Financing Plan
- Exhibit E: Relocation Plan

**ARTICLE II**

**PHASE S2 – THE PROJECT**

Section 2.1 Scope of Development. As more fully described in the Scope of Development, the “Project” will consist of the construction on the Phase S2 Site and adjacent areas of (i) eighty-one (81) residential units of which eighty (80) shall be Tax Credit Units and one (1) shall be a resident manager unit (collectively, the “Improvements”), (ii) Phase S2 B-Permit Improvements described in the Authority Loan Documents, and (iii) the preliminary unit types, with their associated square footage, bedroom distribution and program designation (i.e. RAD, PBV, or unrestricted) are described in Exhibit B.

Section 2.2 Tenant Lease. As of the date of closing on the construction financing HUD has approved the tenant lease pursuant to the RAD Requirements (as defined in the Authority Loan Agreement). However, the Authority and some of the other financial partners continue to have comments on the form of tenant lease. The Partnership agrees to work with the Authority and other lenders and investors, as applicable, to finalize a tenant lease form and to obtain HUD approval of the revised tenant lease form (to the extent HUD approval is required) at least one hundred twenty (120) days before initiating lease-up activities for the Project.
Section 2.3 Financing Plan. The approved Financing Plan is attached hereto as Exhibit D. Except as otherwise set forth in the Ground Lease and Authority Loan Documents, any changes in the Financing Plan must be approved by the Authority in accordance with this Agreement.

Section 2.4 Business Terms. The Parties have agreed to the following terms:

(a) The Authority shall be responsible for relocating selected residents from the Jordan Downs Site pursuant to the Relocation Plan attached hereto as Exhibit E. The Authority shall also be responsible for the costs associated with relocating any residents from the Jordan Downs Site pursuant to the Relocation Plan.

(b) The Authority and Partnership agree that upon execution of the Authority Loan Documents and consummation of the Closing of the Phase S2:

1. The Partnership shall disburse to the Authority (i) $________ in full satisfaction of that certain Phase-Related Predevelopment Loan evidenced by that certain Amended and Restated Non-Negotiable Predevelopment Loan Promissory Note for Jordan Downs – Phase S2 from the Partnership to the Authority dated July 1, 2020 (the “Phase S2 Predevelopment Note”), (ii) $________ in partial satisfaction of that certain Multi-Phase Predevelopment Loan evidenced by that certain Non-Negotiable Multiphase Predevelopment Loan Promissory Note from the Master Developer to the Authority dated October 10, 2014, and (iii) zero dollars ($0) in partial satisfaction of that certain CNI & Strategic Grants Application Loan evidenced by that certain Non-Negotiable CNI & Strategic Grants Application Loan Promissory Note from the Master Developer to the Authority on or about October 14, 2016 (collectively (i) through (iii), “Predevelopment Loans”).

2. Upon disbursement of funds to the Authority for repayment of the Predevelopment Loans, Authority shall (i) return the Phase S2 Predevelopment Note marked “SATISFIED IN FULL” to the Partnership and (ii) deem the Predevelopment Loans repaid, as applicable to Phase S2 and the Partnership.

(c) The Partnership shall at its cost and expense reimburse the Authority for third-party costs associated with the Closing of Phase S2 including, but not limited to, legal fees and consulting fees, up to a maximum of One Hundred Fifty Thousand Dollars ($150,000). The Authority shall provide Developer a total of all third-party costs incurred prior to Closing.

(d) For services performed and to be performed by the Authority, the Developer shall pay the Authority a fee in the aggregate amount equivalent to twenty percent (20%) of any Developer Fee paid to the Developer or its affiliate for the Project (the “HACLA Fee”). The Developer Fee payable to the Developer for Phase S2 is Three Million Five Hundred Thousand Dollars ($3,500,000). The HACLA Fee shall be subject to the approval of the investor limited partner of the Partnership and the California Tax Credit Allocation Committee (CTCAC). The HACLA Fee in the aggregate amount of Seven Hundred Thousand Dollars ($700,000) shall be paid by the Partnership to the Authority as follows:
(i) Two Hundred Twenty Thousand Dollars ($220,000) paid at Closing as an Authority Coordination Fee (as defined in and paid under the Authority Loan Agreement);

(ii) Two Hundred Twenty Thousand Dollars ($220,000) paid at Closing for the Authority’s participation in the predevelopment and development process for Phase S2, including, but not limited to, securing necessary approvals from the City, assisting with applications for grant funds from HCD, general administration of predevelopment activities and entitlement processing; and

(iii) Two Hundred Sixty Thousand Dollars ($260,000) paid from Net Cash Flow (as defined in the Partnership Agreement) pursuant to that certain Service Coordination Fee Agreement by and between the Authority and the Partnership for the Authority’s ongoing coordination of services and provision of case management and educational and vocational services to residents of Phase S2.

(e) The Partnership shall pay the Authority a Fifty Thousand Dollar ($50,000) fee for construction and labor compliance, including state and federal labor and hiring requirements (the “Construction Management Fee”). The Construction Management Fee shall be paid in monthly installments during the construction period of Phase S2. For the avoidance of doubt, the Construction Management Fee shall be fully paid to the Authority prior to initiating lease up activities for Phase S2.

(f) The Partnership shall not charge interest on any deferred Developer Fee.

Section 2.5 AHP Financing.

(a) Developer and/or the Partnership shall make a good faith effort to apply for and obtain on behalf of the Partnership an Affordable Housing Program loan ("AHP Loan") from the Federal Home Loan Bank ("FHLB"). Developer and/or the Partnership shall ensure that any AHP Loan application includes provisions that allot any amount awarded to the repayment of the Authority CNI Loan (as defined in the Authority Loan Agreement) and then to the repayment of the Authority TCC Loan (as defined in the Authority Loan Agreement). Developer and/or the Partnership shall apply for an AHP Loan during each available Federal Home Loan Bank funding round until the earlier to occur of (i) an AHP Loan is awarded for Phase S2, and (ii) Phase S2 is no longer eligible or qualified for an AHP Loan funding round. Developer and/or the Partnership shall provide each AHP Loan application to the Authority for review and approval no less than ten (10) business days before such application is submitted, the Authority shall not unreasonably withhold, condition or delay its approval of any AHP Loan application.

(b) If awarded an AHP Loan from FHLB, Developer and the Partnership shall diligently pursue closing and funding of the AHP Loan. The Partnership shall use the proceeds of the AHP Loan to (1) pay reasonable and customary costs of applying for the AHP Loan, not to exceed Twenty Thousand Dollars ($20,000) unless otherwise agreed to by the Authority, (2) to the extent permitted by FHLB program rules governing uses of AHP Loan proceeds, to repay the
Authority CNI Loan (as defined in the Authority Loan Agreement), and (3) to the extent permitted by FHLB program rules governing uses of AHP Loan proceeds, to repay the Authority TCC Loan (as defined in the Authority Loan Agreement). In the event that the parties hereto determine that the AHP Loan is necessary to meet Project development and operational costs, then notwithstanding anything to the contrary in the Authority Loan Documents, Ground Lease, or any other document between the Authority and the Partnership or its affiliates, the Partnership may use the AHP Loan to pay for costs approved by the Authority in its reasonable discretion in place of repaying or reducing the amount owed under the Authority CNI Loan and Authority TCC Loan.

Section 2.6 Certificate of Completion.

(a) Within ten (10) days after written request by Developer following completion of construction of Phase S2 in accordance with the Construction Plans and if applicable, upon Developer’s obtaining a certificate of occupancy or temporary certificate of occupancy from the City, the Authority shall deliver to Developer a Certificate of Completion for Phase S2 (the “Certificate of Completion”). For purposes of this Section 2.6 “Construction Plans” shall have the meaning set forth in the Authority Loan Agreement of even date herewith.

(b) The Authority shall not unreasonably withhold a Certificate of Completion, but shall not be obligated to issue such Certificate of Completion until construction of Phase S2 has been completed in accordance with the Construction Plans. Such Certificate of Completion shall be, and shall so state, conclusive determination of satisfactory completion of Phase S2 in accordance with this Agreement, the Ground Lease, and the Authority Loan Documents. In the event any requirements of this Agreement, including, but not limited to, construction of Phase S2 in conformance with the Construction Plans, have not been fully satisfied by Developer as of the date of Developer’s request for a Certificate of Completion, the Authority may deny Developer’s request for a Certificate of Completion or issue the Certificate of Completion subject to such conditions subsequent as the Authority may deem necessary to ensure full satisfaction with the requirements of this Agreement.

(c) The Certificate of Completion shall be in such form as to permit it to be recorded in the Office of the Recorder of Los Angeles County. If Authority fails to deliver the Certificate of Completion within ten (10) business days after written request from Developer, Authority shall provide Developer with a written statement of its reasons (the “Statement of Reasons”) within such ten (10)-day period. The statement shall also set forth the actions Developer must take to be entitled to obtain the Certificate of Completion. If the reasons are confined to the immediate unavailability of specific items or materials for landscaping, or to so-called “punch list” items identified by Authority, Authority shall issue the Certificate of Completion no later than five (5) days following the delivery of a bond or letter of credit by Developer to the Authority in an amount representing Authority’s estimate of the cost to complete the work, or other security deemed sufficient by the Authority to ensure completion of the work. Notwithstanding any other provision of this Agreement, the failure by Authority to issue a Certificate of Completion or Statement of Reasons within thirty (30) days after request by Developer shall be deemed to constitute Authority’s concurrence that construction of Phase S2 has been completed as required by this Agreement or the Authority Loan Documents; however,
this shall not relieve the Authority of its obligation to issue a Certificate of Completion in accordance with this Section.

(d) Such Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any lender except the Authority, or any other person or entity. Such Certificate of Completion is not notice of completion as referred to in Section 3093 of the California Civil Code. Such Certificate of Completion shall not be deemed to constitute satisfaction of any continuous obligations of the Developer under the Authority Loan Documents.

(e) As a condition of issuance of the Certificate of Completion, Developer’s construction manager/contractor and architect shall certify that Phase S2 has been constructed in compliance with all applicable disabled access requirements as of the date of the completion (when the last certificate of occupancy is issued by the City).

ARTICLE III
TERMINATION

Section 3.1 Events of Default by the Developer.

(a) The following shall constitute an “Event of Default” by the Developer:

(1) if the Partnership shall materially breach or fail to diligently pursue its obligations under this Agreement (other than due to Force Majeure as defined in Section 3.1 (b) below) and such failure shall continue after expiration of any applicable notice and cure period granted under the Authority Loan Documents; or

(2) any fraud or willful misconduct on the part of the Partnership or Jordan S2-Michaels LLC, a California limited liability company, the administrative general partner of the Partnership (the “Administrative General Partner”); or

(3) if the Partnership or its Administrative General Partner (i) is or becomes insolvent or bankrupt or otherwise ceases to pay its debts as they mature or makes any arrangement with or for the benefit of its creditors or consents to or acquiesces in the appointment of a receiver, trustee or liquidator for the Project or for any substantial part of either; (ii) institutes any bankruptcy, winding up, reorganization, insolvency, arrangement or similar proceeding under the laws of any jurisdiction, or any such proceeding is instituted against the Developer in any jurisdiction which is not stayed or dismissed within ninety (90) days after its institution; (iii) files any action or answer admitting, approving or consenting to any such proceeding; (iv) becomes subject to levy of any distress, execution or attachment upon its property which interferes with its performance hereunder, and the Developer fails within ninety (90) days to discharge such levy, execution or attachment, or to substitute another entity (whether or not an affiliate) acceptable to the Authority to perform the obligations of the Developer without material delay in performance; or (v) is convicted of any criminal offense.
A material Event of Default hereunder by the Developer with respect to any portion of the Project shall constitute an Event of Default by the Developer for which the Authority may exercise any of its remedies under this Agreement with respect to the Developer.

(b) For purposes of this Article III, “Force Majeure” shall mean causes beyond the reasonable control and without the fault or negligence of Developer. Such causes shall include without limitation: (i) acts of God, or of the public enemy, (ii) court order, acts, delays, failure or refusal to act on the part of a governmental entity in either its sovereign or contractual capacity, (iii) acts of a contractor other than Developer, or subcontractor, in the performance of an agreement with the Authority (and not pursuant to a contract with the Developer), (iv) riots, war or acts of terrorism, (v) fires, (vi) floods or earthquakes, (vii) epidemics, (viii) quarantine restrictions, (ix) strikes or lockouts, (x) freight embargoes, (xi) litigation, (xii) non-issuance of permits, (xiii) lack of HUD approval, (xiv) unusually severe weather, (xv) the presence of unknown Hazardous Materials or archeological finds on the Phase S2 Site, (xvi) delays of subcontractors or suppliers at any tier arising from unforeseeable causes, or (xvii) in connection with any action that the Authority is required to take pursuant to this Agreement, the Authority’s failure to act within the applicable time period specified in this Agreement.

Section 3.2 Events of Default by the Authority.

(a) The following shall constitute an “Event of Default” by the Authority:

(1) if the Authority shall fail to perform its obligations under this Agreement and such failure shall continue after written notice and a cure period of thirty (30) days, unless such cure cannot reasonably be accomplished within such thirty (30) day period, in which event the Authority shall have such time as is reasonably required to cure such default so long as the Authority continues in good faith to diligently pursue the cure and such failure to perform by the Authority does not cause the Partnership or the Developer to default on any of its other obligations related to the Project.

(b) It shall not be an Event of Default if any failure by Authority arises due to Force Majeure.

Section 3.3 Procedure for Termination for Cause/Remedies.

(a) The occurrence of any event described in Section 3.1 and 3.2 herein shall not constitute an Event of Default unless the non-defaulting Party has delivered written notice of default to the defaulting Party, and such defaulting Party shall fail to cure the default within thirty (30) days from its receipt of such notice or, if such cure cannot reasonably be completed within such thirty (30) day period, fails to commence such cure or having commenced, does not prosecute such cure with diligence and dispatch to completion within a reasonable time period thereafter, provided that such time period does not exceed 120 days.

(b) Upon the occurrence of an Event of Default by any Party, the non-defaulting Party shall be entitled to all remedies permitted by law or at equity, including but not limited to specific performance. Notwithstanding any provision herein to the contrary, in no event shall any
party be liable for consequential damages or special damages arising out of or relating to this Agreement.

(c) Except with respect to any rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the Parties to this Agreement, whether provided by law, in equity or by this Agreement, are cumulative, and not in derogation of other rights and remedies found in this Agreement, or in the Authority Loan Documents or in the Ground Lease. The exercise by any Party of any one or more of such remedies will not preclude the exercise by it, at the same or a different time, of any other such remedies for the same default or breach, or the exercise of any of such remedies for any other default or breach by any other Party. No waiver made by a Party with respect to the performance, or manner or time of performance, or any obligation of another Party or any condition to its own obligation under this Agreement will be considered a waiver with respect to the particular obligation of any other Party or condition to its own obligation beyond those expressly waived to the extent of such waiver, or a waiver in any respect in regard to any other rights of the Party making the waiver or any other obligations of any other Party.

ARTICLE IV
MISCELLANEOUS

Section 4.1 Term. This Agreement shall commence upon the Effective Date, and unless sooner terminated in accordance with the provisions herein shall terminate upon satisfaction of the provisions of Sections 2.4, 2.5 and 2.6 herein.

Section 4.2 Decision Standards. In any approval, consent or other determination by any Party required under this Agreement, the Party shall act reasonably and in good faith, unless a different standard is explicitly stated.

Section 4.3 Notices. Any notice or other communication given or made pursuant to this Agreement shall be in writing, and shall be deemed given if (i) delivered by courier, (ii) sent by overnight express delivery, or (iii) mailed by registered or certified mail (return receipt requested), postage prepaid, to a Party at its respective address set forth below (or at such other address as shall be specified by the Party by like notice given to the other Party):

If to Authority, to: Housing Authority of the City of Los Angeles
2600 Wilshire Blvd., Third Floor
Los Angeles, CA 90057
Attn: President and CEO

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

And a copy to: Housing Authority of the City of Los Angeles
2600 Wilshire Blvd., Third Floor
Section 4.4 Time of Performance.

(a) Expiration. All performance dates (including cure dates) expire at 5:00 p.m., Los Angeles, California time, on the performance or cure day, subject to subsection (b).

(b) Weekends and Holidays. A performance date which falls on a Saturday, Sunday or Authority holiday is deemed extended to the next working day.

(c) Days for Performance. All periods for performance specified in this Agreement in terms of days shall be calendar days, and not business days, unless otherwise expressly provided in this Agreement.

Section 4.5 Amendment. Neither this Agreement nor any of its terms may be terminated, amended or modified except by a written instrument executed by the Parties.

Section 4.6 Attorneys’ Fees. In the event any action, suit or proceeding is brought for the enforcement of, or the declaration of, any right or obligation pursuant to this Agreement or as a result of any alleged breach of any provision of this Agreement, each Party shall bear its own costs and expenses, including attorneys’ fees, and any judgment or decree rendered in such a proceeding shall not include an award thereof.

Section 4.7 Authority Approvals.
(a) For all actions requiring Authority approval, Developer shall submit the request for approval and supporting information with a notice that bears a bold face legend substantially as follows: “Important: Your Response is Required in insert number of days from applicable provision of this Agreement Days.”

(b) The Authority shall have a specified number of days to respond in writing. Authority’s response, if not an approval, must include the basis for any objection and suggested modifications to obtain approval. For issues identified in this Agreement, this Agreement identifies the number of days that Authority shall have to respond. For issues not specified, the amount of response time shall be stated in the notice, and shall be proportionate to the type and magnitude of the decision. For example, but not in limitation, the decision time for emergency situations shall be shorter than the time for review and approval of budgets.

(c) If the Developer does not receive a response within the specified number of days, it may send the Authority a notice of non-response, which shall be delivered to the President and Chief Executive Officer of the Authority in accordance with the formal notice provisions hereof and which shall bear the bold-faced legend, “Important: Notice of Non-response.” Following the giving of this notice, the Authority will have five (5) days in which to respond. If the Authority does not respond within such five (5) days, the Authority shall be deemed to have approved the action.

(d) Whenever this Agreement calls for Authority approval, consent, or waiver, the written approval, consent, or waiver of the President and Chief Executive Officer of the Authority or his or her designee shall constitute the approval, consent, or waiver of the Authority, without further authorization required from the Authority Commission. The Authority hereby authorizes the President and Chief Executive Officer or his or her designee to deliver such approvals or consents as are required by this Agreement, or to waive requirements under this Agreement, on behalf of the Authority. Any consents or approvals required under this Agreement shall not be unreasonably withheld or made, except where it is specifically provided that a sole discretion standard applies and no consent or approval shall be unreasonable delayed. The President and Chief Executive Officer or his or her designee is also hereby authorized to approve, on behalf of the Authority, requests by Developer for reasonable extensions of time deadlines set forth in this Agreement. The Authority shall not unreasonably delay in reviewing and approving or disapproving any proposal by Developer made in connection with this Agreement.

Section 4.8 Representatives. To facilitate communication, the Parties to this Agreement shall designate a representative with responsibility for the routine administration of each Party’s obligations under this Agreement. The Parties initially appoint the following as representatives:

Authority: Julie Mungai
Developer: Kecia Boulware
Section 4.9 Further Assurances. Each Party will promptly execute and deliver without further consideration such additional agreements and other documents as the other Parties may reasonably request to carry out the transactions contemplated herein, so long as the Parties’ rights and obligations thereunder are not substantively affected, modified or otherwise altered by such additional agreements and other documents, except as mutually agreed to between the Parties. Whenever this Agreement requires any Party to submit matters to another Party for approval, and there is no time specified herein for such approval, the submitting Party may submit a letter requiring approval or rejection by the other Party of the documents or matter submitted within twenty (20) days after submission or within sixty (60) days of submission if the document or matter requires approval by the Authority Board (unless another time frame is expressly set forth herein), and unless rejected within the stated time such documents or matter shall be deemed approved. Except where such approval is expressly reserved to the sole discretion of the approving Party, all approvals required hereunder by any Party shall be reasonable and not unreasonably withheld, conditioned or delayed.

Section 4.10 Counterparts. This Agreement may be executed on one or more counterparts, each of which shall be deemed an original, but all of which, when taken together, shall constitute one and the same instrument.

Section 4.11 Interpretation and Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

Section 4.12 Severability. If any provision of this Agreement is determined by any court of competent jurisdiction or arbitrator to be invalid, illegal, or unenforceable to any extent, that provision shall, if possible, be construed as though more narrowly drawn, if a narrower construction would avoid such invalidity, illegality, or unenforceability or, if that is not possible, such provision shall, to the extent of such invalidity, illegality, or unenforceability, be severed, and the remaining provisions of this Agreement shall remain in effect.

Section 4.13 Final Agreement. This Agreement, together with all Exhibits attached hereto, represents the final agreement of the Parties with respect to the subject matter hereof and may not be contradicted by evidence of prior or contemporaneous oral or written agreements of the Parties. There are no unwritten oral agreements between the Parties.

Section 4.14 Limitation of Liability. Except as may be expressly set forth herein, no present or future member, partner, shareholder, participant, employee, agent, commissioner, director, or officer of or in Developer or any transferee shall have any personal liability, directly or indirectly, under or in connection with this Agreement; provided, however, that the foregoing shall not void or diminish the obligations of Developer under this Agreement. No present or future employee, agent, commissioner, director, or officer of or in the Authority shall have any personal liability, directly or indirectly, under or in connection with this Agreement; provided, however, that the foregoing shall not void or diminish the obligations of the Authority under this Agreement.

Section 4.15 Developer Not an Agent. No provision of this Agreement and no acts of the Parties shall be deemed or construed by the Parties, or by any third person, to create the
relationship of principal and agent, or of partnership, or of joint venture, or of any association between the Parties to this Agreement.

Section 4.16 Conflict of Interest. Developer represents and warrants that to its actual knowledge, no member, official, employee, agent, consultant or contractor of the Authority or the City has any direct or indirect personal interest in this Agreement or participated in any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership or other entity in which he or she is, directly or indirectly, interested. Developer further represents and warrants to the Authority that it has not paid or given, and will not pay or give, to any third party (other than as specifically set forth in this Agreement) any money or other consideration for obtaining this Agreement. Notwithstanding the forgoing, the Developer and Authority acknowledge and approve La Cienega LOMOD, Inc., an affiliate of the Authority, as the managing general partner of the Partnership.

Section 4.17 Waivers. All waivers of the provisions of this Agreement shall be in writing and signed by the appropriate authorized representatives of the Authority and Developer, as applicable.

Section 4.18 Successors. This Agreement shall be binding upon and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of the Parties.

Section 4.19 Headings; Exhibits. The headings contained in this Agreement are inserted as a matter of convenience and for ease of reference only and shall be disregarded for all other purposes, including the construction or enforcement of this Agreement or any of its provisions. The Exhibits attached hereto are hereby incorporated into this Agreement by this reference.

Section 4.20 Construction. Whenever the context of any provisions hereof shall require it, words in the singular shall include the plural, words in the plural shall include the singular, and pronouns of any gender shall include the other genders. The terms “herein”, “hereof”, “hereto”, “hereunder” and similar terms refer to this Agreement and not to any particular section or subsection of this Agreement. The terms “include” and “including” shall be interpreted as if followed by the words “without limitation”. All references in this Agreement to sums denominated in dollars or with the symbol “$” refer to the lawful currency of the United States of America, unless such reference specifically identifies another currency.

Section 4.21 Cumulative Rights. The rights, powers, options, and remedies given to the Parties under this Agreement shall be cumulative, except as otherwise specifically provided for in this Agreement.

Section 4.22 Business Licenses. The Developer has obtained or will obtain all licenses required to conduct its business in the City, and is not in default of any fees or taxes due to the City.

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

AUTHORITY:

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

By: ________________________________
Douglas Guthrie
President and Chief Executive Officer

APPROVED AS TO FORM:
Authority Senior Staff Attorney

By: ________________________________
Becky Churchill Clark, Esq.

APPROVED AS TO FORM AND LEGALITY:
RENO & CAVANAUGH, PLLC
Authority Special Counsel

By: ________________________________
Megan Glasheen, Esq.

SIGNATURES CONTINUE ON FOLLOWING PAGE(S)
PARTNERSHIP:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

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

By: _______________________________
    Kenneth P. Crawford
    Vice President

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

By: _______________________________
    Tina Smith-Booth
    President
DEVELOPER:

THE MICHAELS DEVELOPMENT COMPANY I, L.P.
a New Jersey limited partnership

By:  ________________________________

John J. O’Donnell
President
EXHIBIT A

Description and Map of Phase S2 Site

The Land referred to herein is situated in the State of California, County of Los Angeles, City of Los Angeles, and described as follows:

Lot 2 of Tract No. 82633-01, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 1425 Pages 61 to 63 inclusive of Maps, in the office of the County Recorder of said County.

Also except from that portion of said Tract, not included within Nevada Villa Tract, as per map recorded in Book 6 Page190 of Maps, all uranium, thorium, and all other materials essential to the production of fissionable material contained in whatever concentration in deposits, as reserved by the United States of America, in deed recorded December 30, 1952 in Book 40622 Page 378 of Official Records.

APN: 6046-021-917; 6046-019-926
TRACT NO. 82633-01
IN THE CITY OF LOS ANGELES,
STATE OF CALIFORNIA

LOT AND EASEMENT DETAIL

LEGEND:
--- INDICATES THE BOUNDARY OF THE
LAND BEING EASEMED BY THIS MAP

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<td>C1</td>
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<td>C2</td>
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EASEMENT NOTE:

1. EASEMENT IN FAVOR OF THE LOS ANGELES CITY SCHOOL DISTRICT FOR ROADWAY PURPOSES AND RIGHTS INCIDENTAL THERETO, PURCHASING INSTRUMENT RECITED OCTOBER 8, 1954, IN BOOK 45770 PAGE 362, RECORDS OF LOS ANGELES COUNTY.

2. EASEMENT IN FAVOR OF THE CITY OF LOS ANGELES FOR PUBLIC UTILITY AND WATER LINES PURPOSES AND RIGHTS INCIDENTAL THERETO, AS SHOWN ON THE MAP OF TRACT NO. 16154 IN BOOK 540 PAGE 48 OF MAPS, RECORDS OF LOS ANGELES COUNTY.

3. EASEMENT IN FAVOR OF JORDAN DOWNS S3, LP, A CALIFORNIA LIMITED PARTNERSHIP FOR PEDESTRIAN AND VEHICULAR IMPROVEMENT AND EASEMENT PER DEED RECORDED MARCH 23, 2020 AS INST. NO. 202003537192, RECORDS OF LOS ANGELES COUNTY.
EXHIBIT B

Scope of Development
Scope of Development – Phase S2

Jordan Downs Phase S2 Apartments will be the new construction of five buildings comprising eighty one (81) apartments. Three of the buildings are two story walk up apartment buildings of eight apartments, one building is a two story walk up with five apartments, and the main building has a one story parking garage and ground floor community serving space with three stories of apartments above served by an elevator. The project has an on-grade parking structure containing forty six (46) parking spaces as well as fifteen (15) additional spaces configured as on-grade along a shared private driveway. The project is composed of 80 affordable apartments, plus one manager’s unit, a community room, and two small offices. The unit mix is as follows: 18 one-bedroom apartments, 33 two-bedroom apartments, 29 three-bedroom apartments, and 1 four-bedroom apartment. The one-bedroom apartments are around 675 square feet, the two-bedroom apartments are range between 900 and 1,000 square feet, the three-bedroom apartments range between 1,225 and 1,275 square feet, the four-bedroom apartment is approximately 1,900 square feet. All apartments have their own individual bathroom and kitchen, three-bedroom apartments and larger have two bathrooms. Each kitchen includes a sink, dishwasher, refrigerator, and a range/oven combination. Storage is provided with closets in each bedroom and, with upper and lower cabinetry in kitchens. Each unit also includes a washing machine and dryer. The unit plans are efficiently laid out and meet requirements for light and ventilation. The unit interiors are designed to provide privacy and maximize space.

In designing Jordan Downs Phase S2 Apartments, elements that take into account the livability, comfort and safety of the residents as well as the long-term management of the building were considered. Jordan Downs Phase S2 Apartments will promote pedestrian oriented design through the provision of apartment entrances directly on the street along Grape Street as well as 101st Street, thereby breaking up the size and perception of the apartment buildings more similar to the existing campus. Similarly, the community room for the property is located near the extension of Century Boulevard adjacent to the future Freedom Tree Park. Large operable windows and balconies provide two-sided natural day-lighting and ventilation. The project is designed to meet LEED Gold certification. The buildings and site plan were designed to re-define and re-develop the project area to provide an uplifting and safe environment for existing Jordan Downs households relocated as well as new residents to the neighborhood. The buildings are lower in height towards Grape Street and the adjacent community and increases in height from west to east.

There is an east-west pedestrian path through the project which also connects to the project to the adjacent under construction Phase S3 and helps provide better connections to the adjacent neighborhood. The northern entry of the project shares a border with extension of Century Boulevard and the future Freedom Tree Park which provides easy access for residents to use the adjacent open space, bicycle, and pedestrian connections. The project will respond to the unique needs of the existing households by providing replacement housing units to residents located within the footprint of the third phase of redevelopment projects. This allows for a ‘build first’ model where existing households
are not permanently relocated offsite during the redevelopment process. A neighborhood park, Freedom Tree Park, creates a community gathering space adjacent to the development’s northern edge.

**Security:** Security is well integrated into the design of *Jordan Downs Phase S2* Apartments. The project provides a secure environment for all residents through the use of both physical systems and through good design by minimizing areas with no visual access and providing adequate site lighting in all areas.

- The entire site area has been designed with well-lit parking and open air visible interior walkways connecting the development’s units.
- Each unit has its own individual entrance facing the center of the property along the breezeway walkways, providing more eyes on the street and greater stewardship of the building and area by residents. Units also have courtyard or park frontage opposite their main entry.
- Attention has been paid to the location and provision of site lighting to maximize illuminating walkways and grounds while minimizing light intrusion into units.
- The main entry to the site, main mail location, and location of the community room is next to the development site office to increase awareness and oversight over that critical area.
- Security cameras will be placed around the perimeter of the building, along corridors, and at exit points to the building. Video monitoring equipment will be in the Property Manager’s office with remote online viewing capability.

**Work items resulting from compliance with the design and construction requirements of the Fair Housing Act and implementing regulations at 24 CFR 100.205 and the accessibility requirements under section 504 of the Rehabilitation Act of 1973 and implementing regulations at 24 CFR 8.22 and 8.23:**

*Jordan Downs Phase S2* Apartments complies with Program accessibility requirements as stated under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR part 8. *Jordan Downs Phase S2* Apartments is designed and constructed to be readily accessible to and usable by individuals with handicaps. Additionally, ten (10) total apartments are accessible for persons with mobility impairments. These apartments are on an accessible route and are otherwise in compliance with the standards set forth in 24 CFR 8.32. An additional six (6) apartments are accessible for persons with hearing or vision impairments.

*Jordan Downs Phase S2* Apartments complies with design and construction requirements as stated under the Fair Housing Amendments Act of 1988 and implementing regulations at 24 CFR 100.205. *Jordan Downs Phase S2* Apartments is designed and constructed to have at least one building entrance on an accessible route. Further, the public and common use areas are readily accessible to and usable by handicapped persons and all the doors on the premises are sufficiently wide to allow passage by handicapped persons in wheelchairs. All apartments contain the following features of adaptable design:

(i) An accessible route into and through the unit;
(ii) Light switches, electrical outlets, thermostats and other environmental controls in accessible locations;

(iii) Reinforcements in bathroom walls to allow later installation of grab bars around the toilet, tub, shower, stall and shower seat, where such facilities are provided; and

(iv) Usable kitchens and bathrooms such that an individual in a wheelchair can maneuver about the space.

The City of Los Angeles Department of Building and Safety (LADBS) considers 24 CFR in its existing procedures for the review and approval of newly constructed buildings and determinations as to whether the design and construction of such buildings are consistent with the applicable CFR sections.
SCOPE OF DEVELOPMENT - B-PERMIT

Specific public improvements necessary for the occupancy and operation of the Phase S2 project. These off-site public improvements are a part of work required by BR-004478/BT-004478. BR-004478 involves the offsite work of both Phase S3 and Phase S2 under a single B-permit.

For Phase S2 the off-site improvements include:

<table>
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<th>Street</th>
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<tr>
<td>Grape Street</td>
<td>Sewer, Storm Drain, Water Service, Dry Utility Service, Sidewalk, Landscaping, Curb &amp; Gutter, Street Improvements and Striping</td>
</tr>
<tr>
<td>101st Street</td>
<td>Sewer, Storm Drain, Water Service, Dry Utility Service, Sidewalk, Landscaping, Curb &amp; Gutter, Street Improvements and Striping, Road Reconstruction</td>
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Refer to the Phase 1 Improvements diagram from Tentative Tract 82633 for an indication of the work required for the Phase S2 and Phase S3 projects under the B-Permit.
EXHIBIT C

Concept Plan

[attached]
Jordan Downs Phase S2 Concept Plan
Century Blvd and 101st Street corner looking south
View of east-west paseo connecting S2 and S3, looking west at S2 from shared driveway
Looking east from the corner of Grape Street and 101st Street
View of courtyard and east west paseo looking northeast
View of Phases S2 and S3 – Phase S2 is in the foreground
EXHIBIT D

Financing Plan

[attached]
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These projections do not guarantee actual operating results. Information herein may be revised based upon changes to assumptions and third-party information. Nonapplicable schedules may be remitted. This information is proprietary and may be shared only with Berkadia's prior consent. © 2019 Berkadia Proprietary Holding LLC. Berkadia® is a trademark of Berkadia Proprietary Holding LLC. Tax credit syndication business is conducted exclusively by Berkadia Affordable Tax Credit Solutions.
### General Info

**Location:** Jordan Downs Phase S2  
**Street Address:** 10010 Grape Street  
**City / State:** Los Angeles, CA  
**ZIP / County:** 90002, Los Angeles County  
**MSA:** Los Angeles-Long Beach, CA HUD Metro FMR Area  
**Developer:** Michaels Development Company I  
**General Contractor:** Walton Construction  
**Property Manager:** Michaels Management - Affordable

**Project Name:** Jordan Downs Phase S2  
**Project Type:** New Construction  
**LIHTC Type:** 4%  
**Residential Buildings:** 5 [Single Site]  
**Household Type:** Family  
**Restricted:** 80  
**Market:** 0%  
**Overhead:** 1%  
**Total Units:** 81  
**Allocation Year:** 2020  
**Investor Year End:** 12/31  
**Assumed Tax Rate:** 21%  
**Model:** [DRAFT]  
**Updated by:** MB

### Projected Timeline

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<td>Construction Begin</td>
<td>Lease Up Period</td>
<td>Year of LP Put</td>
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### Sources & Uses

**Construction Loans**

- Bond Loan: 29,030,000  
- Authority IIG Loan: 15,200,000  
- Authority CNI Loan: 1,000,000  
- Taxable Bridge Loan: 13,750,000

**Permanent Sources**

- Managing GP & Co-GP Equity: 200  
- LP Equity: 24,341,914  
- First Mortgage Loan: 15,075,000  
- Deferred Developer Fee: 1,300,001  
- HACLA Services Coordination Fee: 260,000  
- Authority CNI Loan: 1,000,000  
- Authority IIG/TCC Loan: 15,200,000  
- Capitalized Soft Loan Interest: 294,538  
- CDLAC Bond Performance Deposit: 100,000

**Permanent Uses**

- Acquisition Costs: 1  
- Construction Costs: 34,768,825  
- Constr. Contingency: 2,016,000  
- Site Work: 2,270,958  
- Interest Costs: 2,270,958  
- Developer Fee: 3,500,000  
- Res for Replacement: 20,250  
- Operating Reserve: 468,000  
- Transition Reserve: 692,000  
- Debt Service Reserve: 379,000

**Total:** 58,980,000  
**Total:** 57,571,653
### INVESTMENT SUMMARY

**Jordan Downs Phase S2**

#### OVERVIEW: INVESTOR LP

<table>
<thead>
<tr>
<th>Lower Tier Benefits</th>
<th>Price</th>
<th>Equity</th>
<th>Benefits</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Losses</td>
<td>99%</td>
<td>16%</td>
<td></td>
<td>5,066,408</td>
</tr>
<tr>
<td>Tax Effect of Sale</td>
<td>1%</td>
<td>0%</td>
<td></td>
<td>39,684</td>
</tr>
<tr>
<td>Federal: LIHTC</td>
<td>0.9025</td>
<td>111%</td>
<td>84%</td>
<td>26,971,650</td>
</tr>
<tr>
<td>Cash Flow</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

#### Capital Account

<table>
<thead>
<tr>
<th>L.P. Capital Acct at Sale</th>
<th>Gross Sale Proceeds</th>
<th>L.P. Capital Acct Depleted</th>
<th>L.P. Sale Proceeds</th>
<th>704(b) Loss Reallocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>188,970</td>
<td>-</td>
<td>No</td>
<td>L.P. Tax Benefit / (Cost)</td>
<td>39,684</td>
</tr>
</tbody>
</table>

*Note: Investor LP ownership interest is reduced to 60.00% after 2033*

#### BENEFITS: INVESTOR LP

<table>
<thead>
<tr>
<th>Capital Contribution [K1: lines 12,25</th>
<th>Income / (Loss)</th>
<th>Operating Loss Benefits</th>
<th>Federal LIHTC</th>
<th>Tax Benefit on Capital Loss @ 21%</th>
<th>Total Tax Benefits</th>
<th>Cash Flow &amp; Sale Proceeds</th>
<th>Total Investor Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2021</td>
<td>3,612,644</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2022</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2023</td>
<td>19,821,271</td>
<td>(4,226,497)</td>
<td>887,659</td>
<td>2,112,779</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2024</td>
<td>439,999</td>
<td>(1,706,872)</td>
<td>358,443</td>
<td>2,697,165</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>2025</td>
<td>-</td>
<td>(1,672,774)</td>
<td>351,282</td>
<td>2,697,165</td>
<td>-</td>
<td>-</td>
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<tr>
<td>2026</td>
<td>-</td>
<td>(1,644,969)</td>
<td>345,444</td>
<td>2,697,165</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>2027</td>
<td>-</td>
<td>(1,626,413)</td>
<td>341,547</td>
<td>2,697,165</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>2028</td>
<td>468,000</td>
<td>(1,634,449)</td>
<td>343,234</td>
<td>2,697,165</td>
<td>-</td>
<td>-</td>
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<tr>
<td>2029</td>
<td>-</td>
<td>(1,628,805)</td>
<td>342,049</td>
<td>2,697,165</td>
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<tr>
<td>2030</td>
<td>-</td>
<td>(1,610,685)</td>
<td>338,244</td>
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<tr>
<td>2031</td>
<td>-</td>
<td>(1,604,922)</td>
<td>337,034</td>
<td>2,697,165</td>
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<tr>
<td>2032</td>
<td>-</td>
<td>(1,585,568)</td>
<td>332,969</td>
<td>2,697,165</td>
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<td>2033</td>
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<td>(1,562,297)</td>
<td>328,082</td>
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<tr>
<td>2034</td>
<td>-</td>
<td>(929,215)</td>
<td>195,135</td>
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<td>2035</td>
<td>-</td>
<td>(909,156)</td>
<td>190,923</td>
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<tr>
<td>2036</td>
<td>-</td>
<td>(893,160)</td>
<td>187,564</td>
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<tr>
<td>2037</td>
<td>-</td>
<td>(883,439)</td>
<td>185,522</td>
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<tr>
<td>2038</td>
<td>-</td>
<td>(6,086)</td>
<td>1,278</td>
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<tr>
<td>2039</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>2040</td>
<td>24,341,914</td>
<td>(24,125,754)</td>
<td>5,066,408</td>
<td>26,971,650</td>
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</tbody>
</table>

*Loss Benefits in this chart include Tax Effect of Sale*
### Ownership Structure

**Lower Tier Entity:**
- **Managing GP:** Jordan Downs Phase S2, LP
- **Co-GP:** La Cinega LOMOD, Inc.
- **Investor LP:** Berkadia Jordan Downs Phase S2 Investor LP

<table>
<thead>
<tr>
<th></th>
<th>Income/Loss</th>
<th>Cash Flow</th>
<th>Residual</th>
<th>Federal: LIHTC</th>
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<tr>
<td><strong>Managing GP</strong></td>
<td>0.0049%</td>
<td>0.0049%</td>
<td>45.0000%</td>
<td>0.0049%</td>
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<tr>
<td><strong>Co-GP</strong></td>
<td>0.0051%</td>
<td>0.0051%</td>
<td>45.0000%</td>
<td>0.0051%</td>
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<tr>
<td><strong>Investor LP</strong></td>
<td>99.99%</td>
<td>99.99%</td>
<td>10.0000%</td>
<td>99.99%</td>
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|                     | -           | -         | -        | -             |

*Note: Investor LP ownership interest is reduced to 60.00% after 2033*

### LP Equity

<table>
<thead>
<tr>
<th>Event</th>
<th>Percentage</th>
<th>Date</th>
<th>Amount</th>
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<tr>
<td>LT Closing</td>
<td>15%</td>
<td>5/1/21</td>
<td>3,612,644</td>
</tr>
<tr>
<td>25% Construction Completion</td>
<td>5%</td>
<td>1/1/23</td>
<td>1,217,096</td>
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<tr>
<td>Construction Completion</td>
<td>10%</td>
<td>4/1/23</td>
<td>2,434,191</td>
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<tr>
<td>Perm Loan Conversion</td>
<td>66%</td>
<td>11/1/23</td>
<td>16,169,844</td>
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<tr>
<td>8609s</td>
<td>2%</td>
<td>8/1/24</td>
<td>439,999</td>
</tr>
<tr>
<td>Funding of LT Reserves</td>
<td>2%</td>
<td>11/1/28</td>
<td>468,000</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td></td>
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<td></td>
<td>-</td>
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</tr>
<tr>
<td></td>
<td>100%</td>
<td></td>
<td>24,341,914</td>
</tr>
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</table>

### Developer Fee Schedule

<table>
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<tr>
<th>Event</th>
<th>Amount</th>
<th>As a Portion of:</th>
<th>Funded Fee</th>
<th>Total Fee</th>
<th>Credit Capital</th>
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<tbody>
<tr>
<td>LT Closing</td>
<td>660,000</td>
<td>30%</td>
<td>19%</td>
<td>3%</td>
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<tr>
<td>25% Construction Completion</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td></td>
</tr>
<tr>
<td>Construction Completion</td>
<td>550,000</td>
<td>25%</td>
<td>16%</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Perm Loan Conversion</td>
<td>550,000</td>
<td>25%</td>
<td>16%</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>8609s</td>
<td>439,999</td>
<td>20%</td>
<td>13%</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Funding of LT Reserves</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
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<td></td>
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<tr>
<td></td>
<td>-</td>
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<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,199,999</td>
<td>100%</td>
<td>63%</td>
<td>9%</td>
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</tr>
<tr>
<td>Deferred Developer Fee</td>
<td>1,300,001</td>
<td>-</td>
<td>37%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Total Developer Fee</td>
<td>3,500,000</td>
<td>100%</td>
<td>14%</td>
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</tbody>
</table>
### SOURCES OF FUNDS

#### LOANS FUNDED DURING CONSTRUCTION

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>Accrued Int</th>
<th>Rate</th>
<th>Term (Mo)</th>
<th>TE Bonds?</th>
<th>Interest Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond Loan</td>
<td>29,030,000</td>
<td>1.85%</td>
<td>36</td>
<td>Yes</td>
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<td></td>
</tr>
<tr>
<td>Ground Lease Rent Yrs 33-55</td>
<td>-</td>
<td>0.00%</td>
<td>36</td>
<td>No</td>
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<td></td>
</tr>
<tr>
<td>Authority IIG Loan</td>
<td>15,200,000</td>
<td>0.00%</td>
<td>36</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Authority CNI Loan</td>
<td>1,000,000</td>
<td>3.00%</td>
<td>36</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxable Bridge Loan</td>
<td>13,750,000</td>
<td>3.10%</td>
<td>36</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Cons. Financing</strong></td>
<td><strong>58,980,000</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

#### BOND TEST

- **Max Available:** 54.7% **PASS**
- **Draw Schedule:** 54.7% **PASS**

#### PERMANENT SOURCES

<table>
<thead>
<tr>
<th>Total Permanent Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity</strong></td>
</tr>
<tr>
<td>Managing GP &amp; Co-GP</td>
</tr>
<tr>
<td>Investor LP</td>
</tr>
<tr>
<td><strong>Debt</strong></td>
</tr>
<tr>
<td>First Mortgage Loan</td>
</tr>
<tr>
<td>Deferred Developer Fee</td>
</tr>
<tr>
<td>HACLA Services Coordination Fee</td>
</tr>
<tr>
<td>Authority CNI Loan</td>
</tr>
<tr>
<td>Authority IIG/TCC Loan</td>
</tr>
<tr>
<td><strong>Other Sources</strong></td>
</tr>
<tr>
<td>Interim Income</td>
</tr>
<tr>
<td>CDLAC Bond Performance Deposit</td>
</tr>
<tr>
<td><strong>Total Permanant Sources</strong></td>
</tr>
</tbody>
</table>

#### Terms and Structure

**Federal:**
- **LIHTC**
- **LIHTC**
- **[ $ 0.903 ]** 24,341,914
- **-**

**Capitalized Interest (incl MIP):**
- **4.00%** 18 480 Hard-Amort 756,051 11/1/23 Yes
- **0.00%** 12 144 DDF 100% of CF 8/1/24 N/A
- **3.00%** 55 660 Soft-% CF 80% of CF 11/1/23 No
- **0.00%** 55 660 Soft-% CF 80% of CF 11/1/55 No

**Debt Analysis**
- **Forecloseable Debt**
- **Total** 15,075,000
- **Per Unit** 186,111
- **% of Equity** 62%
- **% of TDC** 26%
- **Soft Debt**
- **Total** 16,460,000
- **Per Unit** 203,210
- **% of Equity** 68%
- **% of TDC** 29%

**Interim Income, net of Debt Svc**
- **2021** -
- **2022** -
- **2023** 465,370
- **2024** -

**Calculated Period:** 5/1/21 - 11/1/23
## Total Development Costs

<table>
<thead>
<tr>
<th></th>
<th>Federal LIHTC Basis</th>
<th>Tax Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Acquisition Costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Building</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Transfer Tax</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>City Loan Assignment</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

| **Construction Costs** |                     |           |
| Earthwork, Clearing, Grading, Grubbing | - | - |
| Construction (On-Site) + Utilities | 28,741,839 | 28,741,839 |
| Construction (Off-Site) | - | - |
| Contingency [5.0%] | 2,016,000 | 2,016,000 |
| Demolition Costs | - | - |
| Letter of Credit/F&P Bond | 537,070 | 537,070 |
| GC - General Requirements | 2,245,994 | 2,245,994 |
| GC - Overhead | 1,243,191 | 1,243,191 |
| GC - Profit | 1,243,191 | 1,243,191 |
| City Tap Fees | - | - |
| **Subtotal** | 36,027,285 | - |

| **Land Improvements** |                     |           |
| Site Work (General) | 1,050,003 | 1,050,003 |
| Lawns & Plantings | 240,959 | 240,959 |
| On-Site Improvements | 91,212 | 91,212 |
| Storm Water Drain | - | - |
| Roads and Walks | 888,784 | 888,784 |
| Other | - | - |
| **Subtotal** | 2,270,958 | - |

| **Personal Property** |                     |           |
| Appliances | 278,741 | 278,741 |
| Blinds/Shades/Artwork | 48,800 | 48,800 |
| Carpeting | - | - |
| Energy Basis (solar) | 230,000 | 230,000 |
| Equipment/Specialties | - | - |
| FF&E | 200,000 | 200,000 |
| **Subtotal** | 757,541 | - |

<p>| <strong>Soft Costs</strong> |                     |           |
| Accounting | 30,000 | 30,000 |
| Appraisal | 15,000 | 15,000 |
| Architectural Design | 697,500 | 697,500 |
| Architectural Supervision | 200,000 | 200,000 |
| Bond Issuance Costs | - | - |
| MDC Reimbursement for JD park | 500,000 | 500,000 |
| HACLA Services Coordination Fee | 260,000 | 260,000 |
| Construction Monitoring | 95,326 | 45,326 |
| Construction Loan Fees | 135,000 | 85,514 |
| <strong>Subtotal</strong> | 85,514 | 49,486 |</p>
<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
</tr>
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<tbody>
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<td>Construction Period Taxes</td>
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<td>Engineering</td>
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<td>Impact Fees &amp; Zoning</td>
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<td>3,480,216</td>
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<td>LEGAL</td>
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<td>Legal - Perm Lender</td>
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<tr>
<td>Legal - Construction/Bridge Lender</td>
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<td>Legal - Bond &amp; Trustee Counsel</td>
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<td>Legal - HACLA</td>
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<td>Market Study &amp; RCS</td>
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<td>Marketing (Rent Up)</td>
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Berkadia LT Model v18: 1.27.21
Berkadia LT Model - JD52 - 4.8.21 - 467 Ground Lease
Printed: 4/8/2021 at 9:32 AM - 2 of 2
### SOURCES

**Construction Loans**

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**Total**

|              | 12,253,684   | 1,217,096    | 39,656,180   | 2,236,693    | 1,740,000    | 468,000      | 57,571,653    |

### USES

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**Total**

|              | 12,253,684   | 1,217,096    | 39,656,180   | 2,236,693    | 1,740,000    | 468,000      | 57,571,653    |
### CREDIT SUMMARY

#### CREDIT CAPITAL
- **Total Credits to Investor(s):** 26,971,650
- **Price Per Credit:** 0.9025
- **LP Equity:** 24,341,914

#### CREDIT BENEFITS
- **Annual Credit Generated:** 2,697,435
- **Investor Allocation:** 99.99%
- **Annual Credit to Investor:** 2,697,165
- **State Tax Credit Effect on Fed Return:** -
- **Certificate Investor’s Capital Gains Tax:** -
- **Annual Credit Benefit, after tax:** 2,697,165

### BASIS & CREDIT DETERMINATION

#### FEDERAL LIHTC

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#### BASIS CALCULATION

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| Max Credit Override | - |

| Annual Federal LIHTC: | 2,697,435 |

### ANCILLARY TAX CREDITS

#### CREDIT TYPE
- Allocated/Sold to: -
- Credit Delivery: -
- Credits Begin upon: -

#### CREDIT PERIOD
- Credit Period: -
- Begin (auto): -
- Begin (Manual): -
- End Date: -

#### BASIS CALCULATION
- Basis From Uses Tab:
  | Less: [ Enter Description ] |
  | Adjusted Basis |
  | Tax Credit Rates |

#### CREDIT DETERMINATION
- Basis Calculation:
- Calculated Credits:
- Reserved Credits:
- Manual Override:
- Determined Annual Credit: -
### UNIT DELIVERY SCHEDULE

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#### CREDIT DELIVERY

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**Federal LIHTC:**
- 22,479
- 67,436
- 112,393
- 157,950
- 191,068
- 213,547
- 224,786
- 224,786
- 224,786
- 224,786
- 224,786
- 224,786
- 2,112,991

**Total:**
- 2,697,435
### RENT & UNIT MIX

#### Jordan Downs Phase S2

**RESIDENTIAL**

**RENT RESTRICTED**

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**OVERHEAD UNIT**

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**NON-RESIDENTIAL**

**MISCELLANEOUS**

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**ANCILLARY REVENUE**

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**2020 INDEX**

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**Printed: 4/8/2021 at 9:32 AM**
## BASE YEAR OPERATING BUDGET

### REVENUE

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<th>Proforma</th>
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<th>PUPM</th>
<th>Vacancy</th>
<th>Trending</th>
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<td>Affordable - NonSubsidized</td>
<td>-</td>
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<td>5%</td>
<td>102.0%</td>
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<td><strong>Total</strong></td>
<td>1,812,133</td>
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<td>Underwritten Occ: 95.0% Break Even Occ: 88.6%</td>
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### EXPENSES

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<td>Administrative</td>
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**NOI Before DS & RR**

|                      | 918,464  |

**RR Deposits**

|                      | 40,500   | 500    | 42     | 103%    |

**NOI available for Debt Svc**

|                      | 877,964  |

**Hard Debt Service**

|                      | 756,051  |

**DSCR**

|                      | 1.16     |
## NET OPERATING INCOME

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<th>2021</th>
<th>2022</th>
<th>2023</th>
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<tr>
<td>Affordable - NonSubsidized</td>
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<td>1,585,672</td>
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<td>2,106,043</td>
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<td><strong>NOI (Before DS &amp; RR)</strong></td>
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<td>46,951</td>
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<td>969,472</td>
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## CASH FLOW WATERFALL

### WATERFALL

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<td>Interim Inc as Dev Source</td>
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<td>(756,051)</td>
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<td>Ground Lease Rent Yrs 1-32</td>
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<td>Cash Flow to Members</td>
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<tbody>
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<td>Shortfall to: 1.00</td>
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<td>4.69</td>
<td>1.21</td>
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<td>1.24</td>
<td>1.25</td>
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<td>1.27</td>
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<td>Shortfall to: 1.15</td>
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## NET OPERATING INCOME

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<tr>
<th>Year</th>
<th>REVENUE</th>
<th>EXPENSES</th>
<th>NOI (Before DS &amp; RR)</th>
<th>NOI for Debt Service &amp; Waterfall</th>
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<tr>
<td>2031</td>
<td>-</td>
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### CASH FLOW WATERFALL

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<tr>
<td>Stabilization Reserve / Release of unused Interim</td>
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<tr>
<td>First Mortgage Loan</td>
<td>(756,051)</td>
</tr>
<tr>
<td>Berkadia AM LT Fee</td>
<td>(12,668)</td>
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<tr>
<td>Deferred Developer Fee</td>
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</tr>
<tr>
<td>MGP Fee</td>
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<td>HACLA Services Coordination F</td>
<td>(60,501)</td>
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<tr>
<td>Incentive Management Fee - P</td>
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<tr>
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<td>Ground Lease Rent Yrs 1-32</td>
<td>(83,732)</td>
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<td>Authority CNI Loan</td>
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### RESERVE Draws / (Deposits)

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<th>Description</th>
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<td>Transition Reserve</td>
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### DSCR

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### YEARS 1 - 10

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<td>(869,505)</td>
<td>(856,352)</td>
<td>(870,047)</td>
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<th>Development Costs/Int Expensed</th>
<th>First Mortgage Loan</th>
<th>Berkadia AM LT Fee</th>
<th>Deferred Developer Fee</th>
<th>MGP Fee</th>
<th>HACLA Services Coordination Fee</th>
<th>Incentive Management Fee - Part A</th>
<th>LP Distribution - Part A</th>
<th>Ground Lease Rent Yrs 1-32</th>
<th>Authority CNI Loan</th>
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### YEARS 11 - 20

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<td>(65,815)</td>
<td>(65,815)</td>
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<tr>
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<th>ADU to Form 1065 Schedule K</th>
<th>Development Costs/Int Expensed</th>
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<th>Deferred Developer Fee</th>
<th>MGP Fee</th>
<th>HACLA Services Coordination Fee</th>
<th>Incentive Management Fee - Part A</th>
<th>LP Distribution - Part A</th>
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<tbody>
<tr>
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<td>(1,585,726)</td>
<td>(1,562,453)</td>
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Berkadia LT Model v18: 1.27.21
Berkadia LT Model - JD52 - 4.8.21 - 467 Ground Lease
Printed: 4/8/2021 at 9:33 AM
### DEPRECIATION

| Personal Property | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | Total |
|-------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Bonus             | 44%  |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | 474,410 |
| MACRS 5           | 11%  |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | 118,528 |
| MACRS 9           |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | 484,885 |
| ADS 10 - Qualified Alloc. | 45% |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | 484,885 |
| Sitework          |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | 53,820,350 |
| Bonus             |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | 1,572,692 |
| MACRS 15          | 11%  |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | 393,173 |
| MACRS 20          |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | 1,608,435 |
| ADS 20 - Qualified Alloc. | 45% |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | 1,608,435 |
| Acquisition       |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | 53,820,350 |
| SL 27.5           |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | 8,485 |
| ADS 30            | 100% |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | 48,410,291 |
| ADS 40            |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | 1,754,265 |
| New Construction  |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | 19,981,783 |
| Less: Fed HTC & Energy | $   |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | - |
| SL 27.5           |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | 65,815 |
| ADS 30            | 100% |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | 65,815 |
| ADS 40            |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | 65,815 |
| Thereafter        |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | 65,815 |
| Total             |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | 53,062,114 |

### AMORTIZATION

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<th>2034</th>
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Berkadia LT Model v18: 1:27.21

Berkadia LT Model - JD52 - 4.8.21 - 467 Ground Lease

Printed: 4/8/2021 at 9:33 AM
### First Mortgage Loan

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<th>CF Available</th>
<th>Beginning</th>
<th>Payment</th>
<th>Interest</th>
<th>Deferred</th>
<th>Ending</th>
<th>Balance at Sale</th>
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#### Payment Tier 1

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Berkadia LT Model v18: 1.27.21

Berkadia LT Model - JD52 - 4.8.21 - 467 Ground Lease

Printed: 4/8/2021 at 9:33 AM - 1 of 6
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### AMORTIZATION SCHEDULES

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# AMORTIZATION SCHEDULES

## Jordan Downs Phase S2

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### Sec 467 Tax Basis annual deduction: 136,393

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## Ground Lease Rent Yrs 1-32

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**Sec 467 Tax Basis annual deduction: 136,393**
## AMORTIZATION SCHEDULES

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**Sec 467 Tax Basis annual deduction:** 136,393

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**Sec 467 Tax Basis annual deduction:** 136,393

*Tax benefits adjusted to OID compound equivalent rate: 1.79%*
### AMORTIZATION SCHEDULES


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**Printed: 4/8/2021 at 9:33 AM**
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### Critical Dates & Assumptions

- **Initial Deposit:** 5/1/21
- **Interest Begin:** 5/1/21
- **Interest Rate:** 0.25%
- **Annual Deposit Begin:** 7/1/23
- **Annual PUPA (base yr):** 500
- **Annual Inflation:** 103%

### Critical Dates & Assumptions

- **Interest Begin:** 5/1/21
- **Interest Rate:** 0.25%
- **Annual Deposit Begin:** 7/1/23
- **Annual PUPA (base yr):** 500
- **Annual Inflation:** 103%

### Additional Information

- **Beginning Balance:** 468,000
- **Interest:** 12,032
- **Expenditures:** 0
- **Ending Balance:** 480,032

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Berkadia LT Model v18: 1.27.21

RESERVES

Jordan Downs Phase S2

Berkadia LT Model - JDS2 - 4.8.21 - 467 Ground Lease

Printed: 4/8/2021 at 9:33 AM - 1 of 2
## Transition Reserve

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Non Recourse Debt, Net of Lender held Reserves

-20283.75
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13,735,943
13,526,763
13,309,525
13,083,916
12,597,618
12,353,647
12,100,289
11,837,177
11,563,931
11,531,182
11,237,096
10,931,647
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9,878,813
9,510,263
## MINIMUM GAIN

**Initial Capital Account**

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### Note: Investor LP ownership interest is reduced to 60.00% after 2033

## CAPITAL ACCOUNT

### L.P. Maximum Loss Allocation

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### Note: Investor LP ownership interest is reduced to 60.00% after 2033

**L.P. CAPITAL ACCOUNT**

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**Note: Investor LP ownership interest is reduced to 60.00% after 2033**
### TRUE DEBT ANALYSIS

#### RESTRICTED

| Year | Income | Expenses, incl RR deposit | NOI, after RR | Valuation | Appraisal (Lender/BATCS) CapRate | Reserves | LESS: | 2039 | 2040 | 2041 | 2042 | 2043 |
|------|--------|---------------------------|--------------|-----------|----------------------------------|---------|------|------|------|------|------|------|------|
|      |        |                           |              |           | 5.00%                            |         |      | 2039 | 2040 | 2041 | 2042 | 2043 |
|      |        |                           |              |           |                                  |         |      | 1,577,585 | 3,272,913 | 3,371,100 | 3,472,233 | 3,576,400 |
|      |        |                           |              |           |                                  |         |      | 1,632,044 | 1,681,005 | 1,731,435 | 1,783,379 | 1,836,880 |
|      |        |                           |              |           |                                  |         |      | 1,545,542 | 1,591,908 | 1,639,665 | 1,688,855 | 1,739,521 |
|      |        |                           |              |           |                                  |         |      | 30,911,000 | 31,838,000 | 32,793,000 | 33,777,000 | 34,790,000 |
|      |        |                           |              |           |                                  |         |      | 1,725,345 | 1,796,579 | 1,870,019 | 1,945,711 | 1,686,364 |
|      |        |                           |              |           |                                  |         |      | 1,560,000 | 1,590,000 | 1,035,687 | - | - | Reserves for Replacement |
|      |        |                           |              |           |                                  |         |      | 1,725,325 | 1,796,579 | 1,870,019 | 1,945,711 | 1,686,364 |
|      |        |                           |              |           |                                  |         |      | 1,907,508 | 2,294,187 | 3,500,737 | 5,396,332 | 7,699,120 | 9,546,422 |

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*Unrestricted NOI excludes Social Services*
EXHIBIT E

Relocation Plan

[attached]
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1. Introduction

The construction of a new development in an urbanized setting often requires the relocation of site occupants, for purposes of the Jordan Down’s Project the relocation of tenants will be necessary. This Relocation Plan sets forth procedures to assure the fair, uniform and equitable treatment of persons displaced from their homes when development occurs. It identifies the administrative requirements for conducting relocation and sets forth relocation standards, occupancy standards, methods for obtaining replacement housing, payments available and other related provisions of relocation practices.

The Housing Authority of the City of Los Angeles (HACLA) plans to revitalize the Jordan Downs community, an obsolete 670-unit public housing community located between Grape and Alameda Streets, 97th and 103rd Streets in the City of Los Angeles. HACLA proposes to develop a newly revitalized mixed-income community with a highly-organized recreation and enrichment center that will offer quality education, exceptional training and employment opportunities, to support the residents and their children in their effort to break the intergenerational cycle of poverty. The revitalized community is expected to house approximately 1,410 units of rental and ownership housing units, 120,000+ square feet of retail and approximately eight acres of open space. HACLA has selected Michaels Development Company and BRIDGE Housing Corporation as its co-developers. The following plan demonstrates how HACLA intends to comply with the regulatory requirements, as well as the spirit and intent of the Uniform Relocation Act.

The key opportunity at Jordan Downs is that HACLA owns a vacant 21-acre former industrial parcel of land within Jordan Downs. With this large parcel of vacant land, HACLA has committed to a “Build First” strategy for redevelopment and relocation. The redevelopment will proceed in phases which will allow new construction work to begin without dislocating existing households. It is the intent to sequence the delivery of new units with the demolition of existing obsolete units, to avoid the need for temporary relocation. HACLA is committed to a sensitive and choice-based relocation process. All applicable relocation options are available to the families at the site, whether they choose to move into a newly constructed unit or take the opportunity to move permanently off-site. The redevelopment is designed to occur in six distinct phases over a course of 10 years. The current phasing plan (see Attachment 1) anticipates the ability to manage a build-first approach throughout construction. This phasing plan may change based upon the pattern of building vacancies and tenant absorption. The first phase of construction began in May 2017. The relocation of Phase 1 is broken into 3 different phases, Phase 1A, Phase 1B and Phase 1C, the planning stage for which began in March 2018. The overall relocation process for the entire Phase 1 segment is estimated at 18 months with an expected completion date of August 2019.

Funding for the project is anticipated to come from: affordable housing tax credits; bonds; conventional loans; private and public grants including competitive State and Federal grants such as Choice Neighborhood Implementation grants, Community Development Block Grants, Affordable Housing Sustainable Communities funds, HUD Replacement Housing Factor funds and Demolition or Disposition Transitional Funding. In addition, HACLA has been approved for 190
units under the Rental Assistance Demonstration (RAD) program. Due to the funding sources and nature of funds involved, the requirements of the Uniform Relocation and Real Property Acquisition Policies Act of 1970, as amended (“URA”) and corresponding relocation requirements at 49 CFR Part 24, HUD Handbook 1378, California Government Code 7260, and Title 25 of the California Code of Regulations apply to the relocation planning and implementation components of this Project.

Any change of funding sources may require the plan to be updated accordingly to reflect compliance and statutory requirements adequate to the funding source.

2. PROJECT AREA DESCRIPTION

a) Regional Location

The Jordan Downs site is located east of the I-110 Freeway, west of the I-710 Freeway, south of the I-10 Freeway and north of the I-105 Freeway within the City of Los Angeles. The Project site is in the south Los Angeles area in the Watts neighborhood and is neighboring the communities of South Gate, Westmont, Willowbrook, Lynwood and Cudahy. (See Figure 1 Project Regional Location)
b) Project Site Location
The existing site is a 670-unit public housing community of Jordan Downs is located between Grape and Alameda Streets and 97th and 103rd Streets in the City of Los Angeles (See Figure 2 Project Site Boundary and Figure 3 Project Site Aerial Photo.)

Figure 2 Project Site Boundary

Figure 3 Project Site Aerial Photo
3. **GENERAL DEMOGRAPHIC AND HOUSING CHARACTERISTICS**

According to the 2016 U.S. Census, the population of the City of Los Angeles is 3,976,322, and based on 2010 information, the population of the impacted Census Tract 2421 is 2,714 (see Table 1: 2010 Census Population – City of Los Angeles & Impacted Tract). Corresponding Census data concerning the housing mix is shown in Table 2: 2010 Census Housing Units – City of Los Angeles & Impacted Tract.

<table>
<thead>
<tr>
<th>Table 1: 2010 Census Population – City of Los Angeles &amp; Impacted Tract</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Population</strong></td>
</tr>
<tr>
<td>Total Population</td>
</tr>
<tr>
<td>White</td>
</tr>
<tr>
<td>Black or African American</td>
</tr>
<tr>
<td>American Indian or Alaska Native</td>
</tr>
<tr>
<td>Asian</td>
</tr>
<tr>
<td>Native Hawaiian or Other Pacific Islander</td>
</tr>
<tr>
<td>Some Other Race</td>
</tr>
<tr>
<td>Two or More Races</td>
</tr>
<tr>
<td>Hispanic or Latino (of Any Race)</td>
</tr>
</tbody>
</table>

**Source:** U.S. Census Bureau, QT-PL. Race, Hispanic or Latino, and Age: 2010

2016 Census Data Not Available for Tract 2421

<table>
<thead>
<tr>
<th>Table 2: 2010 Census Housing Units – City of Los Angeles &amp; Impacted Tract</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type</strong></td>
</tr>
<tr>
<td>Total Units</td>
</tr>
<tr>
<td>Total Occupied Units</td>
</tr>
<tr>
<td>Owner-Occupied</td>
</tr>
<tr>
<td>Renter-Occupied</td>
</tr>
<tr>
<td>Vacant Housing Units</td>
</tr>
<tr>
<td>Available for Sale Only (of Total Vacant Units)</td>
</tr>
<tr>
<td>Available for Rent – Full Time Occupancy (of Total Vacant Units)</td>
</tr>
<tr>
<td>Sold or Rented – Not Occupied</td>
</tr>
<tr>
<td>Otherwise Not Available (e.g. seasonal, recreational, migratory, occasional use)</td>
</tr>
<tr>
<td>Other Vacant</td>
</tr>
</tbody>
</table>

**Source:** U.S. Census Bureau, QT-H1. General Housing Characteristics: 2010

2016 Census Data Not Available for Tract 2421
4. **ASSESSMENT OF IMPACTED RESIDENTS AND RELOCATION NEEDS**

a) **Survey Method**

Information necessary for the preparation of this Plan was obtained through personal interviews conducted with the residents of Jordan Downs between March 3, 2018 and April 10, 2018 as well as electronic resident data provided by HACLA. Inquiries of residential occupants concerned; household size and composition, income, monthly rent obligation, length of occupancy, ethnicity, home language, disabilities/health problems, transportation needs, pets, legal presence status, and general information regarding the resident’s attitudes towards the Jordan Downs community and their desire to either remain within the community or relocate to a different development.

The descriptive data in this Plan concerning residents is based solely on the verbal information provided by the interviewed residents. Multiple attempts (in writing, in person, and phone calls) were made to contact and interview each household. As of April 10, 2018, the relocation consultant was successful at interviewing 203 households out of 666 occupied households or 30% of households for the purpose of updating this relocation plan.

b) **Project Survey Data**

As of April 2018, there are currently 666 occupied units, and 4 vacant units. Of those 4 vacant units, 1 has been designated for non-residential use (RAC), and 3 are pending new occupancy. Most tenants are currently paying 30% of their gross household monthly income towards rent, while the balance of the rent is subsidized. (Mixed Family Households with both legally and non-legally present persons in the United States will pay more than 30%.)

I. **Housing Mix**

Table 3: Unit Bedroom Sizes outlines the existing breakdown of bedrooms by units occupied in Jordan Downs.

<table>
<thead>
<tr>
<th># of Bedrooms</th>
<th>One</th>
<th>Two</th>
<th>Three</th>
<th>Four</th>
<th>Five</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Units</td>
<td>77</td>
<td>239</td>
<td>265</td>
<td>62</td>
<td>23</td>
</tr>
</tbody>
</table>

II. **Project Rents**

Monthly rents in the Jordan Downs Project are based on tenants' ability to pay at an adjusted 30% of annual gross household income. Based on data provided by HACLA, below, Table 4: Actual Project Rents represents the average, rounded, monthly rent payments of the 666 occupied tenant households.
Table 4: Actual Project Rents

<table>
<thead>
<tr>
<th>Bedrooms</th>
<th>One</th>
<th>Two</th>
<th>Three</th>
<th>Four</th>
<th>Five</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average  Rent</td>
<td>$251.03</td>
<td>$351.80</td>
<td>$530.57</td>
<td>$600.31</td>
<td>$543.39</td>
</tr>
</tbody>
</table>

III. Occupancy

The Project households interviewed that reported number of occupants and data received by HACLA consist of 2,297 individuals among 666 households, 1,224 of whom are adults and 1,073 of whom are children (Under the age of 18). The average household size is 3.44 persons per unit. The distribution of household sizes is provided in Table 5: Current Household Sizes.

Table 5: Current Household Sizes

<table>
<thead>
<tr>
<th># of People in Household</th>
<th># Households</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>100</td>
<td>15.02</td>
</tr>
<tr>
<td>Two</td>
<td>137</td>
<td>20.57</td>
</tr>
<tr>
<td>Three</td>
<td>124</td>
<td>18.62</td>
</tr>
<tr>
<td>Four</td>
<td>123</td>
<td>18.47</td>
</tr>
<tr>
<td>Five</td>
<td>89</td>
<td>13.36</td>
</tr>
<tr>
<td>Six</td>
<td>55</td>
<td>8.26</td>
</tr>
<tr>
<td>Seven</td>
<td>23</td>
<td>3.45</td>
</tr>
<tr>
<td>Eight</td>
<td>13</td>
<td>1.95</td>
</tr>
<tr>
<td>Nine</td>
<td>1</td>
<td>.15</td>
</tr>
<tr>
<td>Ten</td>
<td>1</td>
<td>.15</td>
</tr>
</tbody>
</table>

IV. Replacement Housing Needs

Replacement housing needs, as expressed in this Plan, are defined by the total number of required replacement units and the distribution of those units by bedroom size. The projected number of required units by bedroom size is calculated by comparing survey data relative to household size with HACLA’s replacement housing occupancy standards. These standards, allow for occupancy based on HACLA’s Public Housing Occupancy policy and is reflected in Table 6: Occupancy Standard:

Table 6: Occupancy Standard

<table>
<thead>
<tr>
<th>Size of Family</th>
<th>Number of Bedrooms in Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2</td>
<td>1</td>
</tr>
<tr>
<td>2-4</td>
<td>2</td>
</tr>
<tr>
<td>4-6</td>
<td>3</td>
</tr>
</tbody>
</table>
Table 6: Occupancy Standard

<table>
<thead>
<tr>
<th>Size of Family</th>
<th>Number of Bedrooms in Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>6-8</td>
<td>4</td>
</tr>
<tr>
<td>8-12</td>
<td>5</td>
</tr>
</tbody>
</table>

In addition, where a live-in aide has been approved, HACLA will first determine the appropriate number of bedrooms for the family in accordance with the above chart. HACLA will then approve one additional bedroom to accommodate a live-in aide provided the aide has met the requirements of Section 6.12 of HACLA’s Administrative Plan. The Occupancy Standard will be subject to all other appropriate provisions in the Section 8 Administrative Plan at the time it is applied as well as HUD Section 8 Program Regulations found in § 982.401 Housing Quality Standards (HQS) and § 982.402 Subsidy Standards.

Over-housed households will be eligible for HACLA subsidy based on the qualifying Section 8 Voucher size, not the size of the unit. Similarly, under-housed households may be required to move with a voucher for the number of bedrooms for which the household qualifies so they are right-sized. If a household cannot be immediately right-sized at the time of their relocation, HACLA will provide the household with the option to be temporarily over-housed in an on-site unit at no additional cost to the household. When a new unit becomes available in that phase or a future phase, the household will then be moved into the right-sized unit.

Table 7: Replacement Housing Needs, the following illustrates replacement housing needs requirements based on the 203 conducted interviews and data provided by HACLA:

Table 7: Replacement Housing Needs

<table>
<thead>
<tr>
<th>Bedroom Size</th>
<th>One</th>
<th>Two</th>
<th>Three</th>
<th>Four</th>
<th>Five</th>
</tr>
</thead>
<tbody>
<tr>
<td># Needed</td>
<td>237</td>
<td>247</td>
<td>144</td>
<td>36</td>
<td>2</td>
</tr>
</tbody>
</table>

HACLA continues to review the bedroom needs of existing households as their family composition changes. Appropriate actions will be taken to accommodate households that are under- or over-housed.

V. Income
Income information was obtained via household interviews and information provided by HACLA. According to income standards for the County of Los Angeles (Attachment 2) adjusted for family size as published by the Department of Housing and Urban Development (HUD) in April 2018, Project household incomes are presented in Table 8: Household Incomes.
Table 8: Household Incomes

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Extremely Low</th>
<th>Very Low</th>
<th>Low</th>
<th>Above Low</th>
</tr>
</thead>
<tbody>
<tr>
<td># Households</td>
<td>529</td>
<td>109</td>
<td>21</td>
<td>7</td>
</tr>
</tbody>
</table>

VI. Ethnicity/Language
Ethnicity and preferred language reported amongst the 203 households interviewed and data provided by HACLA is summarized in Table 9: Ethnicity and Table 10: Language. Although the majority of the residents within Jordan Downs Public Housing community are Hispanic/Latino, there are two other distinct ethnic groups of which the larger is African American and the “other” would consist of Asian American.

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Non-Hispanic / Latino</th>
<th>Hispanic / Latino</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households</td>
<td>269</td>
<td>397</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Preferred Language</th>
<th>English</th>
<th>Spanish</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households</td>
<td>354</td>
<td>311</td>
<td>1</td>
</tr>
</tbody>
</table>

Moving forward, all required notices and assistance will be provided in the language understood by the household or translation services will be provided.

VII. Senior/Handicapped Households
Based on the 203 conducted interviews and data provided by HACLA, there are 113 known senior households (head of household or spouse 62 years or older), and 159 households reported having a member with physical and/or psychological disabilities that could affect the relocation process. Care will be taken to meet the special needs of each household, particularly as these needs involve physical access to accommodations. HACLA will take into consideration the number of replacement units needed to house all families with approved Reasonable Accommodations. In all cases involving physical or mental impairments, extra efforts will be made to provide close individual case management and monitoring.

VIII. Vehicles
Based on the 203 conducted interviews, of those households, there are 180 automobiles and 12 motorcycles. No information was provided in determining the remaining 463 occupied units.
IX. Pets / Animals

Based on the 203 conducted interviews and data provided by HACLA, it was determined that there are 34 dogs (26 HACLA verified Assistance/ Support Animals “Dogs”), 3 cats (1 HACLA verified Assistance/ Support Animal “cats”) and 5 other small animals. Other animals include; fish, turtle, rabbit and birds.

5. RELOCATION PROGRAM

The following items are intended to guide the relocation effort. All households will be given notices and ongoing communications regarding the relocation process, the assistance available to them, and related timeframes for resident relocations. All households were provided with the HUD required General Information Notice (Attachment 3) coupled with invitations to multiple resident meetings held on site during the same time frame to discuss the Project plans, relocation process and available resident options. HACLA continues to track any change in tenancy and provide General Information Notices to new resident households upon execution of new leases.

In order to move forward with the first phase of new construction, improve management and security on-site, 28 households in four separate buildings were transferred to other locations on-site in preparation for phase 1 construction activities. HACLA utilized existing vacancies and prioritized previously submitted transfer requests to ensure that a sufficient number of units were available at Jordan Downs for on-site transfers. These on-site transfers were completed in May 2016. The on-site transfers were processed under the existing authority and are not a subject of this relocation plan.

All residents, who are in “good standing” under their current leases at Jordan Downs, that is, the household is not evicted or terminated from housing assistance, will be eligible to move into new units once the new construction has been completed. HACLA will provide counseling through many outlets to help families during the entire relocation process, from initial briefings through the re-occupancy period. A Relocation Consultant will be assigned to each household prior to their scheduled relocation and will work with each household throughout the relocation process. In addition, during the transition to new housing, case managers through HACLA’s on-site service provider will assist the families with coordination of services, referrals to community resources as needed, and with the local schools for admission and transfers of resident students.

HACLA will also offer support for families during the transition to their newly constructed on-site unit and those residents who elected to move permanently off site by means of other assisted housing or under the Housing Choice Voucher (HCV) Program.

Residents electing to move offsite will also receive assistance with their housing search. The Relocation Agent will provide housing referrals, transportation, Section 8 inspection and contracting coordination and assist with rental negotiations, for those electing to move from the Jordan Downs development via the HCV program.
As part of the relocation process, HACLA or its development partners will provide a moving allowance or provide payment for the actual cost of a moving company (Actual Move) to move to a new unit as part of the relocation process, up to a 50-mile radius of Jordan Downs.

Regardless of whether existing Jordan Downs residents decide to move to the newly constructed housing or opt to move off site, HACLA intends to provide 700 units of replacement housing within the larger redevelopment.

The replacement unit breakdown of the initial 700 units is stated in Table 11: New Unit Sizes below.

<table>
<thead>
<tr>
<th>Unit Size</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 bedroom</td>
<td>81</td>
</tr>
<tr>
<td>2 bedrooms</td>
<td>257</td>
</tr>
<tr>
<td>3 bedrooms</td>
<td>276</td>
</tr>
<tr>
<td>4 bedrooms</td>
<td>62</td>
</tr>
<tr>
<td>5 bedrooms</td>
<td>24</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>700</strong></td>
</tr>
</tbody>
</table>

The first phase of the redevelopment of Jordan Downs commenced in May 2017. Under HACLA’s redevelopment plan, Jordan Downs will be preserved as affordable housing with RAD Vouchers and Project Based Vouchers. If HACLA does not receive all RAD vouchers, the balance of units will be ACC units (Annual Contributions Contract – Section 9 Housing.)

HACLA has determined that no resident will be involuntarily displaced, because all residents, in good standing, will be eligible to be relocated on site in the designated replacement units.

The following steps will be implemented during the relocation process:

a) **Relocation Staff**
   Implementation of this Relocation Plan will be the responsibility of the Relocation Consultant, or other individual(s) identified by HACLA. The Relocation Consultant will be the primary contact person for the residents. This person will be responsible for preparing and distributing all required relocation notices, maintaining the original list of households to be relocated, establishing and maintaining a recordkeeping system, identifying replacement units and coordinating the relocation of households within the required timelines.

b) **Develop Individual Move Plans with each Head-of-Household**
   The Relocation Consultant will meet with all households to confirm their options and relocation plans/needs and will provide all necessary assistance throughout the relocation process. Prior to, and upon completion of, the newly constructed units, the Relocation Consultant will do the following:
   - Assist residents with the completion of any necessary forms, whether for assistance or otherwise;
- Identify an appropriate replacement unit on site that meets HACLA occupancy requirements, which is suitable in its living conditions and has comparable amenities to the current unit.
- Identify at least three off-site comparable housing options with at least one option for an off-site comparable housing opportunity located in an area that is not minority-concentrated or poverty-concentrated and has access to community assets such as public transit, employment opportunities and education for each household. (A census tract is considered an opportunity tract, if <40% of the population is living below the poverty level and <40.1% of the population is non-white.)
- Conduct relocation information sessions with each head-of-household;
- Facilitate and schedule resident moves, and assist with utility transfers, completion of change of address forms, etc.

c) Moving Expense Payments
Moving assistance will be provided to all households moving to newly constructed Project units or off-site to other permanent units. This assistance includes:

- Transportation for the households and any personal property;
- Packing, crating, uncrating and unpacking of personal property for people who request reasonable accommodations;
- Storing of personal property (if applicable);
- Disconnecting, dismantling, removing, reassembling, and reinstalling relocated household appliances and other personal property as long as they have been installed with the approval of management and are in compliance with the lease;
- Reinstallation of utilities and/or services, i.e. telephone, gas and cable service;
- Insurance for the replacement value of the property in connection with the move and necessary storage;
- The replacement value of property lost, stolen or damaged in the process of moving (not through the fault or negligence of the displaced person) where insurance covering such loss, theft or damage is not reasonably available;
- Other moving related expenses deemed reasonable by the Relocation Coordinator, including any approved reasonable accommodations.

All residential occupants to be relocated will be eligible to receive a payment for moving expenses. Moving expense payments will be made based upon the actual cost of a professional move, a fixed payment based on a room-count schedule, or a combination of both.

I. Actual Cost (Professional Move)
Residents may elect to have a licensed professional mover perform the move. The actual cost of the moving services, based on at least two acceptable bids, will be compensated by HACLA in the form of a direct payment to the moving company upon presentation of an invoice. Transportation costs are limited to a distance of 50 miles. In addition to the actual move, costs associated with utility re-connections (i.e., gas, water, electricity, telephone, and cable, if any), are eligible for reimbursement.
II. Actual Cost (Room Count)
The Relocation Consultant will contract with 3 separate movers and provide a fee schedule according to eligible rooms. In this case, the approved mover would be compensated by HACLA in the form of a direct payment to move the occupant to the replacement unit based on the number of eligible rooms.

III. Fixed Payment (based on Room Count Schedule)
A household may elect to receive a fixed payment for moving expenses which is based on the number of rooms occupied in the displacement dwelling. In this case, the person to be relocated takes full responsibility for the move. The fixed payment includes all utility connections as described in (a), above. The fixed payment is a one-time, all-inclusive allowance that does not require back-up documentation. The current schedule for fixed payments is set forth in Table 12: Schedule of Fixed Moving Payments on the following page:

<table>
<thead>
<tr>
<th>Room count</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>Each additional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unfurnished Dwelling</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount</td>
<td>$725</td>
<td>$930</td>
<td>$1,165</td>
<td>$1,375</td>
<td>$1,665</td>
<td>$1,925</td>
<td>$2,215</td>
<td>$2,505</td>
<td>$265</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Room count</th>
<th>1</th>
<th>each additional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furnished Dwelling</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount</td>
<td>$475</td>
<td>$90</td>
</tr>
</tbody>
</table>

Source: California Department of Transportation, August 2015

d) Right to Return
All tenants in good standing will be afforded the “right to return” and move into a newly constructed Project unit (Attachment 4). Although all Jordan Downs residents retain the right to remain within the Jordan Downs Project and will be offered a one-time direct move into a newly constructed Project unit, they may also be offered two other permanent replacement housing options.

If resident’s incomes are at or below 50% AMI, they can qualify for and may elect to receive a tenant-based Section 8 voucher and move to a comparable replacement unit within the City of Los Angeles. The Voucher Subsidy will be issued at a bedroom size equivalent to the number of bedrooms the household currently occupies, unless the household is found to be over-housed or under-housed. If right sizing is required, it will be based on the application of the minimum person per bedroom count under the Public Housing Occupancy standard for which the household is eligible based on existing members on the lease and any pre-approved additional bedroom accommodation. The Voucher Subsidy is issued specifically for use within the City of Los Angeles. If the resident desires to port out of the City of Los Angeles, the
subsidy standard and portability cannot be guaranteed but HACLA and its Relocation Consultant will work with the resident household to determine feasibility.

Residents may also choose to move to an available comparable public housing unit within a different public housing development owned by HACLA, if a unit is available at the time of their relocation. Residents will be given 30 days from receipt of their 90-Day Notice to inform HACLA of their desire to move to another public housing site so HACLA may have time to determine if a right-sized unit is available. During the time that HACLA is reviewing availability, the resident has not forfeited their option to either a Section 8 voucher or newly constructed Project unit and may select one of these alternative options if HACLA cannot find an appropriate public housing unit at the time of the request.

Residents returning to a newly constructed Project unit will be offered an appropriate replacement unit based on replacement unit availability and associated restrictions. Units will be matched to household composition and size as determined by HACLA records and information garnered from household interviews. Households needing ADA-restricted units will be paired first. HACLA will then look at all other approved reasonable accommodations on record and match household income with any regulatory restrictions on the replacement unit.

Once matches have been made, HACLA will determine if there are enough available replacement units for all households to receive their minimum number of person per bedroom ratio under the Public Housing Occupancy Standard. If HACLA finds there is a limited number of larger bedrooms available for households with similar income limits, size or composition, households with the most Seniority will be provided the first right to the larger units. Seniority is defined by length of tenancy at the effected public housing site and will be based on the initial date the Head of Household executed their lease. Seniority preference will conform to oldest lease date to newest within the group of impacted residents receiving a Notice to Move. Notices will go out with the unit size designation listed. If households receiving larger bedrooms decline the unit or voluntarily choose to take a smaller unit, HACLA will provide that larger unit to the next qualifying household who has the longest length of tenancy. If there are available Replacement Units still remaining, prior to initial lease up, HACLA will identify the next set of public housing residents to be noticed and will apply the same criteria set out above. This process does not replace any household’s right to submit a formal request for reasonable accommodation at any time or grieve their relocation benefit or process.

Relocation counselors will have pre-identified areas in the surrounding metro that meet the qualifications of not being minority or poverty concentrated areas and will access listings from the Housing Authority (public housing developments and Section 8 units) and market resources (including Section 8 units) in those areas and ensure that options are provided for families to move to those areas. If either of these alternative options is selected by the resident, they will forfeit their right to return to a Project unit.
When interviewed, the residents were asked to state their preferred choice as of the date of the interview. Residents were also advised they will be offered the three choices again closer to the time they are actually being required to move, and they may choose differently at that time. The summary of the choices indicated by the 203 households interviewed is stated in Table 13: Resident Choices - Permanent Housing below:

<table>
<thead>
<tr>
<th>Choice</th>
<th>New Jordan Downs Unit</th>
<th>Other Public Housing Unit</th>
<th>Tenant-based Section 8 Voucher</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td># Households</td>
<td>167</td>
<td>6</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>%</td>
<td>82.27</td>
<td>2.96</td>
<td>7.88</td>
<td>6.90</td>
</tr>
</tbody>
</table>

e) **Resident Owned Fixtures**
In all relocation methods, residents are responsible for disconnecting items that they have installed or attached inside or outside or their unit such as ceiling fans, wall-mounted televisions or other electronic devices, and exterior security gates or bars. Items that have been disconnected and removed from the fixed mounting will be packed and moved with all other furnishings. Items not removed will be considered abandoned and unclaimed and will be removed as part of the rehabilitation work. Assistance with removing personal items will be provided as needed pursuant to a request for reasonable accommodations.

6. **DEFINITIONS**

- **Act** - The United States Housing Act of 1937, as amended (42 U.S.C. 1401 et seq.)
- **Authority / HACLA** – The Housing Authority of the City Los Angeles.
- **CRAL** – California Government Code Section 7260 et seq. and the California Relocation Assistance and real Property Acquisition Guidelines, Title 15, CCR, Section 6000 et seq., the Guidelines and collectively the California Relocation Law.
- **Development Partners** - The selected development teams for each phase of the Jordan Downs Project
- **Eligible Resident** - Any resident of the project at the time of Initiations of Negotiations (ION) that is not unlawfully occupying a unit and is in good standing as a tenant in the Jordan Downs housing community.
- **Extended Temporary Relocation** – Relocation twelve months or more, in which the tenant retains their right to return to the RAD converted property.
- **HUD** - The United States Department of Housing and Urban Development
- **Ineligible Residents** – A resident that is unlawfully occupying a unit shall not be eligible for relocation assistance
- **ION Date** - Initiation of Negotiations for RAD projects is the date of the issuance of the RAD Conversion Commitment (RCC). Initiation of Negotiations under the State of California is the date of the Option to Lease and Purchase Agreement for each property.
• PBV – Project Based Vouchers; the form of subsidy to be provided to the property post-RAD conversion under a Housing Assistance Payment (HAP) Contract.
• HCV – Housing Choice Vouchers
• On-site Moves - A transfer to another unit on-site without moving off of the property.
• Off-site Moves - A transfer to another unit, either an approved section 8 unit or to another HACLA development.
• Program - A program or project undertaken by the Housing Authority of the City of Los Angeles to redevelop Jordan Downs.
• Public Housing – Housing developed under Section 9 of the 1937 Housing Act governed by an Annual Contributions Contract (ACC) between HUD and HACLA.
• Redevelopment/Renovation - The act or process of revitalizing the entire Jordan Downs site includes the demolition of 700 (670 Existing, 30 Previously Demolished) units of obsolete public housing and the construction of 1,410 new apartment and homeownership units for a mixed income community.
• Rehabilitation - A construction program to make physical improvements to the property necessary to extend the development’s long-term viability which may require residents to relocate.
• Relocation - Resident required moves as a result of a Rental Assistance Demonstration conversion under the Public Housing component of the demonstration.
• Relocation Consultant - A representative or agent of the Housing Authority of the City of Los Angeles, whose specific task, as a result of the redevelopment, is to relocate each resident, monitor and coordinate all relocation activity, and implement the relocation plan to ensure compliance with applicable relocation regulations, guidelines and laws.
• Relocation Period - The period during which residents may need to be relocated, determined by the period of rehabilitation or construction and specific to each property.
• Relocation Plan - The written document adopted by the Board of Commissioners of the Housing Authority of the City of Los Angeles that governs the policies and procedures to be utilized by the Relocation Agents, HACLA Staff and Developer in the implementation of the relocation program.
• Right to Return - The right of Eligible Residents that are relocated (through temporary relocation or extended temporary relocation) to return to a property converted under RAD after completion of the rehabilitation and/or construction.
• Temporary Relocation - Relocation of less than twelve months in which the resident retains their right to return to the property.
• Temporary Relocation Assistance – All relocation assistance and payments required under URA and CRAL for temporary relocation.
• Unlawful Occupancy - Unlawful occupancy is: (1) occupancy by a person that has been ordered to move by a court of competent jurisdiction; (2) or, if the person’s tenancy has been lawfully terminated by HACLA for cause, the tenant has vacated the premises, and
the termination was not undertaken for the purpose of evading relocation assistance obligations.

- **Voluntary Permanent Relocation** - Relocation option based on resident choice when relocation time period will exceed 12 months and resident chooses not to proceed with extended temporary relocation as confirmed by written consent of resident, relinquishing their right to return.

7. **RELOCATION SCHEDULE**

The relocation schedule is designed to provide minimum disruptions to residents without compromising the redevelopment.

Following receipt of all necessary HUD approvals, all households will receive notices on a rolling basis as determined by when their units are scheduled to be demolished within the phasing plan. The delivery of the first phase of replacement housing is anticipated in late 2018.

Although only 38% of the replacement units will be RAD units, all Project households will receive a RAD Relocation Notice and at least 90 days’ written notice to vacate per RAD and URA requirements. Because the proposed redevelopment is both a RAD conversion and a Section 18 disposition, HACLA has adopted the policy of following the RAD guidelines and providing relocation assistance as required to all Project occupants, regardless of whether or not they are designated to move into a RAD unit. HACLA’s policy includes the right to return, no-rescreening, relocation assistance, and resident choices regarding replacement housing.

8. **RELOCATION SERVICES**

Through the Relocation Consultant, the following services will be provided to all households prior to the commencement of each applicable phase of the redevelopment of the property:

- One-on-one meetings to identify household needs and preferences;
- Identifying and responding to special needs and reasonable accommodation issues and requests;
- Identifying available units that meet the needs of the households;
- Ensuring decent, safe and sanitary conditions in replacement dwellings;
- Scheduling moves and working closely with moving contractors to ensure moves are completed on schedule;
- Delivering all relevant relocation notices required in accordance with applicable federal, state and local regulations and maintaining all required documentation in household relocation files;
- Providing referrals to social service provider(s) as needed to address social service-related barriers to relocation.
- All persons with Limited English Proficiency Needs will be identified and translation services will be provided on a case by case basis.

Relocation staff will be available to assist any displaced household with questions and or assistance in relocation. Relocation staff will be located at the Jordan Downs Community Center located at 2010 E. 101st Street, Los Angeles, CA 90002 and available Monday thru Friday between the hours of 8:00am and 4:30pm.

9. PROGRAM ASSURANCES AND STANDARDS

Adequate funds are available to relocate all displaced households. Relocation assistance services will be provided to ensure that displacement does not result in different or separate treatment of households based on race, nationality, color, religion, national origin, sex, marital status, familial status, disability or any other basis protected by the federal Fair Housing Amendments Act, the Americans with Disabilities Act, Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, the California Fair Employment & Housing Act, and the Unruh Act, as well as, any other arbitrary or unlawful discrimination.

a) Relocation Tax Consequences
In general, relocation payments are not considered income for the purpose of the Internal Revenue Code of 1968, or the Personal Income Tax Law, Part 10 of the Revenue and Taxation Code. The above statement on tax consequences is not intended to be a provision of tax advice by HACLA, the co-developers, or Relocation Consultant. HACLA, the co-developers and Relocation Consultant cannot give specific advice related to tax law and residents are responsible for consulting with their own tax advisors concerning the tax consequences of relocation payments.

b) Grievances Procedures
HACLA’s appeals process will be consistent with the Provisions of Article 5 of the State relocation guidelines (Appendix A). The right to appeal shall be described in all relocation explanatory material distributed to displacees. HACLA’s grievance procedures are provided in detail in Attachment 5.

c) Eviction Policy
I. Eviction will cause the forfeiture of a displacees right to relocation assistance or benefits. Relocation records will be documented to reflect the specific circumstances surrounding any eviction action.

II. Eviction may be undertaken for one or more of the following reasons:
   a. Failure to pay rent, except in those cases where the failure to pay is due to the owner’s failure to keep the premises in habitable condition; is the result of harassment or retaliatory action; or, is the result of discontinuation, or a substantial interruption of services;
   b. Performance of a dangerous, and/or illegal act in the unit;
c. A material breach of the rental agreement, and failure upon notification to correct said breach within 30 days of Notice;
d. Maintenance of a nuisance, and failure to abate such nuisance upon notification within a reasonable time following Notice to Correct;
e. Refusal to accept one of a reasonable number of offers of replacement dwellings; and/or,
f. A requirement under State, or local law or emergency circumstance

d) Termination of Public Housing Lease
Upon receipt of the RAD Conversion Commitment (RCC), the Development Teams shall provide each tenant with a 30-Day Notice of Termination of the Public Housing Lease Agreement from HACLA. The specific reason for termination of the Public Housing lease agreement is cited as follows:

“The property you currently occupy is participating in the Department of Housing and Urban Development’s (HUD) Rental Assistance Demonstration (RAD) Program. HUD will issue the RAD Conversion Commitment (RCC) to convert your property from Public Housing to Project Based Vouchers. Thus, your Public Housing Dwelling Lease will terminate 30 days from the date of this notice.”

Jointly with the issuance of the termination of the Public Housing lease agreement, the Development Team shall issue an offer of a new lease. All tenants will be required to execute the new lease effective the first of the month after closing of the RAD transaction. Each Development Team will utilize a lease of their choice but will include certain terms and conditions that will be consistent among all RAD converted properties and will include, as a minimum, the following documentation.

- HUD Project Based Voucher Tenancy Addendum
- RAD PBV lease rider
- PBV Statement of Family Obligations
- RAD House Rules

e) Termination of Lease During Temporary Relocation
A material breach of the lease agreement or temporary housing lease agreement and failure to correct such breach, within the stated notice requirements under the lease, state law or federal regulation may result in eviction action during the temporary relocation period.

f) Record Keeping
HACLA shall be responsible for retention of all General Information Notices issued prior to the implementation of the relocation program. The Relocation Consultant shall be responsible for all other records related to the resident relocation process. Records and documentation shall be kept in sufficient detail to demonstrate compliance with all CRAL, URA and RAD requirements. Such records shall include all notices and claim forms
including evidence of payment of claims, and shall be retained for at least three years after
the latest date of (1) the issuance of all payments to affected tenants; (2) the date of
project completion; or (3) resolution of all issues resulting from litigation, negotiation,
audit, or other action.

10. SUMMARY

This Plan will be provided to each household and will be made available to the public for the
mandatory thirty (30) day review period. Comments to this Plan will be included as a Plan
addendum prior to submission to the HACLA Board of Commissioners for its review and approval.
A copy of the approved Plan will be forwarded to the California Department of Housing and
Community Development (HCD).

HACLA proposes to revitalize the aging Jordan Downs development via the new construction of
sustainable subsidized housing units within an expanded existing Project site. A variety of funding
sources, including the RAD program, will be utilized to convert the public housing units to a
mixed-finance housing development.

HACLA and its co-developers have adopted a build-first program, which is intended to eliminate
the need for existing Project residents to relocate temporarily. Residents will have the right to
move one time into a newly constructed Project unit, or they may choose to move off-site into
another public housing development or via a tenant-based Section 8 voucher to another
community of their choice. Moving assistance and advisory services will be provided to all Project
occupants.

All relocation noticing and relocation activities will be conducted in compliance with RAD
program and URA requirements. A qualified relocation consultant will be hired to provide
relocation assistance services to the Project residents via the relocation program and plan
described herein. Further, details are provided in the Frequently Asked Questions and Answers
provided to the residents at the community meetings and presented in Attachment 6.

Residents who are relocated under temporary, extended temporary or voluntary permanent
relocation, as a result of the rehabilitation shall be relocated to other decent, safe, sanitary and
affordable housing (at rents no higher than permitted under the Act) on a non-discriminatory
basis without regard to race, color, religion, creed, national origin, handicap, age, familial status,
sex, sexual preference, sexual orientation or gender identity and in compliance with Federal,
State and Local laws.
ATTACHMENT 1 – PHASING PLAN
Illustrative Site Plan: 1,375 Units Full Build-out

The overall number of units shall be 1,375 replacing 700 existing public housing units while respecting the scale and character of the surrounding neighborhoods.
Existing Conditions
Phase 1

Phase 1A: 115 Units
- New Construction: 115 Units
- Demolition for 1A Housing: None
- Cumulative Housing: 115 Units
- New Construction: Primestone Retail Center
- Demolition for Primestone and Laurel Street extension: 30 units.
- Relocate 30 households in preparation for Phase 1A demolition

Phase 1B: 135 Units
- New Construction: 135 Units
- Demolition for Phase 1B: None.
- Cumulative Housing: 250 Units
- Cumulative Demolition: 30 Units.
- New Construction: Community Center & Gymnasium: 60,000 sq ft
- Relocate 127 households in preparation for Phase 2A demolition
Phase 2

Phase 2A: 120 Units
- New Construction: 120 Units
- Demolition for Phase 2A: 127 residential units and existing Community Center
- Cumulative Housing: 370 Units
- Cumulative Demolition: 157 Units.
- Relocate Maintenance Facility and existing Grape Street Gymnasium

Phase 2B: 130 Units
- New Construction: 130 Units
- Demolition for Phase 2B: Maintenance facility and existing Grape Street Gymnasium
- Cumulative Housing: 500 Units
- Cumulative Demolition: 157 Units.
- Relocate 169 households in preparation for Phase 3A demolition
Phase 3

Phase 3A: 135 Units
- New Construction: 135 Units
- Demolition for Phase 3A: 169 units
- Cumulative Housing: 595 Units
- Cumulative Demolition: 326 Units
- Relocate 24 households in preparation for Phase 3B demolition

Phase 3B: 125 Units
- New Construction: 125 Units
- Demolition for Phase 3B: 24 Residential units
- Cumulative Housing: 760 Units
- Cumulative Demolition: 330 Units
- Relocate 95 households in preparation for Phase 4A demolition
Phase 4

Phase 4A: 77 Units
- New Construction: 77 Units
- Demolition for Phase 4A: 95 Units
- Cumulative Housing: 837 Units
- Cumulative Demolition: 445 Units

Phase 4B: 133 Units
- New Construction: 133 Units
- Demolition for Phase 4B: None
- Cumulative Housing: 970 Units
- Cumulative Demolition: 445 Units
- Relocate 135 households in preparation for Phase 5A demolition
Phase 5

Phase 5A: 115 Units
- New Construction: 115 Units
- Demolition for Phase 5A: 33 Units
- Cumulative Housing: 1,085 Units
- Cumulative Demolition: 580 Units

Phase 5B: 75 Units
- New Construction: 75 Units
- Demolition for Phase 5B: None
- Cumulative Housing: 1,160 Units
- Cumulative Demolition: 590 Units
- Relocate 120 households in preparation for Phase 6A demolition
ATTACHMENT 2 – HUD INCOME LIMITS
Attachment 2

HUD INCOME LIMITS – LOS ANGELES COUNTY

The following figures are approved by the U. S. Department of Housing and Urban Development (HUD) for use in the County of Los Angeles to define and determine housing eligibility by income level.

<table>
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<th>Family Size</th>
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<th>Very Low</th>
<th>Low</th>
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<tr>
<td>1 Person</td>
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<td>30,400</td>
<td>48,650</td>
</tr>
<tr>
<td>2 Person</td>
<td>20,850</td>
<td>34,750</td>
<td>55,600</td>
</tr>
<tr>
<td>3 Person</td>
<td>23,450</td>
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<tr>
<td>4 Person</td>
<td>26,050</td>
<td>43,400</td>
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</tr>
<tr>
<td>5 Person</td>
<td>28,440</td>
<td>46,900</td>
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</tr>
<tr>
<td>6 Person</td>
<td>32,580</td>
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<td>80,600</td>
</tr>
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<td>7 Person</td>
<td>36,730</td>
<td>53,850</td>
<td>86,150</td>
</tr>
<tr>
<td>8 Person</td>
<td>40,890</td>
<td>57,300</td>
<td>91,700</td>
</tr>
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</table>

Figures are per the Department of Housing and Urban Development (California), updated in March 28, 2016.
ATTACHMENT 3 – SAMPLE GENERAL INFORMATION NOTICE
June 7, 2016

Dear < Resident >:

The property you currently occupy is being proposed to be redeveloped as new affordable housing by the Housing Authority of the City of Los Angeles (HACLA), which will require the ultimate demolition of your building prior to new construction. At this time, HACLA expects that the proposed demolition and new construction of Jordan Downs may require you to be relocated permanently from your unit. The redevelopment of Jordan Downs is a large endeavor and is expected to potentially take up to ten years to complete. It is unlikely that any resident will be required to relocate anytime in the next year or more.

This notice does not mean that you need to leave the property at this time. This is not a notice of eligibility for relocation assistance or a notice to vacate. The remainder of this letter only applies to situations where you will need to be relocated from your unit.

HACLA is proposing this as a “Build First” Project and is supporting one-for-one unit replacement in the new development. However, it is our duty, under Federal Law, to provide this notice to inform you of your potential rights. This notice serves to inform you of your potential rights under a federal law known as the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA). If the proposed project receives HUD approval, and if you are displaced permanently as a result, you may become eligible for relocation assistance and payments under the URA, including:

1) Relocation advisory services that include referrals to replacement properties, help in filing payment claims and other necessary assistance to help you successfully relocate;
2) At least 90 days’ advance written notice of the date you will be required to move;
3) Payment for moving expenses; and
4) Payments to enable you to rent a similar replacement home.

Note that pursuant to Public Law 105-117, aliens not lawfully present in the United States are not eligible for relocation assistance, unless such ineligibility would result in exceptional hardship to a qualifying spouse, parent, or child. All persons seeking relocation assistance will be required to certify that they are a United States citizen or national, or an immigrant lawfully present in the United States.

As a resident of Jordan Downs, HACLA intends to provide your household with a right to return to the Project as units are completed. If you are in good standing under your lease, you will be able to lease and occupy a unit in the converted project when the new construction is complete.

If you are permanently displaced from your home, you will not be required to move until you are given at least 90 days’ advance written notice of any required move and at least one comparable replacement
dwelling has been made available to you. Although it is not anticipated, if you are temporarily relocated, and your temporary relocation lasts more than one year, you will be contacted and offered permanent relocation assistance as a displaced person under the URA. This assistance would be in addition to any assistance you may receive in connection with temporary relocation and will not be reduced by the amount of any temporary relocation assistance you have already received.

If you are required to relocate from the property in the future, you will be informed in writing. HACLA or their designated representative will inform you of the assistance and payments for which you are eligible, and how you will receive these payments. If you become a displaced person, you will be provided reasonable assistance necessary to complete and file any required claim to receive a relocation payment. If you feel that your eligibility for assistance is not properly considered, you will also have the right to appeal a determination on your eligibility for relocation assistance. Complete details on appeal procedures are available upon request from HACLA.

You should continue to pay your rent and meet any other requirements specified in your lease. If you fail to do so, HACLA may have cause for your eviction. If you choose to move, or if you are evicted, prior to receiving a formal notice of relocation eligibility, you may become ineligible to receive relocation assistance. It is very important for you to contact us before making any moving plans.

HACLA has retained the professional firm of Overland, Pacific & Cutler, Inc. (OPC) to represent HACLA and assist in the relocation planning process. In order to assess and better plan for the relocation needs of possible displaced residential occupants in the Project, HACLA is preparing a Relocation Plan. To prepare this Relocation Plan, OPC staff will need to meet with you in your home to assess your relocation needs. If you have not already made an appointment with a Relocation Agent, please contact OPC to make an appointment that is convenient for you by calling:

Norma Jacquez or Liset Corona
(800) 400-7356

Again, this is not a notice to vacate and does not establish eligibility for relocation payments or other relocation assistance. If HACLA decides not to move forward with the proposed Project, you will be notified in writing.

If you have any questions about this or any other relocation issues, please contact Norma Jacquez or Liset Corona at (800) 400-7356. Please execute the original version of this letter and return it to your Relocation Agent. You may retain the second copy for your personal records.

Sincerely,

Jenny Scanlin  
Development Director

Received by

X

Recipient's Signature

Date

Delivered on/by: ____________ / ____________

Posted on/by: ____________ / ____________

Mailed/receipt received on: ____________ / ____________
March 24, 2016

Resident Name
Address
Address

Dear [Resident Name],

The property you currently occupy is being proposed for participation in the Department of Housing and Urban Development’s (HUD) Rental Assistance Demonstration (RAD) program. At this time, we expect that the proposed demolition and new construction of Jordan Downs Phase II may require you to be relocated permanently from your unit. We will provide further details to you as plans develop.

**This notice does not mean that you need to leave the property at this time. This is not a notice of eligibility for relocation assistance or a notice to vacate.** The remainder of this letter only applies to situations where you will need to be relocated from your unit.

This notice serves to inform you of your potential rights under the RAD program and a federal law known as the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA). If the proposed RAD project receives HUD approval, and if you are displaced permanently as a result, you may become eligible for relocation assistance and payments under the URA, including:

1) Relocation advisory services that include referrals to replacement properties, help in filing payment claims and other necessary assistance to help you successfully relocate;
2) At least 90 days’ advance written notice of the date you will be required to move;
3) Payment for moving expenses; and
4) Payments to enable you to rent a similar replacement home.

**NOTE:** Aliens not lawfully present in the United States are not eligible for URA relocation assistance, unless such ineligibility would result in exceptional and extremely unusual hardship to a qualifying spouse, parent, or child as defined at 49 CFR 24.208(h). All persons seeking relocation assistance will be required to certify that they are a United States citizen or national, or an immigrant lawfully present in the United States.

As a resident of a property participating in RAD, you have the right to return to the project after the project is complete. If you are in good standing under your lease, you will be able to lease and occupy a unit in the converted project when the new construction is complete.

If you are permanently displaced from your home, you will not be required to move until you are given at least 90 days’ advance written notice of any required move and at least one comparable replacement dwelling has been made available to you. Although it is not anticipated, if you are temporarily relocated, and your temporary relocation lasts more than one year, you will be contacted and offered permanent relocation assistance as a displaced person under the URA. This assistance would be in addition to any assistance you may receive in connection with temporary relocation and will not be reduced by the amount of any temporary relocation assistance you have already received.

If you are required to relocate from the property in the future, you will be informed in writing. HACLA or their designated representative will inform you of the assistance and payments for which you are eligible,
if you will be relocated because of RAD and how you will receive these payments. If you become a
displaced person, you will be provided reasonable assistance necessary to complete and file any required
claim to receive a relocation payment. If you feel that your eligibility for assistance is not properly
considered, you will also have the right to appeal a determination on your eligibility for relocation assistance.

You should continue to pay your rent and meet any other requirements specified in your
lease. If you fail to do so, HACLA may have cause for your eviction. If you choose to move, or
if you are evicted, prior to receiving a formal notice of relocation eligibility, you may become ineligible to receive relocation assistance. It is very important for you to contact us before
making any moving plans.

HACLA has retained the professional firm of Overland, Pacific & Cutler, Inc. (OPC) to assist in the
relocation planning process. In order to assess and better plan for the relocation needs of displaced residential occupants in the Project, HACLA is preparing a Relocation Plan. To prepare this relocation plan, OPC staff will need to meet with you in your home to assess your relocation needs. OPC will be in
the area beginning the week of March 28th and will be trying to contact you then. If you want to make
an appointment that is convenient for you, please call the relocation agent identified below.

Norma Jacquez or Liset Corona
(800) 400-7356

You will be contacted soon so that we can provide you with more information about the proposed
project. If the project is approved, we will make every effort to accommodate your needs. In the
meantime, if you have any questions about our plans, please contact Norma Jacquez or Liset Corona
at: (800) 400-7356; njacquez@opcservices.com or lcorona@opcservices.com; 3750
Schaufele Avenue, Long Beach, CA 90808.

This letter is important to you and should be retained.

Sincerely,

Jenny Scanlin
Development Director

Received by:

Delivered on/by: ____________/__________

X

Recipient's Signature

Posted on/by: ____________/__________

Mailed/receipt received on: ____________/__________

Date
ATTACHMENT 4 – SAMPLE RIGHT TO RETURN CERTIFICATE
## Relocation Budget Estimate

**Jordan Downs Redevelopment - HACLA**

### Relocation Costs

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<th>Relocation (dollars)</th>
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<th>2 BR</th>
<th>3 BR</th>
<th>4 BR</th>
<th>5 BR</th>
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<tbody>
<tr>
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<td>1665</td>
<td>1925</td>
<td>2215</td>
<td>669</td>
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<tr>
<td>California DOT Schedule</td>
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<td>1665</td>
<td>1925</td>
<td>2215</td>
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### Relocation Benefit Costs For Residents

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<th>Estimated Residents at Relocation Date</th>
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<th>2-BR</th>
<th>3-BR</th>
<th>4-BR</th>
<th>5-BR</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>Households (Estimated Occupancy)</td>
<td>78</td>
<td>242</td>
<td>263</td>
<td>63</td>
<td>23</td>
<td>669</td>
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<tr>
<td>California DOT Schedule</td>
<td>1165</td>
<td>1375</td>
<td>1665</td>
<td>1925</td>
<td>2215</td>
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<tr>
<td>Relocation Benefits Totals</td>
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<td>$332,750</td>
<td>$437,895</td>
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### Security Deposits for Section 8 Clients

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<th>Estimated Residents at Relocation Date</th>
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<th>2-BR</th>
<th>3-BR</th>
<th>4-BR</th>
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<th>TOTAL</th>
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<tr>
<td>Households on-site</td>
<td>78</td>
<td>242</td>
<td>263</td>
<td>63</td>
<td>23</td>
<td>669</td>
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<tr>
<td>Households going into Section 8 (40%)</td>
<td>40%</td>
<td>31</td>
<td>97</td>
<td>105</td>
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<tr>
<td>Average Deposits for Section 8</td>
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<td>Relocation Costs for Security Deposits</td>
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### Relocation Counseling/Advisory Services - REQUIRED UNDER URA

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<th>Relocation Counseling</th>
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<td>Relocation Costs</td>
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<table>
<thead>
<tr>
<th>Relocation Counseling/Advisory Services</th>
<th>Per Unit/Household</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Resident Transportation</td>
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<td>Site Security</td>
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### Replacement Housing Payments

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<tr>
<th>Potential Replacement Housing Payments for Families</th>
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<th>42</th>
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</table>

### Grand Total

| GRAND TOTAL | $3,171,411 |

### Breakdown

- Relocation Costs: $1,033,735
- Section 8 Deposits and Credit Checks: $647,300
- Relocation Counseling/Management: $1,406,376
- Replacement Housing Payments: $84,000
- Total: $3,171,411
- Estimated Cost Per Household: $4,741
ATTACHMENT 5 – GRIEVANCE PROCEDURES
Relocation - Appeals Policy and Procedures

Purpose and Governing Law
Any person who is aggrieved by a determination as to eligibility, the amount of payment, the failure of the Housing Authority of the City of Los Angeles (HACLA) to provide comparable permanent or adequate temporary replacement housing or the HACLA’s property management practices may, at his/her election have his/her claim reviewed and reconsidered by HACLA or an authorized designee (other than the person who made the determination in question) in accordance with the procedures set forth here.

The Grievance Officer shall promptly hear all complaints brought by aggrieved persons of a redevelopment project area relating to relocation and shall determine if HACLA has complied with the provisions of these Rules and Regulations and where applicable, with federal law and regulations as codified in 24 CFR 966 Subpart B.

The grievance procedure’s purpose is to set requirements, standards, and criteria to make sure that the tenants of HACLA’s public housing program are afforded an opportunity for an appeals procedure.

Reasonable Accommodations
HACLA shall provide reasonable accommodations to Tenants with disabilities such as providing qualified sign language interpreters, readers, and selecting accessible locations. If the Tenant is visually impaired, any notice that is required under this procedure will be in an accessible format.

Informal Conference
A. An Informal Conference is provided to the Tenant so that both the tenant and the HACLA have an opportunity to discuss and settle a relocation grievance without the need for a Formal Hearing.
B. A request for an Informal Conference will be required by the Tenant to the designated HACLA Relocation Manager.
C. Within fourteen (14) calendar days after the Tenant requests an informal conference, the Tenant will be given an opportunity to personally present his/her grievance, either orally or in writing, to the designated HACLA Relocation Manager or a supervisor of the designated HACLA Relocation Manager.
D. The person who conducted the Informal Conference and heard the Tenant’s Grievance shall prepare a written Manager’s Decision regarding the Informal Conference. It shall specify:
   1. The date of the meeting;
   2. The names of the participants;
   3. The nature of the Grievance;
   4. The proposed disposition of the Grievance and specific reasons therefor; and
   5. A brief statement of the procedure the Tenant must follow in order to obtain a Formal Hearing should the Tenant be dissatisfied with the Manager’s Decision.
E. The Manager’s Decision will be mailed, first class mail, proof of mailing required, within thirty (30) calendar days of the date of the Informal Conference. Additionally, the
mailing shall include (i) a Tenant Request for a Formal Hearing, a copy of which is attached hereto to this Grievance Procedure.

F. Failure to timely request or attend an Informal Conference shall be deemed a waiver of the Tenant’s right to proceed under the Grievance Procedure. However, such waiver shall not affect any other rights or remedies the Tenant may have under the law.

**Formal Hearings**

A. The Formal Hearing’s purpose is to provide a Tenant with an opportunity to have his/her Grievance resolved by HACLA when dissatisfied with the Manager’s Decision.

B. A Tenant has to complete the Informal Conference procedure before requesting a Formal Hearing.

C. Time, Place and Manner of Requesting a Formal Hearing.

1. In order to obtain a Formal Hearing regarding the Tenant’s Grievance, the Tenant shall timely submit completed Tenant Request For A Formal Hearing, which shall:
   a) Specify the nature of the Grievance;
   b) The action or relief sought;
   c) The need and type of interpreter services, if any; and
   d) The need and nature of any reasonable accommodation, if the Tenant is disabled and desires an accommodation.

2. A Tenant Request for a Formal Hearing shall be submitted to HACLA by certified mail, return receipt requested, within thirty (30) days following the mailing of the Manager’s Decision. The Tenant Request for a Formal hearing shall be addressed to the HACLA’s Director of Development, at the central administrative offices of HACLA, ATTN: Grievance Administrator.

3. Failure to timely request a Formal Hearing shall be deemed a waiver of the Tenant’s right to proceed under the Grievance Procedure. However, such waiver shall not affect any other rights or remedies the Tenant may have under the law.

4. The Grievance Administrator shall reject any Tenant Request for a Formal Hearing not made in accordance with the Grievance Procedure or involve matters that are not in relation to relocation process. In either event, the Tenant shall be notified in writing of the rejection and the reasons therefore.

D. Formal Hearing Setting, Continuances and Failure to Appear

1. A date for the Formal Hearing will be set within thirty (30) calendar days of receipt of a request by the Grievance Administrator.

2. A Notice of Formal Hearing shall be sent first class mail not less than fourteen (14) calendar days before the date of the Formal Hearing to the Tenant, or if represented, the Tenant’s Formal Representative, and the Housing Authority’s Formal Representative. Such notice shall state the date, time and place for the Formal Hearing.

3. Continuances may be granted:
   a) Only by a written agreement between HACLA’s Formal Representative and the Tenant, or the Tenant’s Formal Representative, received by the Grievance Administrator at least five (5) calendar days before the scheduled Formal Hearing; or
   b) By agreement of HACLA’s Formal Representative and the Tenant, or the Tenant’s Formal Representative, at the time of the Formal Hearing; or
c) Upon a showing of good cause to the Hearing Officer at the time of the Formal Hearing; but, in no event may the Hearing Officer continue the Formal Hearing more than (i) five (5) calendar days where the Tenant fails to appear at the time of the Formal Hearing.

4. If the Tenant fails to appear at the time of the Formal Hearing, the Hearing Officer may either continue the case, as set forth above, or deem the Tenant’s failure to appear as a waiver of the Tenant’s right to a Formal Hearing. However, such waiver shall not affect any other rights or remedies the Tenant may have under the law.

E. Exchange of Evidence

As soon as the Tenant’s request for a Formal Hearing is made and no later than ten (10) business days before the Formal Hearing, both the Tenant or the Tenant’s Formal Representative and HACLA’s Formal Representative may request of the other, in writing, copies of all relevant documents and regulations intended to be used by the other at the time of the Formal Hearing. The cost of such copies shall be at the expense of the requestor. The Tenant’s right to request documents, as set forth above, shall be in addition to the right that the Tenant has to obtain, upon timely request, copies of any and all documents that are within the tenant file HACLA keeps with respect to the Tenant. If the complainant requests more time to gather and prepare additional material for consideration review and demonstrate a reasonable basis therefore, the complainant should be granted additional time.

F. Rules Governing the Hearing

The following rules shall govern the hearing:

1. Formal Hearing shall be set before an impartial and independent Hearing Office, selected in accordance with Grievance Procedure. The Manager’s Decision and a completed Tenant Request for a Formal Hearing shall serve as the pleadings, to frame the issues, before the Hearing Officer.

2. Unless the Tenant requests a public hearing, the tenant shall have the right to a private hearing.

3. Only documents provided in accordance with the Grievance Procedure may be presented at the time of the Formal Hearing.

4. The Tenant has the right to be represented by counsel or other persons chosen by the Tenant to present evidence and arguments on his/her behalf. Counsel, the individual who held the Informal Conference with the Tenant, or by some other person approved by the Director of HACLA’s Director of Development, may represent HACLA.

5. The Tenant has the right to present evidence and arguments in support of his/her Grievance, to controvert evidence relied upon by HACLA and to confront and cross-examine all witnesses upon whose testimony or information HACLA relies.

6. The Hearing shall be conducted informally. Oral and documentary evidence pertinent to the facts and issues raised by complainant may be received as evidence without regard to admissibility under the rules of evidence which apply to judicial proceedings.

7. Testimony shall be given under oath. The Hearing Officer will administer oaths.
8. The Hearing Officer shall hear all the testimony and accept the records, reports, documents and materials into evidence as submitted by the Tenant and HACLA. The Hearing Officer shall evaluate and give weight to the evidence to the extent of its relevance. The Hearing Officer shall have the right to examine any persons testifying and evidence submitted at the hearing. If a party or witness refuses to answer or comply with a request by the Hearing Officer for the opportunity to examine the evidence, the Hearing Officer may disregard the testimony of that person or that evidence.

9. The Grievance Administrator must electronically record the Formal Hearing and either HACLA or the Tenant may request to have a written transcript of the proceedings prepared at its expense.

10. The Hearing Officer shall require all individuals at the Formal Hearing to adhere to orderly conduct. Failure to comply with the direction of the Hearing Officer may result in the disorderly party being excluded from the hearing.

11. The parties to the grievance may stipulate to any or all factual allegations. Where all factual allegations are agreed, the Hearing Officer may make a decision without holding a hearing.

12. The Hearing Officer may make a decision without holding a hearing if the Hearing Officer determines that the issue has been decided in a previous grievance hearing.

13. A settlement may be reached at any time, provided such settlement is not contrary to law, regulation or a contract between HACLA and HUD.

G. The Decision

1. The Hearing Officer shall prepare a written decision. Such decision shall be:
   a) Made within thirty (30) calendar days of the conclusion of the Formal Hearing;
   b) State the reasons for the decision and the evidence relied upon (the Hearing Officer may only consider testimony and evidence presented at the time of the hearing);
   c) Dated and signed by the Hearing Officer who presided over the Formal Hearing; and
   d) Delivered to the Grievance Administrator who shall, within ten (10) calendar days thereafter, mail a copy to the Tenant, or the Tenant’s representative, and deliver a copy to the Director of Development.

2. If the Hearing Officer is unable to reach a decision within the time allowed, the relief sought by the Tenant shall be granted.

H. Effect of Decision

1. The decision of the Hearing Officer shall be binding on HACLA and HACLA shall take all actions, or refrain from actions, necessary to carry out that decision, unless the Housing Authority Board of Commissioners determines and notifies the Tenant within sixty (60) calendar days following the decision that:
   a) The Tenant dispute did not constitute a grievance as defined in this Grievance Procedure; OR,
   b) The decision is contrary to applicable, law, regulations, or contract between the Housing Authority and HUD.
2. A decision by the Hearing Officer or HACLA Board of Commissioners in favor of HACLA or one which denies the relief requested by the Tenant in whole or in part shall not constitute a waiver of, nor affect in any manner whatever, any rights the Tenant may have to pursue and appropriate judicial proceeding thereafter.

Selection of a Hearing Officer
When a Formal hearing is required, the Grievance Administrator shall select an impartial Hearing Officer from a list of certified Hearing Officers who:

a) Neither made nor approved HACLA’s action under review, or is a subordinate or such a person described; or
b) Does not reside or is employed at the same development as the Tenant.

Grievance Administrator
The Director of Development, or his or her designee, shall serve as the Grievance Administrator and shall administer all aspects of the Formal Hearing Grievance Procedure. Duties shall include, without limitation:

a) Receiving Formal Hearing requests;
b) Setting the date, time and place of Formal Hearings;
c) Maintaining a list of certified Hearing Officers;
d) Selecting a certified Hearing Officer for each Formal Hearing;
e) Providing Notice of Formal Hearing;
f) Mailing copies of Decisions to all parties;
g) Issuing subpoenas requiring the attendance of witnesses or the production of books and papers at the request of either the Tenant or HACLA;
h) Maintaining all documents directly relevant to the Formal Hearing submitted evidence and the original decision of the Hearing Officer; and
i) Maintaining copies of all decisions, with all names and identifying references deleted, for the purpose of inspection by prospective Tenants and Hearing Officers.

Certification Procedure of Hearing Officers
To be certified as a Hearing Officer, a person:

a) Must be recommended by the Director of Development;
b) Must be selected after consultation with resident organizations and consideration of any comments submitted in response; and

c) Must have a combination of three years working experience with the interpretation, implementation, management and/or application of public housing landlord-tenant rental agreements (i.e. a public housing manager or former manager) or three years working experience as a professional mediator or attorney.
TENANT REQUEST FOR A FORMAL HEARING

DATE: __________________________
TO: ____________________________

Tenant’s Name
: ____________________________________
Address Unit #
: ____________________________________
City State Zip:
: ____________________________________

PLEASE TAKE NOTICE that if you are dissatisfied with the Manager’s Decision (delivered herewith) and wish a formal hearing in accordance with the Authority’s grievance procedure, you may complete this Tenant Request for a Formal Hearing form and mail it, certified mail, return receipt requested, to The Director of Development, Housing Authority of the City of Los Angeles, 2600 Wilshire Boulevard, Los Angeles CA 90057: Attn: Grievance Administrator. You must mail this form within (30) days of the mailing of the Manager’s Decision to you. Failure to complete and mail this form within ten (30) days will result in waiver of your rights to a formal hearing.

Pursuant to federal regulation and in accordance with the Housing Authority’s grievance procedure, you must set forth below the specific reasons for your grievance and the action or relief you want. Simple statements such as, “I disagree with the decision” will be rejected as nonspecific.

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IF NECESSARY, CONTINUE ON A SEPARATE SHEET OF PAPER

Date: ______________________
Resident(s) Signature: ________________________________

Address where I desire to receive notices concerning this request and/or the scheduling of the hearing is:

_____________________________________________________________________________________________________
_____________________________________________________________________________________________________
_____________________________________________________________________________________________________
_____________________________________________________________________________________________________
Frequently Asked Questions and Answers about Jordan Downs Revitalization and Relocation
Prepared For: Relocation Meetings

1. What is the new Jordan Downs redevelopment project?
   Jordan Downs Revitalization is the development of new housing adjacent to and on the existing Jordan Downs public housing site to create a new healthy, mixed-income neighborhood. Jordan Downs’ residents and Watt’s neighbors worked with HACLA for two years to create the Jordan Downs Master Plan. The master plan includes up to 1,800 affordable and market rate housing units, including 700 replacement housing units for existing residents, new parks, new streets and utilities, and a new neighborhood hubs with retail, child care, after school programs, and recreation and fitness for the entire family.

2. How will the revitalization take place?
   The first phase of this project will be built on a 21-acre former industrial property adjacent to Jordan Downs Public Housing, purchased by HACLA in 2009. The first phase will include 250-units of housing, approximately 120,000 square feet of retail, the extension of Century Boulevard to Tweedy Street and a series of new open and recreation spaces. Future phases will be developed over time as residents relocate into the new units built. HACLA has partnered with BRIDGE Housing and Michaels Development Company to plan, construct and manage the housing and Primestor Inc. to plan, construct and manage the retail center. Funding for the development will come from public and private sources and will include loans and grants.

3. When will construction for the revitalization of Jordan Downs begin? How long will it take?
   Construction of the first two affordable housing developments, Housing Phases 1A and 1B, are planned to start in late 2016 and complete construction in early 2018. The construction at Jordan Downs will be divided into phases, with new streets and sidewalks, utilities, and housing. The next phase will include new parks and neighborhood serving facilities, such as a community center. The total construction period is approximately 10 years, depending on funding.

4. Will my rent change once the new housing is built?
   Rent levels for public housing replacement units in the new community will still be based on 30% of your household’s adjusted gross income, just as it is now. For the majority of households, your rent will only change for the same reasons it could change now: for instance if your household income changes or your family size changes. However, if your household income is over 80% Area Median Income; you are currently paying a flat rent; or you have household members who are not legal residents, you may be subject to other rent adjustments. In these limited cases, if your rent increases more than 10% and requires you to pay more than $25 per month in addition rent, your new rent will be phased in over 3 years.
5. Will the Housing Authority still be my landlord?
No, the Housing Authority will not be the landlord. Instead, an affiliate of Michaels Development Company or BRIDGE Housing is expected to manage the buildings with public housing replacement units. Michaels Development Corporation and BRIDGE Housing are affordable housing developers committed to providing permanent affordable housing to low-income households.

While the buildings will not be owned and managed by the Housing Authority of the City of Los Angeles, the Housing Authority will keep ownership of the land and lease the land to each building’s new owner. By keeping ownership of the land, the Housing Authority can make sure that the housing always stays affordable and set standards and requirements for management and maintenance of the site.

6. How will the design of each building be determined?
Each new affordable housing building constructed will be designed by architects selected by Michaels/BRIDGE and approved by HACLA. Michaels and BRIDGE will organize community design meetings of residents and neighbors to participate in the design. Funding sources for the new buildings set the standards for the size of unit each family will get. The unit size depends on the number of people who are in the household and on the lease. All units will be brand new, energy efficient, and adequately sized to meet each household’s needs.

7. Can I have a pet in my new apartment?
Michaels/BRIDGE will organize a series of community meetings in the future to address house rules, including policies about pets. You will be invited to participate in those meetings to provide input on house rules.

8. How long will the new development remain affordable?
At minimum, the housing will remain affordable for a period of 99 years. It is the intention of both HACLA and Michaels/BRIDGE that the housing will remain affordable forever.

9. Will the rebuilding of Jordan Downs generate employment opportunities for residents?
Yes. The Housing and Urban Development Department and HACLA require that construction and permanent jobs in the revitalization projects are made available to public housing residents, Watt’s residents, and local businesses. Each developer must create a jobs plan and work with local non-profits and schools to help prepare residents, including both adults and youth, for construction-related jobs, as well as other employment opportunities that may arise through the development process.

10. Will I have the opportunity to move into new housing?
All existing Jordan Downs households are provided a right to relocate in the new housing being developed as long as they are in Good Standing under their lease.

11. What does good standing mean?
Good standing means the household has not been evicted or terminated from housing assistance by the Housing Authority of the City of Los Angeles by the time the household
receives a written Notice of Eligibility for relocation benefits, which is given to the household at least 90 days before it is time for the household to move and prior to the household executing its lease for a new unit. To help ensure that your household remains in good standing as well as remains eligible for relocation benefits, it is very important that each household is paying rent and complying with the HACLA lease until it is time for your household to move.

12. What is a Relocation Plan?
A Relocation Plan is a document that outlines the Housing Authority’s and Michaels/BRIDGE’s obligations to provide assistance to families who have to relocate because of new development. The Plan defines what laws apply, and estimates the budget necessary to carry out relocation activities. A Relocation Plan is required by HUD in order to carry out the revitalization of Jordan Downs.

13. Will residents have the opportunity to participate in the creation of the Relocation Plan?
Yes. Residents are invited to community meetings to learn about the Relocation Plan, and to provide input on what the Plan says. In addition, HACLA’s Relocation Coordinators will interview each household to learn how HACLA, Michael’s and BRIDGE can meet the relocation needs of residents.

14. Who approves the Relocation Plan?
Once the Relocation Plan has been drafted, it will be made available to the public for comments during a 30-day public comment period. Following that comment period, the Relocation Plan must be approved by the HACLA Board of Commissioners in a public hearing.

15. When will I have to move?
Existing households will not have to move until demolition or construction is scheduled for the area where you live. The first phase of demolition that could trigger relocation is anticipated to begin in fall 2018 at the area between E. Century Boulevard and East 101st Street. Households living in different areas of Jordan Downs will relocate at different times.

16. What moving assistance will be provided to my household?
Moving assistance will be provided in accordance with the Uniform Relocation Act (URA) and the State of California Relocation Assistance Guidelines (Guidelines). Each household will be provided 1) advisory assistance and services by HACLA’s Relocation Coordinator to plan and execute your move; 2) assistance with reasonable increased out of pocket housing costs; and 3) actual and reasonable moving expenses. If a household chooses to be relocated to a unit outside of Jordan Downs, the household will be offered at least one comparable housing unit, and where possible, three or more comparable units and will be provided with a Tenant Protection Voucher.

17. How will I be notified of what relocation assistance I will be eligible to receive?
You will get a written Notice of Eligibility (NOE) describing these relocation benefits at least 90 days before you will be required to move, and you will receive relocation advisory
assistance before that. If you move before you receive a NOE you will not be eligible for relocation assistance and benefits.

Households should not move out of Jordan Downs until they receive a NOE. If they move prior to receiving the NOE, they may forfeit their rights to receiving relocation assistance and their right to return to a new unit at Jordan Downs.

18. What relocation assistance is available to households who voluntarily moved after they received the General Information Notice (GIN)?
Households who voluntarily move after the receipt of the GIN and prior to receiving a Notice of Eligibility (NOE), are not eligible to receive relocation assistance. Former residents that have already moved, who feel they are eligible to receive relocation assistance, may request a review of their case to the Housing Authority of the City of Los Angeles. Again, please note that households should not move out of Jordan Downs until they receive a NOE. Should they move prior to receiving the NOE they may forfeit their rights to receiving relocation assistance and their right to return to a new unit at Jordan Downs.

19. Will vouchers be available to families that do not want to move into the new units?
Tenant Protection Vouchers are expected to be available to residents who do not want to move into a new unit in the Jordan Downs redevelopment.

20. What are next steps?
The next step is to develop a Relocation Plan. You are encouraged to participate in one of the upcoming Relocation Planning meetings, as well as to schedule your one-on-one conversation with one of HACLA’s Relocation Coordinators.

Primary Contacts:

HACLA
John King, Community Relations Officer 213-252-5464 John.King@hacla.org

BRIDGE Housing
Marco Ramirez, Senior Manager, Community Development 213-440-4485
M Ramirez@bridgehousing.org
Kassie Bertumen, Community Development Mngr. 415-989-1111 x4008
KBertumen@bridgehousing.org

Relocation Consultant (Overland Pacific & Cutler)
Hernando Avilez, Project Manager 800-400-7356 HAvilez@opcservices.com
**JORDAN DOWNS RELOCATION PLAN**

**RESPONSES TO RESIDENT COMMENTS RECEIVED DURING THE 30 DAY PUBLIC COMMENT PERIOD**

<table>
<thead>
<tr>
<th>Resident Question/Concern</th>
<th>RESPONSE</th>
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<tbody>
<tr>
<td>1. What kind of relocation assistance will be provided to tenants with disabilities?</td>
<td>HACLA and its Relocation Consultant will assist tenants with disabilities throughout the relocation process and closely follow all provisions under the Federal Code of Regulations to ensure that no displaced person with disabilities is excluded from participating in, denied the benefits of, or subjected to discrimination in the provision of relocation assistance because of the person’s disability. The Relocation Plan acknowledges the needs of those tenants in relation to both relocation on-site at the redeveloped Jordan Downs or off-site with a Section 8 voucher, as follows: “There are 60 known senior households (head of household or spouse 62 years or older), and 96 households reported having a member with physical and/or psychological disabilities that could affect the relocation process. Care will be taken to meet the special needs of each household, particularly as these needs involve physical access to accommodations. HACLA will take into consideration the number of replacement units needed to house all families with approved Reasonable Accommodations. In all cases involving physical or mental impairments, extra efforts will be made to provide close individual case monitoring.” (p. 10)</td>
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“Moving assistance will be provided to all households moving to newly constructed Project units or off-site to other permanent units. This assistance includes: 2. Packing, crating, uncrating and unpacking of personal property for people who request reasonable accommodations;” (p. 13)
“Through the Relocation Consultant, the following services will be provided to all households prior to the commencement of each applicable phase of the redevelopment of the property:

- Identifying and responding to special needs and reasonable accommodation issues and requests;
- Identifying available units that meet the needs of the households;
- Providing referrals to social service provider(s) as needed to address social service-related barriers to relocation” (p. 16)

On a permanent basis, the newly constructed units at Jordan Downs will provide accommodations for disabled persons, as at least 10% of the units will be accessible to people with mobility impairments and at least 4% of the units will be accessible to people with communication disabilities, per the 2015 Minimum Construction Standards of the California Tax Credit Allocation Committee.

HACLA’s Section 8 inspectors will work with tenants and relocation consultants to inspect units selected for occupancy and ensure they meet all ADA requirements before allowing the tenant to move into the unit.

2. If I move before receiving my Notice of Eligibility, will I be able to receive priority or preference for the replacement units at the redeveloped Jordan Downs?

As stated in the General Information Notice, the FAQ and the Relocation Plan provided to residents, households that choose to move off-site before receiving the Notice of Eligibility, which is the formal offer of relocation assistance, will not be given priority or preference to move into the replacement units newly constructed at Jordan Downs. However, there will be a site-based wait list and anyone meeting income eligibility can apply for housing on site. The site-based wait list will be used for all other non-replacement units.

The General Information Notice (GIN) sent to all residents states the following:

“You should continue to pay your rent and meet any other requirements specified in your lease. If you fail to do so, HACLA may have cause for your eviction. If you choose to move, or if you are evicted, prior to receiving a formal notice of relocation eligibility, you may become ineligible to receive relocation assistance. It is very important for you to contact us before making any moving plans.”

The following information is provided in the FAQ:
“What relocation assistance is available to households who voluntarily moved after they received the General Information Notice (GIN)?

Households who voluntarily move after the receipt of the GIN and prior to receiving a Notice of Eligibility (NOE), are not eligible to receive relocation assistance. Former residents that have already moved, who feel they are eligible to receive relocation assistance, may request a review of their case to the Housing Authority of the City of Los Angeles. **Again, please note that households should not move out of Jordan Downs until they receive a NOE. Should they move prior to receiving the NOE they may forfeit their rights to receiving relocation assistance and their right to return to a new unit at Jordan Downs.**

In addition, the Relocation Plan states: “All tenants in good standing will be afforded the “right to return” and move into a newly constructed Project unit (Attachment 5). Although all Jordan Downs residents retain the right to remain within the Jordan Downs Project and will be offered a one-time direct move into a newly constructed Project unit, they will also be offered three other permanent replacement housing options.

Residents may elect to receive a tenant-based Section 8 voucher and move to a comparable replacement unit in a community of their choice, or they may choose to move to an available comparable public housing unit within a different public housing development owned by HACLA, if a unit is available at the time of their relocation.

Relocation counselors will have pre-identified areas in the surrounding metro that meet the qualifications of not being minority or poverty concentrated areas and will access listings from the Housing Authority (public housing developments and Section 8 units) and market resources (including Section 8 units) in those areas and ensure that options are provided for families to move to those areas. **If either of these alternative options is selected by the resident, they will forfeit their right to return to a Project unit.**” (p. 14)

| 3. When will HACLA begin the relocation process? | HACLA will begin the relocation process prior to the first new units receiving a certificate of occupancy. The URA provides for a 90-day notice period but HACLA expects to provide tenants with notice earlier. The current schedule expects the first units to be delivered by April 2018. HACLA would like to provide tenants with a reasonable amount of time to make decisions and prepare for their move and expects to engage a relocation consultant in 2017 and begin working with tenants by Fall 2017. The redevelopment will proceed in phases which |
4. What if I move to another public housing site as the result of a reasonable accommodation prior to receiving a Notice of Eligibility? Will I still have a right to move into a replacement unit at the redeveloped Jordan Downs?  

All tenants who will be required to relocate as a result of the redevelopment of Jordan Downs will receive a Notice of Eligibility for relocation assistance (see response to #2, above). If the tenant moves off site prior to receiving a Notice of Eligibility, they will not be given priority to move into the newly constructed units at Jordan Downs.

5. It’s going to be hard for tenants to find Section 8 housing. What if they don’t find Section 8 housing during the period that a voucher is issued? Will they still be able to move into a replacement unit? Will HACLA pay for temporary relocation costs?  

Residents who elect to move permanently from Jordan Downs by means of other assisted housing or under the Housing Choice Voucher (HCV) Program will not be eligible to move into a replacement unit. HACLA will provide these tenants with assistance in searching for a new home. This assistance includes at least three referrals and will utilize all potential listings and market resources to identify appropriate units. HACLA intends to initiate the Notice of Eligibility early so that residents will be able to find housing and the voucher will not be in jeopardy. HACLA’s Relocation budget covers moving allowance or actual movers; costs for transportation and childcare to make it easier for residents to look at potential properties; and provides discretionary funds for other appropriate relocation-related expenses.

6. In addition to a voucher and general moving expenses, what else will HACLA pay for to assist residents with relocating off-site?  

The moving assistance to be provided to relocated tenants includes:

1. Transportation for the households and any personal property;
2. Packing, crating, uncrating and unpacking of personal property for people who request reasonable accommodations;
3. Storing of personal property (if applicable);
4. Disconnecting, dismantling, removing, reassembling, and reinstalling relocated household appliances and other personal property as long as they have been installed with the approval of management and are in compliance with the lease;
5. Reinstallation of utilities and/or services, i.e. telephone, gas and cable service;
7. Insurance for the replacement value of the property in connection with the move and necessary storage;

8. The replacement value of property lost, stolen or damaged in the process of moving (not through the fault or negligence of the displaced person) where insurance covering such loss, theft or damage is not reasonably available;

9. Other moving related expenses deemed reasonable by the Relocation Coordinator, including any approved reasonable accommodations.

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<th>Question</th>
<th>Response</th>
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<tbody>
<tr>
<td>7. Will HACLA pay a rent differential if the tenant cannot find a unit comparable to the one they are in now at the voucher-assisted rate?</td>
<td>Voucher payment standards for different unit sizes are based on fair market rent levels, which in turn are established at least annually by the U.S. Department of Housing and Urban Development (HUD). Because HACLA is offering every household the right to move into a comparable unit at Jordan Downs, it is not subject to the obligation to pay rent differentials. HACLA has included in its budget some discretionary funds and will determine during the relocation process what costs it may cover to ensure successful relocation for all Jordan Downs households.</td>
</tr>
<tr>
<td>8. How did HACLA ensure that the replacement units being offered match the income, household size, or ADA requirements of existing Jordan Downs households?</td>
<td>HACLA tracks the composition, incomes and disability status of all households at Jordan Downs as part of the redevelopment process and is working closely with its development partners to ensure that the replacement units in the redeveloped Jordan Downs will meet the needs of current residents who wish to remain at Jordan Downs.</td>
</tr>
</tbody>
</table>
| 9. Will residents be temporarily relocated off-site during construction as a result of dust generated by the construction process? | Residents will not be relocated temporarily off-site during construction. Under the terms of the approval of the Final Environmental Impact Report for the Jordan Downs redevelopment project, HACLA and its development partners must implement a series of measures to minimize and mitigate dust generated during construction. These measures include:

   1. All haul trucks hauling soil, sand, and other loose materials shall be covered (e.g., with tarps or other enclosures).
   2. Dust suppression methods when disturbing soil so as not to create visible dust emissions or cause soils that exceed site-specific clean-up goals, as approved by DTSC for the project site, to become airborne.
   3. Apply water or dust palliative to the site and equipment as frequently as necessary to control fugitive dust emissions. Fugitive emissions generally must meet a “no visible dust” criterion either at the point of emission or at the right of way line as required by the SCAQMD. |
4. Implement a dust control plan documenting sprinkling, temporary paving, speed limits, and expedited revegetation.
5. Use track-out reduction measures such as gravel pads at project access points.
6. Cover all transported loads of soils and wet materials prior to transport, or provide adequate freeboard (space from the top of the material to the top of the truck) to minimize emission of dust (particulate matter) during transportation.
7. Promptly and regularly remove dust and mud that are deposited on paved, public roads due to construction activity and traffic to decrease particulate matter.

In addition, all construction work is subject to South Coast Air Quality Management District’s SCAQMD’s Rule 403, which requires the following measures:

1. Control of fugitive dust with the best available control measures (BACM) so that it does not remain visible in the atmosphere beyond the property line of the proposed project.
2. Preparation/implementation of a dust control plan, which must be approved prior to construction.
3. Prohibits emissions of fugitive dust from any active operation, open storage pile, or disturbed surface area such that the dust remains visible in the atmosphere beyond the property line of the emission source; or the dust emission exceeds 20 percent opacity, if the dust emission is the result of movement of a motorized vehicle.
4. Prohibits active operations without utilizing the applicable best available control measures included in Table 1 of Rule 403.
5. Prohibits allowing PM10 levels to exceed 50 micrograms per cubic meter when determined, by simultaneous sampling, as the difference between upwind and downwind samples collected on high-volume particulate matter samplers or other U.S. EPA-approved equivalent method for PM10 monitoring.
6. Prohibits allowing track-out to extend 25 feet or more in cumulative length from the point of origin from an active operation; all track-out from an active operation shall be removed at the conclusion of each workday or evening shift.
7. No person shall conduct an active operation with a disturbed surface area of five or more acres or with a daily import or export of 100 cubic yards or more of bulk material without utilizing approved control measure/measures at each vehicle egress from the site to a paved public road.
The purpose of these measures is to mitigate and control dust impact on and off the construction site. These mitigations are intended to adequately control dust so it will not impact residents, including residents who may have dust sensitivities. Housing Services will evaluate any and all requests for Reasonable Accommodation and work with each tenant individually on the most appropriate accommodation path.

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
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<tbody>
<tr>
<td>10. Will Section 8 vouchers be provided to residents on a contingency basis?</td>
<td>HACLA will apply to HUD for tenant protection vouchers for all Jordan Downs households to be relocated to units that are not part of the Rental Assistance Demonstration (RAD) program. HACLA will also make housing choice vouchers available to the households who will occupy the 70 units being converted under the RAD program.</td>
</tr>
<tr>
<td>11. Will all of the public housing units be replaced?</td>
<td>All of the 700 public housing units at Jordan Downs will be replaced, on a one-for one basis with either a Rental Assistance Demonstration (RAD) unit or a Replacement Project Based Voucher (PBV) unit. Currently, HACLA is proposing to use 70 RAD units and 87 PBV units in the phases Phase 1A and 1B. HACLA also has a multi-phase RAD award for 120 units for conversion in the next four phases. HACLA in its FY 2016 CNI grant application, requested RAD conversion assistance for an additional 77 units for the Jordan Downs Redevelopment and expects to receive a reservation for those units. HACLA anticipates that through the build-out of Jordan Downs redevelopment, 267 RAD units and 433 PBV units will be created, for a total of 700 Replacement units.</td>
</tr>
<tr>
<td>12. Will the Relocation Plan be available for a 30-day comment period as stated in the FAQ?</td>
<td>HACLA posted the Relocation Plan on its website on November 21st, 2016 and has made copies of the Relocation Plan, in English and Spanish, available at the Jordan Downs management office, community center and RAC offices. The Relocation Plan was brought before the Board of Commissioners on November 29, 2016 where testimony and public comments were submitted. The Relocation Plan will be heard by the Board of Commissioners on December 22, 2016. Starting with the date of its first posting, the Relocation Plan will have been available for public comment for 32 days prior to the Board’s final consideration. The Relocation Plan is also available on the HACLA web site at the following link: <a href="http://www.hacla.org/Portals/0/Attachments/BOC%20Audio/ITEM%20VII%20C2%2011-29-16%20BOC%20SPECIAL%20MEETING.pdf">http://www.hacla.org/Portals/0/Attachments/BOC%20Audio/ITEM%20VII%20C2%2011-29-16%20BOC%20SPECIAL%20MEETING.pdf</a></td>
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## JORDAN DOWNS RELOCATION PLAN – RESIDENT COMMENTS RECEIVED AFTER DECEMBER 12, 2016

<table>
<thead>
<tr>
<th>Resident Question/Concern</th>
<th>RESPONSE</th>
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<tbody>
<tr>
<td>1. How long will it take to complete construction of the new Jordan Downs?</td>
<td>It is anticipated that construction will take approximately 10 years from start to finish.</td>
</tr>
<tr>
<td>2. What is the phasing of the relocation?</td>
<td>HACLA anticipates that the first buildings demolished will be those in the area around the recreation and community center. Therefore, residents of those buildings will be the first to receive their Notices of Eligibility for relocation benefits. Additionally, all residents from Units 1-30 who were transferred to another unit on site will have priority for relocation benefits. After we complete those relocations, HACLA and the developer will determine, based on funding and logistics, which buildings will be demolished next. The demolition and relocation may not happen in the same numerical order as the six phases planned for the Jordan Downs redevelopment.</td>
</tr>
<tr>
<td>3. If I live in the first area to be relocated, when will I receive my Notice of Eligibility?</td>
<td>HACLA expects to issue Notices of Eligibility earlier than legally required so there is more time to work with residents to review their options and search for housing if the tenant chooses to move off-site. The first new buildings are expected to be ready for occupancy in Spring 2018. Therefore, HACLA expects to issue the first notices in Fall 2017.</td>
</tr>
<tr>
<td>4. When will residents who live in buildings in phases 5 and 6 be relocated?</td>
<td>At this time, exact dates for relocation of residents in later phases have not been determined. HACLA and the developer will make those decisions after completing relocation for the first phase. In any case, residents will be notified well in advance of demolition of their unit and will receive assistance in understanding their options and searching for housing if necessary. HACLA expects to continue to host regular update meetings with all residents of Jordan Downs Public Housing. Updates will include any updates on phasing plans.</td>
</tr>
<tr>
<td>5. When will Section 8 vouchers be available?</td>
<td>Households may have two opportunities to receive a Section 8 voucher. The first opportunity is when the Notice of Eligibility for relocation benefits is issued; at that time, the household may choose to take a Section 8 voucher and move off-site. For tenants that choose to move into a new unit at the redeveloped Jordan Downs, there will be a second opportunity for a Section 8 voucher. HUD requires under both RAD and PBV for a mobility voucher to be available to tenants once they have been living in a new unit at Jordan Downs for at least one year. In that case, the household must choose to move voluntarily, be in compliance with their lease, and be eligible for the voucher under the Section 8 program.</td>
</tr>
<tr>
<td>6. If a resident decides to move to another public housing site instead of moving into</td>
<td>No. Only those residents who have lived in a new unit at the redeveloped Jordan Downs for at least one year may be eligible for a Section 8 voucher.</td>
</tr>
<tr>
<td>Question</td>
<td>Answer</td>
</tr>
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<td>------------------------------------------------------------------------</td>
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<tr>
<td>a new unit at Jordan Downs or taking a Section 8 voucher, will they still be eligible to receive a Section 8 voucher after one year?</td>
<td>No. A late payment notice does not make a tenant ineligible for relocation benefits, according to HUD standards for re-screening and eligibility. However, tenants are strongly encouraged to comply with their leases and pay rent on time. Significant or continued lease violations can lead to eviction, which compromises relocation rights.</td>
</tr>
</tbody>
</table>
DISPOSITION AND DEVELOPMENT AGREEMENT

for the

REDEVELOPMENT OF THE JORDAN DOWNS PUBLIC HOUSING COMMUNITY

Phase S2 Multifamily Rental Development

by and among

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

and

JORDAN DOWNS PHASE S2, LP
This Disposition and Development Agreement for the Redevelopment of the Jordan Downs Public Housing Community (this “Agreement”) is entered into and effective as of __________, 2021 (the “Effective Date”) by and among the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic (the “Authority”), Jordan Downs Phase S2, LP, a California limited partnership (“Partnership”), and The Michaels Development Company I, L.P., a New Jersey limited partnership (“Developer”). The Authority, the Partnership and the Developer are collectively referred to herein as the “Parties.”

RECITALS

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

B. The Authority is the owner of real property located in the Watts Community of the City of Los Angeles occupied by the Jordan Downs Public Housing Community (“Jordan Downs Site”) as well as a neighboring site known as 9901 Alameda Street (“9901 Alameda”). The Authority intends to redevelop the Jordan Downs Site and 9901 Alameda in multiple phases.

C. The Authority issued a Request for Qualifications on September 7, 2011, to seek one or more private developers to serve as master developer for the Jordan Downs Site and 9901 Alameda and through a competitive selection process selected Jordan Downs Community Partners LLC, a California limited liability company (“Master Developer”), a joint venture of the BRIDGE Housing Corporation (“BRIDGE”) and Developer as master developer for the Jordan Downs Site.

D. The Authority, Master Developer, Developer and BRIDGE are parties to that certain Master Development Agreement for the Redevelopment of the Jordan Downs Public Housing Community, dated August 1, 2012, as amended by that certain (i) Assignment of Rights to Develop the Retail Site and First Amendment to Master Development Agreement, dated July 13, 2017, with Primestor Jordan Downs, LLC, (ii) Second Amendment to Master Development Agreement, dated October 4, 2017, and (iii) Third Amendment to Master Development Agreement, dated July 7, 2020, and as may be further amended and assigned (collectively, the “Master Development Agreement”).

E. Phase S2 of the redevelopment (“Phase S2”) will include eighty-one (81) residential dwelling units, including eighty (80) units operated and maintained as low-income housing tax credit units (“Tax Credit Units”), and related site improvements (“Improvements”) to be constructed on the real described and depicted in Exhibit A attached hereto (the “Phase S2 Site”). The Parties intend for this Agreement to govern the development of Phase S2.
F. In order to finance the construction and development of Phase S2, the Developer has applied for and received the construction and permanent financing described in the Financing Plan.

G. HUD issued a Rental Assistance Demonstration (RAD) Conversion Commitment for seventeen (17) units ("RAD Units") of public housing to convert to Section 8 Project Based Voucher assistance at Phase S2 on March 10, 2021 and the Authority has agreed to provide Section 8 Project Based Voucher assistance for sixty-three (63) units ("PBV Units") at Phase S2. The RAD Units and thirty-two (32) PBV Units are designated as "replacement units" under that certain HUD FY2019 Choice Neighborhoods Initiative ("CNI") Implementation Grant Agreement Number CA9D004CNG119 between HUD and the Authority and will replace public housing units demolished at the Jordan Downs Site ("Replacement Units").

H. The Project will be developed as described in the Scope of Development attached hereto as Exhibit B.

I. To facilitate the Project, as of the date hereof, the Authority has entered into the Ground Lease with that Partnership that conveys a leasehold interest in the Phase S2 Site. The Partnership will own and operate the Improvements, and will lease the RAD Units and PBV Units pursuant to the requirements of this Agreement, the Authority Loan Documents, the Ground Lease, the RAD program, the CNI grant program and other applicable financing programs. As of even date herewith, the Authority and the Partnership have entered into agreements providing the Authority with a Right of First Refusal and Purchase Option to acquire Phase S2 after expiration of the Tax Credit Compliance Period.

J. Pursuant to Section 3.5 of the Master Development Agreement, the Authority and the Developer desire to enter into this Agreement to set forth certain terms of development not addressed in the Authority Loan Documents or Ground Lease. Except as otherwise set forth in Sections 4.16.4 and 4.17.4 of the Master Development Agreement, pursuant to Section 2.2 of the Master Development Agreement, the Master Development Agreement shall terminate with respect to Phase S2 as of Closing.

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

**ARTICLE I**

**DEFINITIONS**

Section 1.1 **Definitions.** As used in this Agreement, the following terms shall have the meanings set forth below.

"Act" means the United States Housing Act of 1937 (42 U.S.C. § 1437, et seq.), as amended from time to time, any successor legislation, and all implementing regulations issued thereunder or in furtherance thereof.
“Agreement” means this Agreement including all exhibits attached hereto and made a part hereof.

“Authority” means the Housing Authority of the City of Los Angeles, a public body corporate and politic, organized pursuant to Section 34200, et seq. of the California Health and Safety Code, as amended, including any successor in interest or assigns by act of the Authority, or by operation of law, or otherwise.

“Authority Board” means the Board of Commissioners of the Authority.

“Authority Loan Agreement” means that certain Authority Loan Agreement by and between the Authority and the Partnership dated as of substantially even date herewith.

“Authority Loan Documents” means the Authority Loan Agreement, the deeds of trust, and promissory notes evidencing loans from the Authority to the Partnership of approximately even date herewith.

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

“Closing” means the close of escrow for conveyance of a leasehold interest in Phase S2 Site by the Authority to the Partnership, pursuant to the Ground Lease.

“Concept Plan” means the conceptual rendering of the Improvements to be constructed as part of Phase S2 attached hereto as Exhibit C, as the Parties may revise from time to time.

“Developer” means The Michaels Development Company I, L.P., a New Jersey limited partnership.

“Developer Fee” shall mean the fee to be earned by Developer for Phase S2, a portion of which will be deferred as provided in the Financing Plan.

“Financing Plan” means the plan for financing Phase S2, including the development budget for Phase S2 and sources and uses analysis, as attached hereto as Exhibit D, as such may be amended by mutual agreement of the Parties from time to time.

“Ground Lease” means that certain Ground Lease Agreement by and between the Authority and the Partnership for the Phase S2 Site to be executed and delivered in conjunction with the Closing for Phase S2.

“HCD” means the California Department of Housing and Community Development.

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

“Jordan Downs Site” means the original Jordan Downs public housing development site, as described Recital B.
“**Master Developer**” means Jordan Downs Community Partners, LLC, a California limited liability company.

“**Partnership**” means Jordan Downs Phase S2, LP, a California limited partnership.

“**Phase S2 Site**” means the portion of the Jordan Downs Site on which Phase S2 is to be constructed, as generally described and depicted in Exhibit A.

“**Scope of Development**” means the description of the basic physical characteristics of Phase S2, including: Scope of Development Narrative, Basic Site Plan, Schedule of Performance Unit Distribution Chart, Parking and Physical Goals and Requirements. The Scope of Development is attached hereto as Exhibit B.

“**Tax Credit Compliance Period**” means the fifteen (15) year compliance period as described in Section 42(i)(1) of the Internal Revenue Code of 1986 starting with the first year of the credit period.

Section 1.2 List of Exhibits. The following exhibits are attached hereto and incorporated into this Agreement by this reference:

- Exhibit A: Description and Map of Phase S2 Site
- Exhibit B: Scope of Development
- Exhibit C: Concept Plan
- Exhibit D: Financing Plan
- Exhibit E: Relocation Plan

**ARTICLE II**

**PHASE S2 – THE PROJECT**

Section 2.1 **Scope of Development.** As more fully described in the Scope of Development, the “**Project**” will consist of the construction on the Phase S2 Site and adjacent areas of (i) eighty-one (81) residential units of which eighty (80) shall be Tax Credit Units and one (1) shall be a resident manager unit (collectively, the “**Improvements**”), (ii) Phase S2 B-Permit Improvements described in the Authority Loan Documents, and (iii) the preliminary unit types, with their associated square footage, bedroom distribution and program designation (i.e. RAD, PBV, or unrestricted) are described in Exhibit B.

Section 2.2 **Tenant Lease.** As of the date of closing on the construction financing HUD has approved the tenant lease pursuant to the RAD Requirements (as defined in the Authority Loan Agreement). However, the Authority and some of the other financial partners continue to have comments on the form of tenant lease. The Partnership agrees to work with the Authority and other lenders and investors, as applicable, to finalize a tenant lease form and to obtain HUD approval of the revised tenant lease form (to the extent HUD approval is required) at least one hundred twenty (120) days before initiating lease-up activities for the Project.
Section 2.3 Financing Plan. The approved Financing Plan is attached hereto as Exhibit D. Except as otherwise set forth in the Ground Lease and Authority Loan Documents, any changes in the Financing Plan must be approved by the Authority in accordance with this Agreement.

Section 2.4 Business Terms. The Parties have agreed to the following terms:

(a) The Authority shall be responsible for relocating selected residents from the Jordan Downs Site pursuant to the Relocation Plan attached hereto as Exhibit E. The Authority shall also be responsible for the costs associated with relocating any residents from the Jordan Downs Site pursuant to the Relocation Plan.

(b) The Authority and Partnership agree that upon execution of the Authority Loan Documents and consummation of the Closing of the Phase S2:

1. The Partnership shall disburse to the Authority (i) $________ in full satisfaction of that certain Phase-Related Predevelopment Loan evidenced by that certain Amended and Restated Non-Negotiable Predevelopment Loan Promissory Note for Jordan Downs – Phase S2 from the Partnership to the Authority dated July 1, 2020 (the “Phase S2 Predevelopment Note”), (ii) $_______ in partial satisfaction of that certain Multi-Phase Predevelopment Loan evidenced by that certain Non-Negotiable Multiphase Predevelopment Loan Promissory Note from the Master Developer to the Authority dated October 10, 2014, and (iii) zero dollars ($0) in partial satisfaction of that certain CNI & Strategic Grants Application Loan evidenced by that certain Non-Negotiable CNI & Strategic Grants Application Loan Promissory Note from the Master Developer to the Authority on or about October 14, 2016 (collectively (i) through (iii), “Predevelopment Loans”).

2. Upon disbursement of funds to the Authority for repayment of the Predevelopment Loans, Authority shall (i) return the Phase S2 Predevelopment Note marked “SATISFIED IN FULL” to the Partnership and (ii) deem the Predevelopment Loans repaid, as applicable to Phase S2 and the Partnership.

(c) The Partnership shall at its cost and expense reimburse the Authority for third-party costs associated with the Closing of Phase S2 including, but not limited to, legal fees and consulting fees, up to a maximum of One Hundred Fifty Thousand Dollars ($150,000). The Authority shall provide Developer a total of all third-party costs incurred prior to Closing.

(d) For services performed and to be performed by the Authority, the Developer shall pay the Authority a fee in the aggregate amount equivalent to twenty percent (20%) of any Developer Fee paid to the Developer or its affiliate for the Project (the “HACLA Fee”). The Developer Fee payable to the Developer for Phase S2 is Three Million Five Hundred Thousand Dollars ($3,500,000). The HACLA Fee shall be subject to the approval of the investor limited partner of the Partnership and the California Tax Credit Allocation Committee (CTCAC). The HACLA Fee in the aggregate amount of Seven Hundred Thousand Dollars ($700,000) shall be paid by the Partnership to the Authority as follows:
(i) Two Hundred Twenty Thousand Dollars ($220,000) paid at Closing as an Authority Coordination Fee (as defined in and paid under the Authority Loan Agreement);

(ii) Two Hundred Twenty Thousand Dollars ($220,000) paid at Closing for the Authority’s participation in the predevelopment and development process for Phase S2, including, but not limited to, securing necessary approvals from the City, assisting with applications for grant funds from HCD, general administration of predevelopment activities and entitlement processing; and

(iii) Two Hundred Sixty Thousand Dollars ($260,000) paid from Net Cash Flow (as defined in the Partnership Agreement) pursuant to that certain Service Coordination Fee Agreement by and between the Authority and the Partnership for the Authority’s ongoing coordination of services and provision of case management and educational and vocational services to residents of Phase S2.

(e) The Partnership shall pay the Authority a Fifty Thousand Dollar ($50,000) fee for construction and labor compliance, including state and federal labor and hiring requirements (the “Construction Management Fee”). The Construction Management Fee shall be paid in monthly installments during the construction period of Phase S2. For the avoidance of doubt, the Construction Management Fee shall be fully paid to the Authority prior to initiating lease up activities for Phase S2.

(f) The Partnership shall not charge interest on any deferred Developer Fee.

Section 2.5 AHP Financing.

(a) Developer and/or the Partnership shall make a good faith effort to apply for and obtain on behalf of the Partnership an Affordable Housing Program loan (“AHP Loan”) from the Federal Home Loan Bank (“FHLB”). Developer and/or the Partnership shall ensure that any AHP Loan application includes provisions that allot any amount awarded to the repayment of the Authority Acquisition Loan (as defined in the Ground Lease) and then to the repayment of the Authority CNI Loan (as defined in the Authority Loan Agreement) and then to the repayment of the Authority TCC Loan (as defined in the Authority Loan Agreement). Developer and/or the Partnership shall apply for an AHP Loan during each available Federal Home Loan Bank funding round until the earlier to occur of (i) an AHP Loan is awarded for Phase S2, and (ii) Phase S2 is no longer eligible or qualified for an AHP Loan funding round. Developer and/or the Partnership shall provide each AHP Loan application to the Authority for review and approval no less than ten (10) business days before such application is submitted, the Authority shall not unreasonably withhold, condition or delay its approval of any AHP Loan application.

(b) If awarded an AHP Loan from FHLB, Developer and the Partnership shall diligently pursue closing and funding of the AHP Loan. The Partnership shall use the proceeds of the AHP Loan to (1) pay reasonable and customary costs of applying for the AHP Loan, not to exceed Twenty Thousand Dollars ($20,000) unless otherwise agreed to by the Authority, (2) to
the extent permitted by FHLB program rules governing uses of AHP Loan proceeds, to repay the Authority Acquisition Loan (as defined in the Ground Lease) and (3) to the extent permitted by FHLB program rules governing uses of AHP Loan proceeds, to repay the Authority CNI Loan (as defined in the Authority Loan Agreement), and (3) to the extent permitted by FHLB program rules governing uses of AHP Loan proceeds, to repay the Authority TCC Loan (as defined in the Authority Loan Agreement). In the event that the parties hereto determine that the AHP Loan is necessary to meet Project development and operational costs, then notwithstanding anything to the contrary in the Authority Loan Documents, Ground Lease, or any other document between the Authority and the Partnership or its affiliates, the Partnership may use the AHP Loan to pay for costs approved by the Authority in its reasonable discretion in place of repaying or reducing the amount owed under the Authority Acquisition CNI Loan and Authority TCC Loan.

Section 2.6 Certificate of Completion.

(a) Within ten (10) days after written request by Developer following completion of construction of Phase S2 in accordance with the Construction Plans and if applicable, upon Developer’s obtaining a certificate of occupancy or temporary certificate of occupancy from the City, the Authority shall deliver to Developer a Certificate of Completion for Phase S2 (the “Certificate of Completion”). For purposes of this Section 2.6 “Construction Plans” shall have the meaning set forth in the Authority Loan Agreement of even date herewith.

(b) The Authority shall not unreasonably withhold a Certificate of Completion, but shall not be obligated to issue such Certificate of Completion until construction of Phase S2 has been completed in accordance with the Construction Plans. Such Certificate of Completion shall be, and shall so state, conclusive determination of satisfactory completion of Phase S2 in accordance with this Agreement, the Ground Lease, and the Authority Loan Documents. In the event any requirements of this Agreement, including, but not limited to, construction of Phase S2 in conformance with the Construction Plans, have not been fully satisfied by Developer as of the date of Developer’s request for a Certificate of Completion, the Authority may deny Developer’s request for a Certificate of Completion or issue the Certificate of Completion subject to such conditions subsequent as the Authority may deem necessary to ensure full satisfaction with the requirements of this Agreement.

(c) The Certificate of Completion shall be in such form as to permit it to be recorded in the Office of the Recorder of Los Angeles County. If Authority fails to deliver the Certificate of Completion within ten (10) business days after written request from Developer, Authority shall provide Developer with a written statement of its reasons (the “Statement of Reasons”) within such ten (10)-day period. The statement shall also set forth the actions Developer must take to be entitled to obtain the Certificate of Completion. If the reasons are confined to the immediate unavailability of specific items or materials for landscaping, or to so-called “punch list” items identified by Authority, Authority shall issue the Certificate of Completion no later than five (5) days following the delivery of a bond or letter of credit by Developer to the Authority in an amount representing Authority’s estimate of the cost to complete the work, or other security deemed sufficient by the Authority to ensure completion of the work. Notwithstanding any other provision of this Agreement, the failure by Authority to issue a Certificate of Completion or Statement of Reasons within thirty (30) days after request by
Developer shall be deemed to constitute Authority’s concurrence that construction of Phase S2 has been completed as required by this Agreement or the Authority Loan Documents; however, this shall not relieve the Authority of its obligation to issue a Certificate of Completion in accordance with this Section.

(d) Such Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any lender except the Authority, or any other person or entity. Such Certificate of Completion is not notice of completion as referred to in Section 3093 of the California Civil Code. Such Certificate of Completion shall not be deemed to constitute satisfaction of any continuous obligations of the Developer under the Authority Loan Documents.

(e) As a condition of issuance of the Certificate of Completion, Developer’s construction manager/contractor and architect shall certify that Phase S2 has been constructed in compliance with all applicable disabled access requirements as of the date of the completion (when the last certificate of occupancy is issued by the City).

ARTICLE III
TERMINATION

Section 3.1 Events of Default by the Developer.

(a) The following shall constitute an “Event of Default” by the Developer:

(1) if the Partnership shall materially breach or fail to diligently pursue its obligations under this Agreement (other than due to Force Majeure as defined in Section 3.1 (b) below) and such failure shall continue after expiration of any applicable notice and cure period granted under the Authority Loan Documents; or

(2) any fraud or willful misconduct on the part of the Partnership or Jordan S2-Michaels LLC, a California limited liability company, the administrative general partner of the Partnership (the “Administrative General Partner”); or

(3) if the Partnership or its Administrative General Partner (i) is or becomes insolvent or bankrupt or otherwise ceases to pay its debts as they mature or makes any arrangement with or for the benefit of its creditors or consents to or acquiesces in the appointment of a receiver, trustee or liquidator for the Project or for any substantial part of either; (ii) institutes any bankruptcy, winding up, reorganization, insolvency, arrangement or similar proceeding under the laws of any jurisdiction, or any such proceeding is instituted against the Developer in any jurisdiction which is not stayed or dismissed within ninety (90) days after its institution; (iii) files any action or answer admitting, approving or consenting to any such proceeding; (iv) becomes subject to levy of any distress, execution or attachment upon its property which interferes with its performance hereunder, and the Developer fails within ninety (90) days to discharge such levy, execution or attachment, or to substitute another entity (whether or not an affiliate) acceptable to the Authority to perform the obligations of the Developer without material delay in performance; or (v) is convicted of any criminal offense.
A material Event of Default hereunder by the Developer with respect to any portion of the Project shall constitute an Event of Default by the Developer for which the Authority may exercise any of its remedies under this Agreement with respect to the Developer.

(b) For purposes of this Article III, “Force Majeure” shall mean causes beyond the reasonable control and without the fault or negligence of Developer. Such causes shall include without limitation: (i) acts of God, or of the public enemy, (ii) court order, acts, delays, failure or refusal to act on the part of a governmental entity in either its sovereign or contractual capacity, (iii) acts of a contractor other than Developer, or subcontractor, in the performance of an agreement with the Authority (and not pursuant to a contract with the Developer), (iv) riots, war or acts of terrorism, (v) fires, (vi) floods or earthquakes, (vii) epidemics, (viii) quarantine restrictions, (ix) strikes or lockouts, (x) freight embargoes, (xi) litigation, (xii) non-issuance of permits, (xiii) lack of HUD approval, (xiv) unusually severe weather, (xv) the presence of unknown Hazardous Materials or archeological finds on the Phase S2 Site, (xvi) delays of subcontractors or suppliers at any tier arising from unforeseeable causes, or (xvii) in connection with any action that the Authority is required to take pursuant to this Agreement, the Authority’s failure to act within the applicable time period specified in this Agreement.

Section 3.2 Events of Default by the Authority.

(a) The following shall constitute an “Event of Default” by the Authority:

(1) if the Authority shall fail to perform its obligations under this Agreement and such failure shall continue after written notice and a cure period of thirty (30) days, unless such cure cannot reasonably be accomplished within such thirty (30) day period, in which event the Authority shall have such time as is reasonably required to cure such default so long as the Authority continues in good faith to diligently pursue the cure and such failure to perform by the Authority does not cause the Partnership or the Developer to default on any of its other obligations related to the Project.

(b) It shall not be an Event of Default if any failure by Authority arises due to Force Majeure.

Section 3.3 Procedure for Termination for Cause/Remedies.

(a) The occurrence of any event described in Section 3.1 and 3.2 herein shall not constitute an Event of Default unless the non-defaulting Party has delivered written notice of default to the defaulting Party, and such defaulting Party shall fail to cure the default within thirty (30) days from its receipt of such notice or, if such cure cannot reasonably be completed within such thirty (30) day period, fails to commence such cure or having commenced, does not prosecute such cure with diligence and dispatch to completion within a reasonable time period thereafter, provided that such time period does not exceed 120 days.

(b) Upon the occurrence of an Event of Default by any Party, the non-defaulting Party shall be entitled to all remedies permitted by law or at equity, including but not limited to
specific performance. Notwithstanding any provision herein to the contrary, in no event shall any party be liable for consequential damages or special damages arising out of or relating to this Agreement.

(c) Except with respect to any rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the Parties to this Agreement, whether provided by law, in equity or by this Agreement, are cumulative, and not in derogation of other rights and remedies found in this Agreement, or in the Authority Loan Documents or in the Ground Lease. The exercise by any Party of any one or more of such remedies will not preclude the exercise by it, at the same or a different time, of any other such remedies for the same default or breach, or the exercise of any of such remedies for any other default or breach by any other Party. No waiver made by a Party with respect to the performance, or manner or time of performance, or any obligation of another Party or any condition to its own obligation under this Agreement will be considered a waiver with respect to the particular obligation of any other Party or condition to its own obligation beyond those expressly waived to the extent of such waiver, or a waiver in any respect in regard to any other rights of the Party making the waiver or any other obligations of any other Party.

**ARTICLE IV**

**MISCELLANEOUS**

Section 4.1 **Term.** This Agreement shall commence upon the Effective Date, and unless sooner terminated in accordance with the provisions herein shall terminate upon satisfaction of the provisions of Sections 2.4, 2.5 and 2.6 herein.

Section 4.2 **Decision Standards.** In any approval, consent or other determination by any Party required under this Agreement, the Party shall act reasonably and in good faith, unless a different standard is explicitly stated.

Section 4.3 **Notices.** Any notice or other communication given or made pursuant to this Agreement shall be in writing, and shall be deemed given if (i) delivered by courier, (ii) sent by overnight express delivery, or (iii) mailed by registered or certified mail (return receipt requested), postage prepaid, to a Party at its respective address set forth below (or at such other address as shall be specified by the Party by like notice given to the other Party):

If to Authority, to: Housing Authority of the City of Los Angeles 2600 Wilshire Blvd., Third Floor Los Angeles, CA 90057 Attn: President and CEO

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

And a copy to: Housing Authority of the City of Los Angeles
Section 4.4  Time of Performance.

(a) Expiration. All performance dates (including cure dates) expire at 5:00 p.m., Los Angeles, California time, on the performance or cure day, subject to subsection (b).

(b) Weekends and Holidays. A performance date which falls on a Saturday, Sunday or Authority holiday is deemed extended to the next working day.

(c) Days for Performance. All periods for performance specified in this Agreement in terms of days shall be calendar days, and not business days, unless otherwise expressly provided in this Agreement.

Section 4.5  Amendment. Neither this Agreement nor any of its terms may be terminated, amended or modified except by a written instrument executed by the Parties.

Section 4.6  Attorneys’ Fees. In the event any action, suit or proceeding is brought for the enforcement of, or the declaration of, any right or obligation pursuant to this Agreement or as a result of any alleged breach of any provision of this Agreement, each Party shall bear its own costs and expenses, including attorneys’ fees, and any judgment or decree rendered in such a proceeding shall not include an award thereof.
Section 4.7 **Authority Approvals.**

(a) For all actions requiring Authority approval, Developer shall submit the request for approval and supporting information with a notice that bears a bold face legend substantially as follows: “Important: Your Response is Required in insert number of days from applicable provision of this Agreement Days.”

(b) The Authority shall have a specified number of days to respond in writing. Authority’s response, if not an approval, must include the basis for any objection and suggested modifications to obtain approval. For issues identified in this Agreement, this Agreement identifies the number of days that Authority shall have to respond. For issues not specified, the amount of response time shall be stated in the notice, and shall be proportionate to the type and magnitude of the decision. For example, but not in limitation, the decision time for emergency situations shall be shorter than the time for review and approval of budgets.

(c) If the Developer does not receive a response within the specified number of days, it may send the Authority a notice of non-response, which shall be delivered to the President and Chief Executive Officer of the Authority in accordance with the formal notice provisions hereof and which shall bear the bold-faced legend, “Important: Notice of Non-response.” Following the giving of this notice, the Authority will have five (5) days in which to respond. If the Authority does not respond within such five (5) days, the Authority shall be deemed to have approved the action.

(d) Whenever this Agreement calls for Authority approval, consent, or waiver, the written approval, consent, or waiver of the President and Chief Executive Officer of the Authority or his or her designee shall constitute the approval, consent, or waiver of the Authority, without further authorization required from the Authority Commission. The Authority hereby authorizes the President and Chief Executive Officer or his or her designee to deliver such approvals or consents as are required by this Agreement, or to waive requirements under this Agreement, on behalf of the Authority. Any consents or approvals required under this Agreement shall not be unreasonably withheld or made, except where it is specifically provided that a sole discretion standard applies and no consent or approval shall be unreasonable delayed. The President and Chief Executive Officer or his or her designee is also hereby authorized to approve, on behalf of the Authority, requests by Developer for reasonable extensions of time deadlines set forth in this Agreement. The Authority shall not unreasonably delay in reviewing and approving or disapproving any proposal by Developer made in connection with this Agreement.

Section 4.8 **Representatives.** To facilitate communication, the Parties to this Agreement shall designate a representative with responsibility for the routine administration of each Party’s obligations under this Agreement. The Parties initially appoint the following as representatives:

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Authority:    Julie Mungai  
Developer:  Kecia Boulware
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Section 4.9   Further Assurances. Each Party will promptly execute and deliver without further consideration such additional agreements and other documents as the other Parties may reasonably request to carry out the transactions contemplated herein, so long as the Parties’ rights and obligations thereunder are not substantively affected, modified or otherwise altered by such additional agreements and other documents, except as mutually agreed to between the Parties. Whenever this Agreement requires any Party to submit matters to another Party for approval, and there is no time specified herein for such approval, the submitting Party may submit a letter requiring approval or rejection by the other Party of the documents or matter submitted within twenty (20) days after submission or within sixty (60) days of submission if the document or matter requires approval by the Authority Board (unless another time frame is expressly set forth herein), and unless rejected within the stated time such documents or matter shall be deemed approved. Except where such approval is expressly reserved to the sole discretion of the approving Party, all approvals required hereunder by any Party shall be reasonable and not unreasonably withheld, conditioned or delayed.

Section 4.10   Counterparts. This Agreement may be executed on one or more counterparts, each of which shall be deemed an original, but all of which, when taken together, shall constitute one and the same instrument.

Section 4.11   Interpretation and Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

Section 4.12   Severability. If any provision of this Agreement is determined by any court of competent jurisdiction or arbitrator to be invalid, illegal, or unenforceable to any extent, that provision shall, if possible, be construed as though more narrowly drawn, if a narrower construction would avoid such invalidity, illegality, or unenforceability or, if that is not possible, such provision shall, to the extent of such invalidity, illegality, or unenforceability, be severed, and the remaining provisions of this Agreement shall remain in effect.

Section 4.13   Final Agreement. This Agreement, together with all Exhibits attached hereto, represents the final agreement of the Parties with respect to the subject matter hereof and may not be contradicted by evidence of prior or contemporaneous oral or written agreements of the Parties. There are no unwritten oral agreements between the Parties.

Section 4.14   Limitation of Liability. Except as may be expressly set forth herein, no present or future member, partner, shareholder, participant, employee, agent, commissioner, director, or officer of or in Developer or any transferee shall have any personal liability, directly or indirectly, under or in connection with this Agreement; provided, however, that the foregoing shall not void or diminish the obligations of Developer under this Agreement. No present or future employee, agent, commissioner, director, or officer of or in the Authority shall have any personal liability, directly or indirectly, under or in connection with this Agreement; provided, however, that the foregoing shall not void or diminish the obligations of the Authority under this Agreement.

Section 4.15   Developer Not an Agent. No provision of this Agreement and no acts of the Parties shall be deemed or construed by the Parties, or by any third person, to create the
relationship of principal and agent, or of partnership, or of joint venture, or of any association between the Parties to this Agreement.

Section 4.16 Conflict of Interest. Developer represents and warrants that to its actual knowledge, no member, official, employee, agent, consultant or contractor of the Authority or the City has any direct or indirect personal interest in this Agreement or participated in any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership or other entity in which he or she is, directly or indirectly, interested. Developer further represents and warrants to the Authority that it has not paid or given, and will not pay or give, to any third party (other than as specifically set forth in this Agreement) any money or other consideration for obtaining this Agreement. Notwithstanding the forgoing, the Developer and Authority acknowledge and approve La Cienega LOMOD, Inc., an affiliate of the Authority, as the managing general partner of the Partnership.

Section 4.17 Waivers. All waivers of the provisions of this Agreement shall be in writing and signed by the appropriate authorized representatives of the Authority and Developer, as applicable.

Section 4.18 Successors. This Agreement shall be binding upon and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of the Parties.

Section 4.19 Headings; Exhibits. The headings contained in this Agreement are inserted as a matter of convenience and for ease of reference only and shall be disregarded for all other purposes, including the construction or enforcement of this Agreement or any of its provisions. The Exhibits attached hereto are hereby incorporated into this Agreement by this reference.

Section 4.20 Construction. Whenever the context of any provisions hereof shall require it, words in the singular shall include the plural, words in the plural shall include the singular, and pronouns of any gender shall include the other genders. The terms “herein”, “hereof”, “hereto”, “hereunder” and similar terms refer to this Agreement and not to any particular section or subsection of this Agreement. The terms “include” and “including” shall be interpreted as if followed by the words “without limitation”. All references in this Agreement to sums denominated in dollars or with the symbol “$” refer to the lawful currency of the United States of America, unless such reference specifically identifies another currency.

Section 4.21 Cumulative Rights. The rights, powers, options, and remedies given to the Parties under this Agreement shall be cumulative, except as otherwise specifically provided for in this Agreement.

Section 4.22 Business Licenses. The Developer has obtained or will obtain all licenses required to conduct its business in the City, and is not in default of any fees or taxes due to the City.
IN WITNESS WHEREOF, the Parties have duly executed this Agreement by their duly authorized signatories effective on or as of the date written at the commencement of this Agreement.

AUTHORITY:

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

By: ________________________________
Douglas Guthrie
President and Chief Executive Officer

APPROVED AS TO FORM:
Authority Senior Staff Attorney

By: ________________________________
Becky Churchill Clark, Esq.

APPROVED AS TO FORM AND LEGALITY:
RENO & CAVANAUGH, PLLC
Authority Special Counsel

By: ________________________________
Megan Glasheen, Esq.

SIGNATURES CONTINUE ON FOLLOWING PAGE(S)
PARTNERSHIP:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

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

By: _______________________________
Kenneth P. Crawford
Vice President

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

By: _______________________________
Tina Smith-Booth
President
DEVELOPER:

THE MICHAELS DEVELOPMENT COMPANY I, L.P.
a New Jersey limited partnership

By: ______________________________
    John J. O’Donnell
    President
EXHIBIT A

Description and Map of Phase S2 Site

The land referred to herein is situated in the State of California, County of Los Angeles, City of Los Angeles, and described as follows:

Lot 2 of Tract No. 82633-01, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 1425 Pages 61 to 63 inclusive of Maps, in the office of the County Recorder of said County.

Also except from that portion of said Tract, not included within Nevada Villa Tract, as per map recorded in Book 6 of Maps, all uranium, thorium, and all other materials essential to the production of fissionable material contained in whatever concentration in deposits, as reserved by the United States of America, in deed recorded December 30, 1952 in Book 40622 Page 378 of Official Records.

APN: 6046-021-917 and 6046-019-926
EXHIBIT B

Scope of Development
EXHIBIT C

Concept Plan

[attached]
EXHIBIT D

Financing Plan

[attached]
EXHIBIT E

Relocation Plan

[attached]
## Summary Report

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### Sources

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**Modified Document**  
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FOR VALUE RECEIVED, the undersigned (the “Borrower”) promises to pay the principal sum of up to One Million Dollars ($1,000,000.00) (the “Authority CNI Loan”), or so much thereof as may be advanced to the Borrower pursuant to this Authority CNI Note (this “Note”) and that certain Authority Loan Agreement by and between the Borrower and the Housing Authority of the City of Los Angeles (the “Lender”) dated as of even date herewith (the “Loan Agreement”), with interest as provided herein from the date above upon the unpaid balance of this Note, in lawful money of the United States.

(1) Capitalized terms used but not defined herein shall have the meaning set forth in the Loan Agreement.

(2) Funds shall be advanced during the term hereof in accordance with Section 2.7 of the Loan Agreement and the CNI Requirements.

(3) Payment Terms.

(a) All payments due under this Note shall be paid to the order of the Housing Authority of the City of Los Angeles at 2600 Wilshire Boulevard, Los Angeles, CA 90057 or at such other place as the Lender hereof may from time to time designate in writing.

(b) This Note shall bear simple interest at five percent (5%) per annum, commencing at Closing.

(c) Commencing the year following Conversion, any remaining unpaid principal and interest under the Authority CNI Loan shall be due and payable from Net Cash Flow to the extent available, pursuant to Exhibit A hereto. Such payments shall be applied first to accrued interest, if any, then to principal, and shall be payable annually not later than one hundred twenty (120) days following the end of each fiscal year for the prior annual fiscal period. Notwithstanding the foregoing, if the general partner(s) of the Borrower are removed pursuant to the Partnership Agreement, no further payments shall be due until the Loan Maturity Date. Any remaining unpaid principal and interest on the Authority CNI Loan shall be due and payable on the earlier to occur of: (i) the date of any Default, (ii) the Loan Maturity Date, and (iii) any sale, transfer, assignment, or conveyance of the Property except to an affiliate of the Lender. The entire principal balance of and all interest accrued on the Authority CNI Loan may be prepaid at any time, without charge or penalty.

(4) Payment of this Note is secured by an Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing – Authority CNI/TCC Loans (the “Deed of Trust”) of even date herewith between the Borrower and the Lender,
encumbering a leasehold interest in certain real property and fee interest in certain improvements located in the City of Los Angeles, County of Los Angeles, State of California, recorded in the official land records of the County of Los Angeles, as well as by other instruments defined in the Loan Agreement as the Loan Documents.

(5) Default.

(a) Subject to the notice and cure periods set forth in the Loan Agreement, any of the following shall constitute an “event of default” under this Note:

(i) Any failure to pay, in full, any payment required under this Note within ten (10) days of written notice that such payment is due;

(ii) The occurrence of any “Default” under the Loan Agreement as defined therein, “Event of Default” under the Deed of Trust as defined therein, or breach or violation of any other instrument securing the obligations of the Borrower under this Note or under any other promissory notes hereafter issued by the Borrower to the Lender pursuant to the Loan Agreement or the Deed of Trust, following the expiration of notice and cure periods, if any, set forth therein.

(b) Upon the occurrence of such an event of default, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under this Note and the Deed of Trust shall at the option of the Lender become immediately due and payable upon written notice by the Lender to the Borrower without further demand.

(c) The failure to exercise the remedy set forth in Subsection 5(b) above or any other remedy provided by law upon the occurrence of one or more of the foregoing events of default shall not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other default. The acceptance by the Lender hereof of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of the Lender, except as and to the extent otherwise provided by law.

(6) Waivers.

(a) The Borrower hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, and notice of dishonor of this Note. The Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time and that the Lender may accept further security or release any security for this Note, all without in any way affecting the liability of the Borrower.

(b) No extension of time for payment of this Note or any installment hereof made by agreement by the Lender with any person now or hereafter liable for payment of this Note shall operate to release, discharge, modify, change, or affect the original liability of the Borrower under this Note, either in whole or in part.
(c) The obligations of the Borrower under this Note shall be absolute and the Borrower waives any and all rights to offset, deduct, or withhold any payments or charges due under this Note for any reason whatsoever.

(7) Miscellaneous Provisions.

(a) All notices to the Lender or the Borrower shall be given in the manner and at the addresses set forth in the Loan Agreement, or to such addresses as the Lender and the Borrower may hereinafter designate. Copies of notices to the Borrower from the Lender shall also be provided by the Lender to any limited partner of the Borrower who requests such notice in writing and provides the Lender with written notice of its address.

(b) The Borrower promises to pay all costs and expenses, including reasonable attorney's fees, incurred by the Lender in the enforcement of the provision of this Note, regardless of whether suit is filed to seek enforcement.

(c) This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

(d) This Note shall be governed by and construed in accordance with the laws of the State of California.

(e) The times for the performance of any obligations hereunder shall be strictly construed, time being of the essence.

(f) This document, together with the Loan Documents, contains the entire agreement between the parties as to the Authority CNI Loan. It may not be modified except upon written consent of the parties.

(g) Except as provided below and subject to Section 1 of the Investor Rider attached to the Deed of Trust as Exhibit B, neither the Borrower nor any partner of the Borrower shall have any direct or indirect personal liability for payment of the principal of, or interest on, the Authority CNI Loan or the performance of the covenants of the Borrower under the Deed of Trust. The sole recourse of the Lender with respect to the principal of, or interest on, this Note and defaults by the Borrower in the performance of its covenants under the Deed of Trust shall be to the property described in the Deed of Trust; provided, however, that nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for this Note of all the rights and remedies of the Lender thereunder, or (b) be deemed in any way to impair the right of the Lender to assert the unpaid principal amount of this Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on this Note and the performance of the Borrower's obligations under the Deed of Trust,
except as hereafter set forth; nothing contained herein is intended to relieve the Borrower of its obligation to indemnify the Lender under Sections 4.7 and 7.4 of the Loan Agreement, or for liability for: (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the Deed of Trust; and (iv) the misappropriation of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Property.

(h) Notwithstanding any other provisions of this Note, all liens, claims, charges, and priorities related to the Authority CNI Loan contemplated by this Note shall be subordinate and junior to all liens, claims, charges, and priorities related to the Construction Loan and the Permanent Loan.

(i) Exhibit A, attached hereto, is hereby incorporated into this Note.

[signature page(s) to follow]
IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered on the date set forth above.

BORROWER:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

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

By:  _______________________________
    Kenneth P. Crawford
    Vice President

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

By:  _______________________________
    Tina Smith-Booth
    President
Exhibit A

Distribution of Net Cash Flow

[attached]
EXHIBIT A

Distribution of Net Cash Flow

[SUBJECT TO FURTHER REVIEW]

Capitalized terms used in this Exhibit A, but not defined in the Note, shall have thing meaning set forth in the Partnership Agreement. From and after Conversion, Net Cash Flow for each fiscal year (or fractional portion thereof) shall be distributed within ninety (90) days after the end of each fiscal year, in the following order of priority:

First, to the Investor Limited Partner until the aggregate amount of distributions made to the Investor Limited Partner under Section 11.03(b)(i) of the Partnership Agreement for the current and all prior years equals the Assumed Investor Limited Partner Tax Liability for the current and all prior years;

Second, to the Investor Limited Partner in an amount equal to any amounts due and owing to the Investor Limited Partner hereunder, including without limitation, Unpaid Tax Credit Shortfall, Investor Limited Partner Advances, Special Additional Capital Contributions, the Default Cash Priority, and then any unpaid Asset Management Fees to the Investor Limited Partner;

Third, to any Asset Management Fee payable to the Investor Limited Partner for the current fiscal year;

Fourth, to pay any accrued and unpaid management fee under Section 7.01 of the Partnership Agreement;

Fifth, to the extent of 100% of remaining Net Cash Flow towards the payment of all amounts due under the Development Agreement until paid in full;

Sixth, to the payment of any accrued and unpaid MGP Partnership Fee and then to the MGP Partnership Management Fee under Section 14.06 of the Partnership Agreement for the current fiscal year;

Seventh, to the extent of 100% of remaining Net Cash Flow and only until payment in full of all amounts due under that certain Service Coordination Fee Agreement by and between the Partnership and Housing Authority dated as of substantially even date herewith (the “HACLA Services Agreement”) (1) 90% to the payment of all amounts due under the HACLA Services Agreement until paid in full and (2) 10% to the Incentive Management Fee in accordance with Section 14.02 of the Partnership Agreement;

Eighth, to replenish the Operating Reserve to the Operating and Debt Service Reserve Minimum;

Ninth, to the pro rata payment of any outstanding Operating Deficit Loans, General Partner Loans, HAP Guaranty Loans (if applicable), based upon the respective outstanding balances of
each, and thereafter to any loans made by Administrative General Partner in accordance with Section 5.03(a) of the Partnership Agreement; and

*Tenth*, to the extent of 80% of remaining Net Cash Flow, towards the payment of the following: (1) Base Rent and Accrued Base Rent under the Ground Lease until paid current, (2) then, amounts due on the [Authority CNI Loan or this Note] until paid in full, and (3) then, amounts due on the [Authority TCC Loan or this Note] until paid in full.
AUTHORITY CNI NOTE  
(Jordan Downs Phase S2)  

$1,000,000.00  
Los Angeles, California  
As of ________, 2021

FOR VALUE RECEIVED, the undersigned (the “Borrower”) promises to pay the principal sum of up to One Million Dollars ($1,000,000.00) (the “Authority CNI Loan”), or so much thereof as may be advanced to the Borrower pursuant to this Authority CNI Note (this “Note”) and that certain Authority Loan Agreement by and between the Borrower and the Housing Authority of the City of Los Angeles (the “Lender”) dated as of even date herewith (the “Loan Agreement”), with interest as provided herein from the date above upon the unpaid balance of this Note, in lawful money of the United States.

(1) Capitalized terms used but not defined herein shall have the meaning set forth in the Loan Agreement.

(2) Funds shall be advanced during the term hereof in accordance with Section 2.7 of the Loan Agreement and the CNI Requirements.

(3) Payment Terms.

(a) All payments due under this Note shall be paid to the order of the Housing Authority of the City of Los Angeles at 2600 Wilshire Boulevard, Los Angeles, CA 90057 or at such other place as the Lender hereof may from time to time designate in writing.

(b) This Note shall bear simple interest at three-fifths percent (3 5/10%) per annum, commencing at Closing.

(c) Commencing the year following Conversion, any remaining unpaid principal and interest under the Authority CNI Loan shall be due and payable from Net Cash Flow to the extent available, pursuant to Exhibit A hereto. Such payments shall be applied first to accrued interest, if any, then to principal, and shall be payable annually not later than one hundred twenty (120) days following the end of each fiscal year for the prior annual fiscal period. Notwithstanding the foregoing, if the general partner(s) of the Borrower are removed pursuant to the Partnership Agreement, no further payments shall be due until the Loan Maturity Date. Any remaining unpaid principal and interest on the Authority CNI Loan shall be due and payable on the earlier to occur of: (i) the date of any Default, (ii) the Loan Maturity Date, and (iii) any sale, transfer, assignment, or conveyance of the Property except to an affiliate of the Lender. The entire principal balance of and all interest accrued on the Authority CNI Loan may be prepaid at any time, without charge or penalty.

(4) Payment of this Note is secured by an Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing – Authority CNI/TCC Loans (the “Deed of Trust”) of even date herewith between the Borrower and the Lender,
encumbering a leasehold interest in certain real property and fee interest in certain improvements located in the City of Los Angeles, County of Los Angeles, State of California, recorded in the official land records of the County of Los Angeles, as well as by other instruments defined in the Loan Agreement as the Loan Documents.

(5) Default.

(a) Subject to the notice and cure periods set forth in the Loan Agreement, any of the following shall constitute an “event of default” under this Note:

(i) Any failure to pay, in full, any payment required under this Note within ten (10) days of written notice that such payment is due;

(ii) The occurrence of any “Default” under the Loan Agreement as defined therein, “Event of Default” under the Deed of Trust as defined therein, or breach or violation of any other instrument securing the obligations of the Borrower under this Note or under any other promissory notes hereafter issued by the Borrower to the Lender pursuant to the Loan Agreement or the Deed of Trust, following the expiration of notice and cure periods, if any, set forth therein.

(b) Upon the occurrence of such an event of default, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under this Note and the Deed of Trust shall at the option of the Lender become immediately due and payable upon written notice by the Lender to the Borrower without further demand.

(c) The failure to exercise the remedy set forth in Subsection 5(b) above or any other remedy provided by law upon the occurrence of one or more of the foregoing events of default shall not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other default. The acceptance by the Lender hereof of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of the Lender, except as and to the extent otherwise provided by law.

(6) Waivers.

(a) The Borrower hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, and notice of dishonor of this Note. The Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time and that the Lender may accept further security or release any security for this Note, all without in any way affecting the liability of the Borrower.

(b) No extension of time for payment of this Note or any installment hereof made by agreement by the Lender with any person now or hereafter liable for payment of this Note shall operate to release, discharge, modify, change, or affect the original liability of the Borrower under this Note, either in whole or in part.
(c) The obligations of the Borrower under this Note shall be absolute and the Borrower waives any and all rights to offset, deduct, or withhold any payments or charges due under this Note for any reason whatsoever.

(7) Miscellaneous Provisions.

(a) All notices to the Lender or the Borrower shall be given in the manner and at the addresses set forth in the Loan Agreement, or to such addresses as the Lender and the Borrower may hereinafter designate. Copies of notices to the Borrower from the Lender shall also be provided by the Lender to any limited partner of the Borrower who requests such notice in writing and provides the Lender with written notice of its address.

(b) The Borrower promises to pay all costs and expenses, including reasonable attorney's fees, incurred by the Lender in the enforcement of the provision of this Note, regardless of whether suit is filed to seek enforcement.

(c) This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

(d) This Note shall be governed by and construed in accordance with the laws of the State of California.

(e) The times for the performance of any obligations hereunder shall be strictly construed, time being of the essence.

(f) This document, together with the Loan Documents, contains the entire agreement between the parties as to the Authority CNI Loan. It may not be modified except upon written consent of the parties.

(g) Except as provided below and subject to Section 1 of the Investor Rider attached to the Deed of Trust as Exhibit B, neither the Borrower nor any partner of the Borrower shall have any direct or indirect personal liability for payment of the principal of, or interest on, the Authority CNI Loan or the performance of the covenants of the Borrower under the Deed of Trust. The sole recourse of the Lender with respect to the principal of, or interest on, this Note and defaults by the Borrower in the performance of its covenants under the Deed of Trust shall be to the property described in the Deed of Trust; provided, however, that nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for this Note of all the rights and remedies of the Lender thereunder, or (b) be deemed in any way to impair the right of the Lender to assert the unpaid principal amount of this Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on this Note and the performance of the Borrower's obligations under the Deed of Trust,
except as hereafter set forth; nothing contained herein is intended to relieve the Borrower of its obligation to indemnify the Lender under Sections 4.7 and 7.4 of the Loan Agreement, or for liability for: (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the Deed of Trust; and (iv) the misappropriation of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Property.

(h) Notwithstanding any other provisions of this Note, all liens, claims, charges, and priorities related to the Authority CNI Loan contemplated by this Note shall be subordinate and junior to all liens, claims, charges, and priorities related to the Construction Loan and the Permanent Loan.

(i) Exhibit A, attached hereto, is hereby incorporated into this Note.

[signature page(s) to follow]
IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered on the date set forth above.

BORROWER:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

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

By: ______________________________
    Kenneth P. Crawford
    Vice President

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

By: ______________________________
    Tina Smith-Booth
    President
Exhibit A

Distribution of Net Cash Flow

[attached]
## Summary Report

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AUTHORITY SUBORDINATE LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT, AND FIXTURE FILING
AUTHORITY CNI/TCC LOANS
(Jordan Downs Phase S2)

THIS AUTHORITY SUBORDINATE LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT, AND FIXTURE FILING (this “Deed of Trust”) is made as of ______________, 2021, by and among Jordan Downs Phase S2, LP, a California limited partnership (“Trustor”), U.S. Bank National Association (“Trustee”), and the Housing Authority of the City of Los Angeles, a public body, corporate and politic (“Beneficiary”).

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited and the trust herein created, the receipt of which is hereby acknowledged, Trustor hereby irrevocably grants, transfers, conveys, and assigns to Trustee, IN TRUST, WITH POWER OF SALE, for the benefit and security of Beneficiary, under and subject to the terms and conditions hereinafter set forth, Trustor's leasehold interest in the property, granted pursuant to the Ground Lease (as hereinafter defined), located in the City of Los Angeles, County of Los Angeles, State of California, that is described in the attached Exhibit A, incorporated herein by this reference, and the Trustor's fee interest in any improvements constructed thereon (collectively, the “Property”).

TOGETHER WITH all interest, estates, or other claims, both in law and in equity which Trustor now has or may hereafter acquire in the Property and the Rents (as defined in Section 2.3);

TOGETHER WITH all easements, rights-of-way, and rights used in connection therewith or as a means of access thereto, including (without limiting the generality of the foregoing) all tenements, hereditaments, and appurtenances thereof and thereto;

TOGETHER WITH any and all buildings and improvements of every kind and description now or hereafter erected thereon, and all property of Trustor now or hereafter affixed to or placed upon the Property;

TOGETHER WITH all building materials and equipment now or hereafter delivered to said property and intended to be installed therein;

TOGETHER WITH all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the
Property, and any and all sidewalks, alleys, and strips and areas of land adjacent to or used in connection with the Property;

TOGETHER WITH all estate, interest, right, title, other claim or demand, of every nature, in and to such property, including the Property, both in law and in equity, including, but not limited to, all deposits made with or other security given by Trustor to utility companies, the proceeds from any or all of such property, including the Property, claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Trustor now has or may hereafter acquire, any and all awards made for the taking by eminent domain or by any proceeding or purchase in lieu thereof of the whole or any part of such property, including without limitation, any awards resulting from a change of grade of streets and awards for severance damages to the extent Beneficiary has an interest in such awards for taking as provided in Paragraph 4.1 herein;

TOGETHER WITH all of Trustor's interest in all articles of personal property or fixtures now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the Property which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all other goods and chattels and personal property as are ever used or furnished in operating a building, or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or shall be attached to said building or buildings in any manner; and

TOGETHER WITH all of Trustor's interest in all building materials, fixtures, equipment, work in process, and other personal property to be incorporated into the Property; all goods, materials, supplies, fixtures, equipment, machinery, furniture and furnishings, signs, and other personal property now or hereafter appropriated for use on the Property, whether stored on the Property or elsewhere, and used or to be used in connection with the Property; all rents, issues, and profits, and all inventory, accounts, accounts receivable, contract rights, general intangibles, chattel paper, instruments, documents, notes drafts, letters of credit, insurance policies, insurance and condemnation awards and proceeds, trade names, trademarks, and service marks arising from or related to the Property and any business conducted thereon by Trustor; all replacements, additions, accessions, and proceeds; and all books, records, and files relating to any of the foregoing.

All of the foregoing, together with the Property, is herein referred to as the “Security.” To have and to hold the Security together with acquittances to Trustee, its successors and assigns forever.

FOR THE PURPOSE OF SECURING:

(a) Payment of just indebtedness of Trustor to Beneficiary as set forth in the Note (defined in Article 1 below) until paid or cancelled. Said principal and other payments shall be due and payable as provided in the Note. Said Note and all its terms are incorporated herein by reference, and this conveyance shall secure any and all extensions thereof, however evidenced; and

(b) Payment of any sums advanced by Beneficiary to protect the Security pursuant to the terms and provisions of this Deed of Trust following a breach of Trustor's obligation to advance said sums and the expiration of any applicable cure period, with interest thereon as provided herein; and
(c) Performance of every obligation, covenant, or agreement of Trustor contained herein and in the Loan Documents (defined in Section 1.1(b) below).

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

ARTICLE 1
DEFINITIONS

Section 1.1 Definitions. In addition to the terms defined elsewhere in this Deed of Trust, the following terms shall have the following meanings in this Deed of Trust:

(a) “Authority CNI Loan” shall mean the loan to the Borrower pursuant to the Loan Agreement in the maximum original amount of One Million Dollars ($1,000,000.00), consisting of funds awarded to the Authority pursuant to the CNI Requirements (as defined in the Loan Agreement). The Authority CNI Loan shall be evidenced by the Authority CNI Note.

(b) “Authority CNI Note” shall mean the Authority CNI Note of even date herewith evidencing the Authority CNI Loan, executed by Trustor in favor of Beneficiary and secured by this Deed of Trust. Copies of the Authority CNI Note are on file with Beneficiary and terms and provisions of the Authority CNI Note are incorporated herein by reference.

(c) “Authority TCC Loan” shall mean the loan to the Borrower pursuant to the Loan Agreement in the maximum principal amount of Thirteen Million Two Hundred Thousand Dollars ($13,200,000.00), consisting of funds available to Beneficiary under State of California Transformative Climate Communities Program and the TCC Requirements (as defined in the Loan Agreement). The Authority TCC Loan shall be evidenced by the Authority TCC Note.

(d) “Authority TCC Note” shall mean the Authority TCC Note of even date herewith evidencing the Authority TCC Loan, executed by Trustor in favor of Beneficiary and secured by this Deed of Trust. Copies of the Authority TCC Note are on file with Beneficiary and terms and provisions of the Authority TCC Note are incorporated herein by reference.

(e) “Ground Lease” means that certain Ground Lease Agreement by and between Trustor and Beneficiary, dated as of substantially even date herewith, pursuant to which Trustor holds a leasehold interest in the Property.

(f) “Loan” means, collectively, the Authority CNI Loan and the Authority TCC Loan.

(g) “Loan Agreement” means that certain Authority Loan Agreement between Trustor and Beneficiary dated concurrently herewith, providing for the Beneficiary to loan to Trustor the Authority CNI Loan, Authority IIG Loan (as defined in the Loan Agreement) and Authority TCC Loan for certain development costs and permanent financing related to the development of the Property.

(h) “Loan Documents” means this Deed of Trust, the Authority CNI Note, Authority TCC Note, the Loan Agreement and any other debt, loan, or security instruments between Trustor and the Beneficiary relating to the Note.
(i) “Note” means, collectively, the Authority CNI Note and Authority TCC Note. (Copies of the Note are on file with Beneficiary and terms and provisions of the Note are incorporated herein by reference.)

(j) “Principal” means the principal amount required to be paid under the Note.

(k) “Senior Deed of Trust” means any deed of trust to which this deed of trust is subordinated.

(l) “Senior Lender” means the beneficiary of a Senior Deed of Trust securing a Senior Loan.

(m) “Senior Loan” means (1) that certain tax-exempt construction loan from JPMorgan Chase Bank, N.A. (“Chase”), in the approximate amount of [Twenty-Nine Million Thirty Thousand Dollars ($29,030,000.00)], funded from tax-exempt bond proceeds pursuant to a funding loan from Chase to the Beneficiary and a project loan from the Beneficiary to the Trustor, which project loan will be concurrently assigned from the Beneficiary to U.S. Bank National Association, as fiscal agent, and which project loan will convert to permanent financing in the approximate amount of [Fifteen Million Seventy-Five Thousand Dollars ($15,075,000.00)] and (2) that certain taxable construction loan from CIT Bank, N.A. (“CIT”), in the approximate amount of [Eleven Million Seven Hundred Fifty-Eight Thousand Two Hundred Eighteen Dollars ($11,758,218.00)], funded from taxable bond proceeds pursuant to a funding loan from CIT to the Beneficiary and a project loan from the Beneficiary to the Trustor, which project loan will be concurrently assigned from the Beneficiary to U.S. Bank National Association, as fiscal agent.

ARTICLE 2
MAINTENANCE AND MODIFICATION OF THE PROPERTY AND SECURITY

Section 2.1 Maintenance and Modification of the Property by Trustor. Trustor agrees that at all times prior to full payment of the sum owed under the Note, Trustor will, at Trustor's own expense, maintain, preserve, and keep the Security or cause the Security to be maintained and preserved in good condition. Trustor will from time to time make or cause to be made all repairs, replacements, and renewals deemed proper and necessary by it. If there arises a condition in contravention of this requirement, and if the Trustor has not cured such condition within thirty (30) days after receiving a Beneficiary notice of such a condition, and the Trustor has not initiated diligent efforts to cure such condition within such period, then in addition to any other rights available to the Beneficiary, the Beneficiary shall have the right to perform all acts necessary to cure such condition, and to establish or enforce a lien or other encumbrance against the Security. Beneficiary shall have no responsibility in any of these matters or for the making of improvements or additions to the Security.

Trustor agrees to pay fully and discharge (or cause to be paid fully and discharged) all claims for labor done and for material and services furnished in connection with the Security, diligently to file or procure the filing of a valid notice of cessation upon the event of a cessation of labor on the work or construction on the Security for a continuous period of thirty (30) days or more, and to take all other reasonable steps to forestall the assertion of claims of lien against the Security or any part thereof. Trustor irrevocably appoints, designates, and authorizes Beneficiary as its agent (said agency being coupled with an interest) with the authority, but without any obligation, to file for record any notices of completion or cessation of labor or any other notice that Beneficiary deems necessary or desirable to protect its interest in and to the Security or the Loan Documents; provided,
however, that Beneficiary shall exercise its rights as agent of Trustor only in the event that Trustor shall fail to take, or shall fail to diligently continue to take, those actions as hereinbefore provided.

Upon demand by Beneficiary, Trustor shall make or cause to be made such demands or claims as Beneficiary shall specify upon laborers, materialmen, subcontractors, or other persons who have furnished or claim to have furnished labor, services, or materials in connection with the Security. Nothing herein contained shall require Trustor to pay any claims for labor, materials, or services which Trustor in good faith disputes and is diligently contesting provided that Trustor shall, within thirty (30) days after the filing of any claim of lien, record in the Office of the Recorder of the County of Los Angeles, a surety bond in an amount one and a half times the amount of such claim item to protect against a claim of lien.

Section 2.2 Granting of Easements. Except as set forth in the Loan Documents, Trustor may not grant easements, licenses, rights-of-way, or other rights or privileges in the nature of easements with respect to any property or rights included in the Security except those required or desirable for installation and maintenance of public utilities including, without limitation, access, water, gas, electricity, sewer, telephone, and telegraph, or those required by law and as approved, in writing, by Beneficiary, which approval shall not be unreasonably withheld or delayed.

Section 2.3 Assignment of Rents. As part of the consideration for the indebtedness evidenced by the Note, Trustor hereby absolutely and unconditionally assigns and transfers to Beneficiary all the rents and revenues of the Property including those now due, past due, or to become due by virtue of any lease or other agreement for the occupancy or use of all or any part of the Property, regardless of to whom the rents and revenues of the Property are payable (collectively, the “Rents”). After the occurrence and during the continuation of an Event of Default (as defined in Section 7.1), Trustor hereby authorizes Beneficiary or Beneficiary's agents to collect the aforesaid rents and revenues and hereby directs each tenant of the Property to pay such Rents to Beneficiary or Beneficiary's agents. Prior to the occurrence of an Event of Default, Trustor shall collect and receive all Rents of the Property as trustee for the benefit of Beneficiary and Trustor shall apply the Rents so collected to the sums secured by this Deed of Trust with the balance, so long as no Event of Default has occurred, to the account of Trustor, it being intended by Trustor and Beneficiary that this assignment of rents constitutes an absolute assignment and not an assignment for additional security only. Upon delivery of written notice by Beneficiary to Trustor of an Event of Default, and without the necessity of Beneficiary entering upon and taking and maintaining full control of the Property in person, by agent, or by a court-appointed receiver, Beneficiary shall immediately be entitled to possession of all Rents of the Property as specified in this Section 2.3 as the same becomes due and payable, including but not limited to Rents then due and unpaid, and all such Rents shall immediately upon delivery of such notice be held by Trustor as trustee for the benefit of Beneficiary only; provided, however, that the written notice by Beneficiary to Trustor of an Event of Default shall contain a statement that Beneficiary exercises its rights to such Rents. Trustor agrees that commencing upon delivery of such written notice of an Event of Default, each tenant of the Property shall make such Rents payable to and pay such Rents to Beneficiary or Beneficiary's agents on Beneficiary's written demand to each tenant therefor, delivered to each tenant personally, by mail, or by delivering such demand to each rental unit, without any liability on the part of said tenant to inquire further as to the existence of a default by Trustor.

Except for the financing previously approved by the Beneficiary pursuant to the Loan Agreement, Trustor hereby covenants that Trustor has not executed any prior assignment of said Rents, that Trustor has not performed, and will not perform, any acts or has not executed and will
not execute, any instrument which would prevent Beneficiary from exercising its rights under this Section 2.3, and that at the time of execution of this Deed of Trust, there has been no anticipation or prepayment of any of the Rents of the Property for more than two (2) months prior to the due dates of such rents. Trustor covenants that Trustor will not hereafter collect or accept payment of any Rents of the Property more than two (2) months prior to the due dates of such Rents. Trustor further covenants that Trustor will execute and deliver to Beneficiary such further assignments of rents and revenues of the Property as Beneficiary may from time to time request.

Upon and during the continuation of an Event of Default, Beneficiary may in person, by agent, or by a court-appointed receiver, regardless of the adequacy of Beneficiary's security, enter upon and take and maintain full control of the Property in order to perform all acts necessary and appropriate for the operation and maintenance thereof including, but not limited to, the execution, cancellation, or modification of leases, the collection of all Rents of the Property, the making of repairs to the Property, and the execution or termination of contracts providing for the management or maintenance of the Property, all on such terms as are deemed best to protect the security of this Deed of Trust. In the event Beneficiary elects to seek the appointment of a receiver for the Property upon an Event of Default, Trustor hereby expressly consents to the appointment of such receiver. Beneficiary or the receiver shall be entitled to receive a reasonable fee for so managing the Property.

All Rents collected upon and during the continuation of an Event of Default shall be applied first to the costs, if any, of taking control of and managing the Property and collecting the Rents, including, but not limited to, attorney's fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the Property, premiums on insurance policies, taxes, assessments, and other charges on the Property, and the costs of discharging any obligation or liability of Trustor as lessor or landlord of the Property and then to the sums secured by this Deed of Trust. Beneficiary or the receiver shall have access to the books and records used in the operation and maintenance of the Property and shall be liable to account only for those Rents actually received. Beneficiary shall not be liable to Trustor, anyone claiming under or through Trustor, or anyone having an interest in the Property by reason of anything done or left undone by Beneficiary under this Section 2.3.

If the Rents of the Property are not sufficient to meet the costs, if any, of taking control of and managing the Property and collecting the Rents, any funds expended by Beneficiary for such purposes shall become indebtedness of Trustor to Beneficiary secured by this Deed of Trust pursuant to Section 3.3 hereof. Unless Beneficiary and Trustor agree in writing to other terms of payment, such amounts shall be payable upon notice from Beneficiary to Trustor requesting payment thereof and shall bear interest from the date of disbursement at the rate stated in Section 3.3.

Any entering upon and taking and maintaining of control of the Property by Beneficiary or the receiver and any application of Rents as provided herein shall not cure or waive any default hereunder or invalidate any other right or remedy of Beneficiary under applicable law or provided herein. This assignment of rents of the Property shall terminate at such time as this Deed of Trust ceases to secure indebtedness held by Beneficiary. The rights of the Beneficiary under this Section 2.3 are subject to the rights of the Senior Lender and any other senior lender.

**ARTICLE 3**

**TAXES AND INSURANCE; ADVANCES**
Section 3.1 Taxes, Other Governmental Charges and Utility Charges. Trustor shall pay, or cause to be paid prior to the date of delinquency, all taxes, assessments, charges, and levies imposed by any public authority or utility company which are or may become a lien affecting the Security or any part thereof; provided, however, that Trustor shall not be required to pay and discharge any such tax, assessment, charge, or levy so long as (a) the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings, and (b) Trustor maintains reserves adequate to pay any liabilities contested pursuant to this Section 3.1. With respect to taxes, special assessments, or other similar governmental charges, Trustor shall pay such amount in full prior to the attachment of any lien therefor on any part of the Security; provided, however, if such taxes, assessments, or charges may be paid in installments, Trustor may pay in such installments. Except as provided in clause (b) of the first sentence of this paragraph, the provisions of this Section 3.1 shall not be construed to require that Trustor maintain a reserve account, escrow account, impound account, or other similar account for the payment of future taxes, assessments, charges, and levies.

In the event that Trustor shall fail to pay any of the foregoing items required by this Section to be paid by Trustor, Beneficiary may (but shall be under no obligation to) pay the same, after Beneficiary has notified Trustor of such failure to pay and Trustor fails to fully pay such items within seven (7) business days after receipt of such notice. Any amount so advanced therefor by Beneficiary, together with interest thereon from the date of such advance at the maximum rate permitted by law, shall become an additional obligation of Trustor to the Beneficiary and shall be secured hereby, and Trustor agrees to pay all such amounts.

Section 3.2 Provisions Respecting Insurance. Trustor agrees to provide insurance conforming in all respects to that required under the Loan Documents during the course of construction and following completion, and at all times until all amounts secured by this Deed of Trust have been paid and all other obligations secured hereunder fulfilled, and this Deed of Trust reconveyed.

All such insurance policies and coverages shall be maintained at Trustor's sole cost and expense. Certificates of insurance for all of the above insurance policies, showing the same to be in full force and effect, shall be delivered to Beneficiary upon demand therefor at any time prior to Beneficiary's receipt of the entire Principal and all amounts secured by this Deed of Trust.

Section 3.3 Advances. In the event Trustor shall fail to maintain the full insurance coverage required by this Deed of Trust or shall fail to keep the Security in accordance with the Loan Documents, Beneficiary, after at least seven (7) days prior notice to Beneficiary, may (but shall be under no obligation to) take out the required policies of insurance, pay the premiums on the same, make such repairs or replacements as are necessary and provide for payment thereof, or expend such funds as necessary to remedy such failure by Trustor; and all amounts so advanced therefor by Beneficiary shall become an additional obligation of Trustor to Beneficiary (together with interest as set forth below) and shall be secured hereby, which amounts Trustor agrees to pay on the demand of Beneficiary, and if not so paid, shall bear interest from the date of the advance at the lesser of ten percent (10%) per annum or the maximum rate permitted by law.

ARTICLE 4
DAMAGE, DESTRUCTION OR CONDEMNATION

Section 4.1 Awards and Damages. All judgments, awards of damages, settlements, and compensation made in connection with or in lieu of (1) taking of all or any part of or any interest in
the Property by or under assertion of the power of eminent domain, (2) any damage to or destruction of the Property or in any part thereof by insured casualty, and (3) any other injury or damage to all or any part of the Property (“Funds”) are hereby assigned to and shall be paid to Beneficiary by a check made payable to Beneficiary. Such Funds shall be applied to restoration or repair of the Property damaged, provided such restoration or repair is economically feasible and (after completion of the repair or restoration) the security of this Deed of Trust is not thereby impaired, as determined in Beneficiary's reasonable discretion. Such work or repair shall be in accordance with plans and specifications approved by the Beneficiary and commenced no later than the later of (a) one hundred twenty (120) days after the damage or loss occurs or (b) thirty (30) days following receipt of the Funds, and shall be complete within one (1) year thereafter. If such restoration or repair is not economically feasible, or if Trustor fails to provide additional monies to fund any deficiency in connection with such restoration, or if the security of this Deed of Trust would be impaired, then the Funds will be used to repay any amounts due under this Deed of Trust with the excess, if any, paid to Trustor. Beneficiary must consent to the settlement and adjustment of all claims under insurance policies provided under this Deed of Trust. All or any part of the amounts so collected and recovered by Beneficiary may be released to Trustor upon such conditions as Beneficiary may impose for its disposition. Application of all or any part of the Funds collected and received by Beneficiary or the release thereof shall not cure or waive any default under this Deed of Trust. The rights of Beneficiary under this Section 4.1 are subject to the rights of the Senior Lender and any other senior lender.

ARTICLE 5
AGREEMENTS AFFECTING THE PROPERTY; FURTHER ASSURANCES; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.1 Other Agreements Affecting Property. Trustor shall duly and punctually perform all terms, covenants, conditions, and agreements binding upon it under the Loan Documents and any other agreement of any nature whatsoever now or hereafter involving or affecting the Security or any part thereof.

Section 5.2 Agreement to Pay Attorneys' Fees and Expenses. In the event of any Event of Default (as defined in Section 7.1) hereunder, and if Beneficiary should employ attorneys or incur other expenses for the collection of amounts due or the enforcement of performance or observance of an obligation or agreement on the part of Trustor in this Deed of Trust, Trustor agrees that it will, on demand therefor, pay to Beneficiary the reasonable fees of such attorneys and such other reasonable expenses so incurred by Beneficiary; and any such amounts paid by Beneficiary shall be added to the indebtedness secured by the lien of this Deed of Trust, and shall bear interest from the date such expenses are incurred at the lesser of ten percent (10%) per annum or the maximum rate permitted by law.

Section 5.3 Payment of the Principal. Trustor shall pay to Beneficiary the Principal and any other payments as set forth in the Note in the amounts and by the times set out therein.

Section 5.4 Personal Property; Fixture Filing. To the maximum extent permitted by law, the personal property subject to this Deed of Trust shall be deemed to be fixtures and part of the real property and this Deed of Trust shall constitute a fixtures filing under the California Commercial Code. As to any personal property not deemed or permitted to be fixtures, this Deed of Trust shall constitute a security agreement under the California Commercial Code. Trustor hereby grants Beneficiary a security interest in such items.
Section 5.5 Financing Statement. Trustor shall execute and deliver to Beneficiary such financing statements pursuant to the appropriate statutes, and any other documents or instruments as are required to convey to Beneficiary a valid perfected security interest in the Security. Trustor agrees to perform all acts which Beneficiary may reasonably request so as to enable Beneficiary to maintain such valid perfected security interest in the Security in order to secure the payment of the Note in accordance with their terms. Beneficiary is authorized to file a copy of any such financing statement in any jurisdiction(s) as it shall deem appropriate from time to time in order to protect the security interest established pursuant to this instrument. Trustor shall pay all costs of filing such financing statements and any extensions, renewals, amendments, and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements, and releases thereof, as Beneficiary may reasonably require. Without the prior written consent of Beneficiary, Trustor shall not create or suffer to be created pursuant to the California Commercial Code any other security interest in the Security, including replacements and additions thereto.

Section 5.6 Operation of the Security. Trustor shall operate the Security (and, in case of a transfer of a portion of the Security subject to this Deed of Trust, the transferee shall operate such portion of the Security) in full compliance with the Loan Documents.

Section 5.7 Inspection of the Security. At any and all reasonable times upon seventy-two (72) hours' notice, Beneficiary and its duly authorized agents, attorneys, experts, engineers, accountants, and representatives, shall have the right, without payment of charges or fees, to inspect the Security.

Section 5.8 Nondiscrimination. Trustor herein covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, age, sex, sexual orientation, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Security, nor shall Trustor itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Security. The foregoing covenants shall run with the land.

ARTICLE 6
HAZARDOUS WASTE

Trustor shall keep and maintain the Property in compliance with, and shall not cause or permit the Property to be in violation of any federal, state, or local laws, ordinances, or regulations relating to industrial hygiene or to the environmental conditions on, under, or about the Property including, but not limited to, soil and ground water conditions; provided however, that if any condition causing non-compliance with this Section existed at the Property prior to the date of this Agreement or at other property within the vicinity of the Leased Premises, the Borrower shall not be in default hereunder. Trustor shall not use, generate, manufacture, store, or dispose of on, under, or about the Property or transport to or from the Property any flammable explosives, radioactive materials, hazardous wastes, toxic substances, or related materials, including without limitation, any substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” or “toxic substances” under any applicable federal or state laws or regulations (collectively referred to hereinafter as “Hazardous Materials”) except such of the
foregoing as are used in construction of the improvements on the Property or as may be customarily kept and used in and about residential property.

Trustor shall immediately advise Beneficiary in writing if at any time it receives written notice of: (i) any and all enforcement, cleanup, removal, or other governmental or regulatory actions instituted, completed, or threatened against Trustor or the Property pursuant to any applicable federal, state, or local laws, ordinances, or regulations relating to any Hazardous Materials, ("Hazardous Materials Law"); (ii) all claims made or threatened by any third party against Trustor or the Property relating to damage, contribution, cost recovery compensation, loss, or injury resulting from any Hazardous Materials (the matters set forth in clauses (i) and (ii) above are hereinafter referred to as “Hazardous Materials Claims”); and (iii) Trustor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be classified as “border-zone property” under the provision of California Health and Safety Code, Sections 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability, or use of the Property under any Hazardous Materials Law.

Beneficiary shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims. Trustor shall indemnify and hold harmless Beneficiary and its board members, supervisors, directors, officers, employees, agents, successors, and assigns from and against any loss, damage, cost, expense, or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal, or presence of Hazardous Materials on, under, or about the Property including without limitation: (a) all foreseeable consequential damages; (b) the costs of any required or necessary repair, cleanup, or detoxification of the Property and the preparation and implementation of any closure, remedial, or other required plans; and (c) all reasonable costs and expenses incurred by Beneficiary in connection with clauses (a) and (b), including but not limited to reasonable attorneys' fees; provided however that this indemnification shall not apply to any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to any condition that existed at the Property prior to the date of this Deed of Trust or at other property within the vicinity of the Property.

Without Beneficiary's prior written consent, which shall not be unreasonably withheld, Trustor shall not take any remedial action in response to the presence of any Hazardous Materials on, under, or about the Property, nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Material Claims, which remedial action, settlement, consent decree, or compromise might, in Beneficiary's reasonable judgment, impair the value of Beneficiary's security hereunder; provided, however, that Beneficiary's prior consent shall not be necessary in the event that the presence of Hazardous Materials on, under, or about the Property either poses an immediate threat to the health, safety, or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain Beneficiary's consent before taking such action, provided that in such event Trustor shall notify Beneficiary as soon as practicable of any action so taken. Beneficiary agrees not to withhold its consent, where such consent is required hereunder, if either: (i) a particular remedial action is ordered by a court of competent jurisdiction; (ii) Trustor will or may be subjected to civil or criminal sanctions or penalties if it fails to take a required action; (iii) Trustor establishes to the reasonable satisfaction of Beneficiary that there is no reasonable alternative to such remedial action which would result in less impairment of Beneficiary's security hereunder; or (iv) the action has been agreed to by Beneficiary.
Trustor hereby acknowledges and agrees that (i) this Article is intended as Beneficiary's written request for information (and the Trustor's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5, and (ii) each representation and warranty in this Deed of Trust or any of the other Loan Documents (together with any indemnity applicable to a breach of any such representation and warranty) with respect to the environmental condition of the property is intended by Beneficiary and Trustor to be an “environmental provision” for purposes of California Code of Civil Procedure Section 736.

In the event that any portion of the Property is determined to be “environmentally impaired” (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an “affected parcel” (as that term is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting Beneficiary's or Trustee's rights and remedies under this Deed of Trust, Beneficiary may elect to exercise its rights under California Code of Civil Procedure Section 726.5(a) to (1) waive its lien on such environmentally impaired or affected portion of the Property and (2) exercise (a) the rights and remedies of an unsecured creditor, including reduction of its claim against Trustor to judgment, and (b) any other rights and remedies permitted by law. For purposes of determining Beneficiary's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), Trustor shall be deemed to have willfully permitted or acquiesced in a release or threatened release of Hazardous Materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of Hazardous Materials was knowingly or negligently caused or contributed to by any lessee, occupant, or user of any portion of the Property and Trustor knew or should have known of the activity by such lessee, occupant, or user which caused or contributed to the release or threatened release. All costs and expenses, including (but not limited to) attorneys' fees, incurred by Beneficiary in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the lesser of ten percent (10%) or the maximum rate permitted by law, until paid, shall be added to the indebtedness secured by this Deed of Trust and shall be due and payable to Beneficiary upon its demand made at any time following the conclusion of such action.

Trustor is aware that California Civil Code Section 2955.5(a) provides as follows: “No lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.”

ARTICLE 7
EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default. Each of the following shall constitute an Event of Default following the expiration of any applicable notice and cure periods: (1) failure to make any payment to be paid by Trustor under the Loan Documents within ten (10) days after the date due; (2) failure to observe or perform any of Trustor's other covenants, agreements, or obligations under the Loan Documents (which failure has not been cured within the times and in the manner set forth in the Loan Agreement); or (3) failure to make any payment or perform any of Trustor's other covenants, agreements, or obligations under any other debt instruments or regulatory agreement secured by the Property, which default shall not be cured within the times and in the manner provided therein, provided, however, to the extent that the Trustor cures its failure to perform as described in this
Section 7.1(3), Trustor shall be deemed to have cured the Event of Default arising from this Section 7.1(3).

Section 7.2  Acceleration of Maturity. If an Event of Default shall have occurred and be continuing, then at the option of Beneficiary, the amount of any payment related to the Event of Default and the unpaid Principal of the Note (including all interest thereon) shall immediately become due and payable, upon written notice by Beneficiary to Trustor (or automatically where so specified in the Loan Documents), and no omission on the part of Beneficiary to exercise such option when entitled to do so shall be construed as a waiver of such right.

Section 7.3  Beneficiary's Right to Enter and Take Possession. If an Event of Default shall have occurred and be continuing, Beneficiary may:

(a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, enter upon the Security and take possession thereof (or any part thereof) and of any of the Security, in its own name or in the name of Trustee, and do any acts which it deems necessary or desirable to preserve the value or marketability of the Property, or part thereof or interest therein, increase the income therefrom or protect the security thereof. The entering upon and taking possession of the Security shall not cure or waive any Event of Default or Notice of Default (as defined below) hereunder or invalidate any act done in response to such Default or pursuant to such Notice of Default and, notwithstanding the continuance in possession of the Security, Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust, or by law upon occurrence of any Event of Default, including the right to exercise the power of sale;

(b) Commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

(c) Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Security to be sold ("Notice of Default and Election to Sell"), which notice Trustee or Beneficiary shall cause to be duly filed for record in the Official Records of the County of Los Angeles; or

(d) Exercise all other rights and remedies provided herein, in the instruments by which Trustor acquires title to any Security, or in any other document or agreement now or hereafter evidencing, creating, or securing all or any portion of the obligations secured hereby, or provided by law.

Section 7.4  Foreclosure By Power of Sale. Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall give notice to Trustee (the "Notice of Sale") and shall deposit with Trustee this Deed of Trust which is secured hereby (and the deposit of which shall be deemed to constitute evidence that the unpaid principal amount of the Note is immediately due and payable), and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

(a) Upon receipt of such notice from Beneficiary, Trustee shall cause to be recorded, published, and delivered to Trustor such Notice of Default and Election to Sell as then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Default and
Election to Sell and after Notice of Sale having been given as required by law, sell the Security, at the time and place of sale fixed by it in said Notice of Sale, whether as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as it may determine unless specified otherwise by Trustor according to California Civil Code Section 2924g(b), at public auction to the highest bidder, for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed or any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee, or Beneficiary, may purchase at such sale, and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(b) After deducting all reasonable costs, fees, and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale to payment of: (i) the unpaid Principal amount of the Note; (ii) all other amounts owed to Beneficiary under the Loan Documents; (iii) all other sums then secured hereby; and (iv) the remainder, if any, to Trustor.

(c) Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new Notice of Sale.

Section 7.5 Receiver. If an Event of Default shall have occurred and be continuing, Beneficiary, as a matter of right and without further notice to Trustor or anyone claiming under the Security, and without regard to the then value of the Security or the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Security (or a part thereof), and Trustor hereby irrevocably consents to such appointment and waives further notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases, and all the powers and duties of Beneficiary in case of entry as provided herein, and shall continue as such and exercise all such powers until the date of confirmation of sale of the Security, unless such receivership is sooner terminated.

Section 7.6 Remedies Cumulative. No right, power, or remedy conferred upon or reserved to Beneficiary by this Deed of Trust is intended to be exclusive of any other right, power, or remedy, but each and every such right, power, and remedy shall be cumulative and concurrent and shall be in addition to any other right, power, and remedy given hereunder or now or hereafter existing at law or in equity.

Section 7.7 No Waiver.

(a) No delay or omission of Beneficiary to exercise any right, power, or remedy accruing upon any Event of Default shall exhaust or impair any such right, power, or remedy, or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every right, power, and remedy given by this Deed of Trust to Beneficiary may be exercised from time to time and as often as may be deemed expeditious by Beneficiary. Beneficiary's expressed or implied consent to a breach by Trustor, or a waiver of any obligation of Trustor hereunder, shall not be deemed or construed to be a consent to any subsequent breach, or further waiver, of such obligation or of any other obligations of Trustor hereunder. Failure on the part of Beneficiary to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure
continues, shall not constitute a waiver by Beneficiary of its right hereunder or impair any rights, power, or remedies consequent on any Event of Default by Trustor.

(b) If Beneficiary (i) grants forbearance or an extension of time for the payment of any sums secured hereby, (ii) takes other or additional security or the payment of any sums secured hereby, (iii) waives or does not exercise any right granted in the Loan Documents, (iv) releases any part of the Security from the lien of this Deed of Trust, or otherwise changes any of the terms, covenants, conditions, or agreements in the Loan Documents, (v) consents to the granting of any easement or other right affecting the Security, or (vi) makes or consents to any agreement subordinating the lien hereof, any such act or omission shall not release, discharge, modify, change, or affect the original liability under this Deed of Trust, or any other obligation of Trustor or any subsequent purchaser of the Security or any part thereof, or any maker, co-signer, endorser, surety, or guarantor (unless expressly released); nor shall any such act or omission preclude Beneficiary from exercising any right, power, or privilege herein granted or intended to be granted in any Event of Default then made or of any subsequent Event of Default, nor, except as otherwise expressly provided in an instrument or instruments executed by Beneficiary shall the lien of this Deed of Trust be altered thereby.

Section 7.8 Suits to Protect the Security. Beneficiary shall have power to (a) institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Security and the rights of Beneficiary as may be unlawful or any violation of this Deed of Trust, (b) preserve or protect its interest (as described in this Deed of Trust) in the Security, and (c) restrain the enforcement of or compliance with any legislation or other governmental enactment, rule, or order that may be unconstitutional or otherwise invalid, if the enforcement for compliance with such enactment, rule, or order would impair the Security thereunder or be prejudicial to the interest of Beneficiary.

Section 7.9 Beneficiary May File Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition, or other proceedings affecting Trustor, its creditors, or its property, Beneficiary, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of Beneficiary allowed in such proceedings and for any additional amount which may become due and payable by Trustor hereunder after such date.

Section 7.10 Waiver. Trustor waives presentment, demand for payment, notice of dishonor, notice of protest and nonpayment, protest, notice of interest on interest and late charges, and diligence in taking any action to collect any sums owing under the Note or in proceedings against the Security, in connection with the delivery, acceptance, performance, default, endorsement, or guaranty of this Deed of Trust.

ARTICLE 8
MISCELLANEOUS

Section 8.1 Amendments: Prior Agreements. This instrument cannot be waived, changed, discharged, or terminated orally, but only by an instrument in writing signed by Beneficiary and Trustor.

Section 8.2 Reconveyance by Trustee. Upon written request of Beneficiary stating that (i) all sums secured hereby have been paid or forgiven, and (ii) that all obligations of Trustor under the
Loan Documents have been satisfied, and upon surrender of this Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee shall reconvey the Security to Trustor, or to the person or persons legally entitled thereto.

Section 8.3 Notices. If at any time after the execution of this Deed of Trust it shall become necessary or convenient for one of the parties hereto to serve any notice, demand, or communication upon the other party, such notice, demand, or communication shall be in writing and shall be served by depositing the same in the registered United States mail, return receipt requested, postage prepaid and:

If to Beneficiary: Housing Authority of City of Los Angeles
2600 Wilshire Blvd.
Los Angeles, CA 90057
Attn: President and Chief Executive Officer
Attn: General Counsel

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

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

with copy to: Levine, Staller, Sklar, Chan & Brown, P.A.
3030 Atlantic Avenue
Atlantic City, NJ 08401
Attn: Arthur M. Brown

Any notice, demand, or communication shall be deemed given, received, made, or communicated, if mailed in the manner herein specified, on the delivery date or date delivery is refused by the addressee, as shown on the return receipt. Either party may change its address at any time by giving written notice of such change to Beneficiary or Trustor as the case may be, in the manner provided herein, at least ten (10) days prior to the date such change is desired to be effective.

Section 8.4 Successors and Joint Trustors. Where an obligation is created herein binding upon Trustor, the obligation shall also apply to and bind any transferee or successors in interest. Where the terms of this Deed of Trust have the effect of creating an obligation of Trustor and a transferee, such obligation shall be deemed to be a joint and several obligation of Trustor and such transferee. Where Trustor is more than one entity or person, all obligations of Trustor shall be deemed to be a joint and several obligation of each and every entity and person comprising Trustor.

Section 8.5 Captions. The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Deed of Trust.
Section 8.6 Invalidity of Certain Provisions. Every provision of this Deed of Trust is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court or other body of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Security, the unsecured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid or applied to the full payment of that portion of the debt which is not secured or partially secured by the lien of this Deed of Trust.

Section 8.7 Governing Law. This Deed of Trust shall be governed by and construed in accordance with the laws of the State of California.

Section 8.8 Gender and Number. In this Deed of Trust, the singular shall include the plural and the masculine shall include the feminine and neuter and vice versa, if the context so requires.

Section 8.9 Deed of Trust, Mortgage. Any reference in this Deed of Trust to a mortgage shall also refer to a deed of trust and any reference to a deed of trust shall also refer to a mortgage.

Section 8.10 Actions. Trustor agrees to appear in and defend any action or proceeding purporting to affect the Security.

Section 8.11 Substitution of Trustee. Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Deed of Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the Property is situated, shall be conclusive proof of proper appointment of the successor trustee.

Section 8.12 Statute of Limitations. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law.

Section 8.13 Acceptance by Trustee. Trustee accepts this Deed of Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law the Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action of proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

Section 8.14 Compliance with Internal Revenue Code Section 42. Beneficiary acknowledges that Trustor intends to enter into an extended use agreement, which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended (the “Code”). As of the date hereof, Code Section 42(h)(6)(E)(ii) does not permit the eviction or termination of tenancy (other than for good cause) of an existing tenant of any low-income unit or any increase in the gross rent with respect to such unit not otherwise permitted under
Code Section 42 for a period of three (3) years after the date the building is acquired by foreclosure or by instrument in lieu of foreclosure. In the event the extended use agreement is recorded against the Property, Beneficiary agrees to comply with the provisions set forth in Code Section 42(h)(6)(E)(ii).

ARTICLE 9
SUBORDINATE DEED OF TRUST

This Deed of Trust is and shall at all times continue to be subordinate, subject, and inferior (in payment and priority) to the Senior Loan and the Senior Deed of Trust, and the liens, rights, payment interests, priority interests, and security interests granted to Beneficiary hereunder and the Loan and the Loan Documents are, and are hereby expressly acknowledged to be in all respects and at all times, subject to the terms of the Subordination Agreement by and among Beneficiary, Trustor and Senior Lender of even date herewith. Exhibit B and Exhibit C, attached hereto, are hereby incorporated into this Deed of Trust by this reference.

[remainder of this page intentionally left blank]
IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first above written.

TRUSTOR:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

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

By: _______________________________
    Kenneth P. Crawford
    Vice President

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

By: _______________________________
    Tina Smith-Booth
    President

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

State of New Jersey )
County of ______________________ )

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

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

WITNESS my hand and official seal.

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

State of California )
County of ______________________ )

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

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

    WITNESS my hand and official seal.

    Signature____________________
EXHIBIT A

Legal Description

The Land referred to herein is situated in the State of California, County of Los Angeles, City of Los Angeles, and described as follows:

Lot 2 of Tract No. 82633-01, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 1425 Pages 61 to 63 inclusive of Maps, in the office of the County Recorder of said County.

Also except from that portion of said Tract, not included within Nevada Villa Tract, as per map recorded in Book 6 Page 190 of Maps, all uranium, thorium, and all other materials essential to the production of fissionable material contained in whatever concentration in deposits, as reserved by the United States of America, in deed recorded December 30, 1952 in Book 40622 Page 378 of Official Records.

APN: 6046-021-917; 6046-019-926
EXHIBIT B

Investor Rider

This Rider is attached to and made a part of the promissory notes, the deed of trust, and loan agreement or other document(s) evidencing, securing, and governing a loan of Choice Neighborhoods Implementation Grant funds in the approximate original amount of One Million Dollars ($1,000,000.00) (the “Authority CNI Loan”) and a loan of Transformative Climate Communities Grant funds in the approximate original amount of Thirteen Million Two Hundred Thousand Dollars ($13,200,000.00) (the “Authority TCC Loan” and together with the Authority CNI Loan, the “Loan”) made by the Housing Authority of the City of Los Angeles (”Lender”) to Jordan Downs Phase S2, LP, a California limited partnership (“Borrower” or the "Partnership") for the construction of approximately eighty-one (81) units (including one (1) manager’s unit) of rental housing and related improvements (the “Project”). The Amended and Restated Agreement of Limited Partnership forming or continuing the Borrower is referred to herein as the “Partnership Agreement”.

The parties hereto agree that the following covenants, terms, and conditions shall be part of and shall modify or supplement each of the documents evidencing, securing, or governing the disbursement of the Loan (the “Loan Documents”), and that in the event of any inconsistency or conflict between the covenants, terms, and conditions of the Loan Documents and this Rider, the following covenants, terms, and conditions shall control and prevail:

1. **Recourse/Non-recourse Obligation**. The Loan is (i) a recourse obligation of Borrower during the period the Construction Loan (as defined in the Loan Agreement) is outstanding and (ii) a non-recourse obligation of the Borrower following repayment of the Construction Loan. Neither the general partners nor the limited partners of Borrower shall have any personal liability for repayment of the Loan.

2. **General Partner and Limited Partner Change**. The withdrawal, removal, and/or replacement of a general partner of the Partnership pursuant to the terms of the Partnership Agreement shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan, provided that (i) the Borrower’s limited partner provides the Lender with prior written notice of removal and substitution of a general partner of Borrower, and (ii) with respect to Jordan S2-Michaels LLC, the administrative general partner of Borrower, any substitute general partner is reasonably acceptable to Lender.

   Additionally, the transfer of any limited partnership interests in Borrower or in any limited or special limited partner of Borrower pursuant to the terms of the Partnership Agreement shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan.

3. **Monetary Default**. If a monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder Lender shall give Borrower and each of the general and limited partners of the Partnership, as identified in the Partnership Agreement, simultaneous written notice of such default. Borrower shall have a period of seven (7) days after such notice is given within which to cure the default prior to exercise of remedies by Lender under the Loan Documents, or such longer period of time as may be specified in the Loan Documents. Borrower’s limited partners shall have the right, but not the obligation, to cure any
default under the Loan Documents within the applicable cure periods provided to Borrower thereunder.

4. **Non-Monetary Default.** If a non-monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder Lender shall give Borrower and each of the general and limited partners of the Partnership, as identified in the Partnership Agreement, simultaneous written notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Borrower shall have such period to effect a cure prior to exercise of remedies by Lender under the Loan Documents, or such longer period of time as may be specified in the Loan Documents. If the default is such that it is not reasonably capable of being cured within thirty (30) days or such longer period if so specified, and if Borrower (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then Borrower shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Lender. If Borrower fails to take corrective action or to cure the default within a reasonable time, Lender shall give Borrower and each of the general and limited partners of the Partnership written notice thereof, whereupon the limited partner may remove and replace the general partner with a substitute general partner who shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions. In no event shall Lender be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within one hundred eighty (180) days after the first notice of default is given, or such longer period of time as may be specified in the Loan Documents. Borrower’s limited partners shall have the right, but not the obligation, to cure any default under the Loan Documents within the applicable cure periods provided to Borrower thereunder.

Additionally, notwithstanding the occurrence of any monetary or nonmonetary default under the terms of any of the Loan Documents, during the Compliance Period (as defined in the Partnership Agreement), Lender shall not (i) commence foreclosure proceedings with respect to the Property under the Loan Documents or exercise any other rights or remedies it may have under the Loan Documents, including, but not limited to, accelerating sums due under the Loan Documents, collecting rents, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies hereunder or (ii) join with any other creditor in commencing any bankruptcy reorganization arrangement, insolvency or liquidation proceedings with respect to Borrower.

5. **Casualty, Condemnation, Etc.** In the event of any fire or other casualty to the Project or eminent domain proceedings resulting in condemnation of the Project or any part thereof, Borrower shall have the right to rebuild the Project, and to use all available insurance or condemnation proceeds therefor, provided that (a) such proceeds are sufficient to rebuild the Project in a manner that provides adequate security to Lender for repayment of the Loan or if such proceeds are insufficient then Borrower shall have funded any deficiency, (b) Lender shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (c) no material default then exists under the Loan Documents (subject to any applicable cure periods thereunder). If the casualty or condemnation affects only part of the Project and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the Loan in a manner that provides adequate security to Lender for repayment of the remaining balance of the Loan.
6. **Force Majeure.** There shall be no default for delays by reason of Force Majeure as provided in Section 7.14 of the Loan Agreement, except as provided in said Section 7.14.

7. **Purchase Rights.** The execution and delivery of the purchase option and right of first refusal agreement described in the Partnership Agreement shall not constitute a default under the Loan Documents or accelerate the maturity of the Loan thereunder. Any requisite consent of Lender to (a) the exercise of said purchase option and right of first refusal agreement by the project sponsor identified therein, and to (b) the assumption without penalty of Loan obligations by the project sponsor and the release of Borrower from such obligations, shall not be unreasonably withheld. Subject to any such consent requirement, the exercise of rights under such agreement shall not constitute a default or accelerate maturity of the Loan.

8. **Loan Assumption.** If the purchase option and right of first refusal agreement described in the Partnership Agreement is not exercised and the Project is sold subject to low-income housing use restrictions as contained in an existing regulatory agreement or other recorded covenant, any requisite consent of lender to said sale, and to the assumption without penalty of loan obligations by the purchaser and the release of Borrower from such obligations, shall not be unreasonably withheld, provided, however, that the principals of purchaser shall be comparable to the principals of Borrower in (a) experience and track record of developing, operating, maintaining, and, if applicable, managing, affordable housing financed with sources and restrictions comparable to the Approved Financing, (b) financial wherewithal, and (c) such other underwriting criteria as may be employed by lender at the time of any such proposed assumption.

9. **Lender Approvals, Etc.** In any approval, consent, or other determination by Lender required under any of the Loan Documents, Lender shall act reasonably and in good faith.

10. **Subordination.** Lender acknowledges that Borrower and the California Tax Credit Allocation Committee intend to enter into, or concurrently with the execution and delivery of the Loan Documents are entering into, an extended use agreement, which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended. Lender agrees to subordinate the Loan and Lender’s rights under the Loan Documents executed in conjunction therewith to the relevant provisions of said extended use agreement. This subordination is being made in consideration of the allocation of tax credits to the Project, absent which the development of the Project would not occur, and this mortgage loan would not be made.

Subject to the prior written approval of the Lender, which approval shall not be unreasonably withheld, conditioned or delayed, the Borrower may refinance the Approved Financing loans (as defined in the Loan Documents). Any refinancing of the Approved Financing loans shall be on commercially reasonable terms in an amount not to exceed the then outstanding principal balance of such Approved Financing loans plus reasonable costs. The Borrower shall reimburse the Lender for any costs it incurs related to the refinancing of the Approved Financing loans.

11. **Notice Address.**

The Notice Address of the limited partner is:

Berkadia Jordan Downs Phase S2 Investor LP
Two Liberty Place
50 south 16th Street, Suite 2825
Philadelphia, PA 19102
Attn: Managing Director & General Counsel
12. **Third Party Beneficiary Status.** Borrower’s limited partners shall be intended third party beneficiaries of this Rider for purposes of the rights granted to the limited partners hereunder.
In Witness Whereof, the undersigned have caused this Rider to be executed this ____ day of ______________, 2021.

LENDER:

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

By: ___________________________
    Douglas Guthrie
    President and Chief Executive Officer
BORROWER:

JORDAN DOWNS PHASE S2, LP,
a California limited partnership

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

By:

By: Kenneth P. Crawford
Vice President

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

By:

By: Tina Smith-Booth
President
EXHIBIT C

HUD Rider to Loan Documents

This HUD Rider to Loan Documents (this “Rider”) modifies the deed of trust and related documents (collectively, the “Loan Documents”) entered into between the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic, organized and existing under the laws of the State of California (the “Authority”) and JORDAN DOWNS PHASE S2, LP, a California limited partnership (the “Borrower”), in connection with a loan of One Million Dollars ($1,000,000.00) in Choice Neighborhood Initiative Implementation Grant funds and [Thirteen Million Two Hundred Thousand Dollars ($13,200,000.00)] of Transformative Climate Communities Program Grant funds (collectively, the “Authority Funds”) by the Authority to the Borrower to be used for the construction of approximately eighty-one (81) units (including one (1) manager’s unit) of rental housing and related improvements (the “Project”) on real property in the County of Los Angeles, California as more particularly described in Exhibit A attached to the aforementioned deed of trust (the “Property”).

1. **Inconsistent Provisions.** If the provisions of this Rider are inconsistent with the provisions of the Loan Documents, the provisions of this Rider shall be controlling.

2. **Defined Terms.** Capitalized terms not defined herein are as defined in the Loan Documents.

3. **RAD Regulatory Documents.** By the acceptance, execution and/or recording of this Rider, the Lender acknowledges that seventeen (17) units in the Project are subject to: (a) requirements applicable to the U. S. Department of Housing and Urban Development’s (“HUD”) Rental Assistance Demonstration (“RAD”) Program authorized by the Consolidated and Further Continuing Appropriations Act of 2012 as amended by the Consolidated Appropriations Act, 2014 (Pub. L. No. 113-76, approved January 17, 2014), the Consolidated and Further Continuing Appropriations Act, 2015 (Pub. L. No. 113-235, approved December 6, 2014), and Division L, Title II, Section 237 of the Consolidated Appropriations Act (Pub. L. No. 114-113, enacted December 18, 2015), (b) HUD Notice H-2019-09 PIH 2019-23 (HA) (September 5, 2019), as may be further amended; and (c) requirements contained in (i) the RAD Use Agreement (Form HUD 52625), (ii) the RAD Conversion Commitment (HUD Form 52624), as amended, and (iii) the Rental Assistance Demonstration (RAD) for the Conversion of Public Housing to the Section 8 Project-Based Voucher (PBV) Program Housing Assistance Payment Contract (HUD Form 52530A (04/2015) and HUD 52621 (4/2017)) executed with the Project. Such requirements in Sections (a) and (b) herein shall be referred to as the “RAD Requirements.” If there is a conflict between a provision of the Loan Documents and any RAD Requirement, then the RAD Requirement shall govern, except as such RAD Requirement may have been expressly waived in writing by HUD.

4. **CNI Requirements.**

   (a) The Project has been financed, in part, by the Authority pursuant to that certain Development Proposal (the “Development Proposal”) submitted by the Authority to HUD under the Choice Neighborhoods Initiative (“CNI”) Implementation Grant Program and as implemented by that certain Declaration of Restrictive Covenants Choice Neighborhoods Initiative Implementation Grant Program executed by the Authority and the Borrower for the benefit of HUD dated on or about the date hereof (the “CNI Declaration”).
(b) The proceeds made available pursuant to the Development Proposal are to be used by the Authority in connection with Borrower’s revitalization of the former Jordan Downs public housing development and its surrounding neighborhood. The proceeds made available pursuant to the Development Proposal shall be used to support the Project by the Borrower. The Project is the subject of the transaction contemplated by the Loan Documents and consists of forty-nine (49) residential rental units subject to the CNI Declaration.

(c) Notwithstanding any provisions of the CNI Declaration that may be construed to the contrary, in the event of any conflict with, or ambiguity between, the CNI Declaration and any term or provision of the Loan Documents, the provisions of the CNI Declaration shall be controlling, except to the extent that a more restrictive requirement under the Loan Documents is enforceable without violating the CNI Declaration.

5. **Inconsistent Provisions.** If the provisions of this Rider are inconsistent with the provisions of the Loan Documents, the provisions of this Rider shall be controlling.

6. **Subordination to HUD Documents.** The Loan Documents are: (i) subordinate and subject to the RAD Use Agreement, (ii) subordinate to the CNI Declaration and (iii) encumbers the leasehold estate of the Borrower. Subordination extends to and continues in effect with respect to any future amendment, extension, renewal, or any other modification of the RAD Use Agreement, CNI Declaration, Loan Documents or this Deed of Trust. The RAD Use Agreement and CNI Declaration survive foreclosure and bankruptcy of the Borrower.

7. **Transfer Restrictions.** The Authority agrees that any transfers of interests in the Property or Project will be done in accordance with the RAD Requirements and CNI Declaration.

8. **Transferred Funds Not Deemed to Create Relationship With HUD.** Nothing contained in any of the Loan Documents, nor any act of HUD, shall be deemed or construed to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, joint venture, or any association or relationship involving HUD.

9. **Incorporation.** This Rider shall be deemed incorporated into the Loan Documents as if fully set forth herein and therein.

10. **Third-Party Beneficiary.** Notwithstanding anything in the Loan Documents to the contrary, the Authority is an express third-party beneficiary under the provisions of this Rider for the sole purpose of enforcing the provisions of this Rider.

11. **Notices.** Any notices of Borrower default provided pursuant to the Loan Documents shall also be provided to HUD as follows:

   If to HUD, to: United States Department of Housing and Urban Development
   451 Seventh Street, S.W.
   Washington, DC 20410
   Attn: Office of the General Counsel

   [signature pages follow]
IN WITNESS WHEREOF, the Borrower and the Authority have duly executed and delivered this Rider contemporaneous with the Loan Documents.

BORROWER:

JORDAN DOWNS PHASE S2, LP,

a California limited partnership

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

By: _______________________________
Kenneth P. Crawford
Vice President

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

By: _______________________________
Tina Smith-Booth
President

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

State of California
County of ______________________

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

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

WITNESS my hand and official seal.

Signature________________________
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State of California )
County of ______________________ )

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

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

WITNESS my hand and official seal.

Signature____________________
AUTHORITY:

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

By: ___________________________
Douglas Guthrie
President and Chief Executive Officer

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State of California )
County of ______________________ )

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WITNESS my hand and official seal.

Signature_________________________