RESOLUTION AUTHORIZING LA CIENEGA LOMOD, INC., TO ENTER INTO THE JORDAN DOWNS 3, LP AS A SPECIAL LIMITED PARTNER, AUTHORIZING AND APPROVING THE EXECUTION OF THE JORDAN DOWNS PHASE H2A PROJECT OWNERSHIP, FINANCING AND RELATED DOCUMENTS AND AGREEMENTS BY THE PRESIDENT, OR THEIR DESIGNEE, AND THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THEREWITH

Tina Smith-Booth  
President

Lisette Belon  
Secretary

Purpose: Approve and adopt the Resolution authorizing the President of La Cienega LOMOD, Inc., a California nonprofit public benefit corporation (“LOMOD”), or their designee, to enter into the Jordan Downs Phase 3, LP, a California limited partnership (the “Partnership”) as a Special Limited Partner (“SLP”), authorizing and approving the execution by the President or their designee of the Jordan Downs Phase H2A project ownership, financing and related documents and agreements and the undertaking of various actions in connection therewith.

Regarding: On June 28, 2012, the Housing Authority of the City of Los Angeles (“HACLA”) Board of Commissioners (“Board”) unanimously authorized the President and CEO of HACLA to execute a Master Development Agreement (“MDA”) with Jordan Downs Community Partners, LLC, (“Master Developer”), a joint venture of the BRIDGE Housing 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; amended by a certain first Amendment to the MDA (“First Amendment”) dated July 13, 2017 by Resolution No. 9327; further amended by that certain Second Amendment to the MDA (“Second Amendment”) dated October 4, 2017 by Resolution No. 9282; further amended by that certain Third Amendment to the MDA (“Third Amendment”) dated July 7, 2020 by Resolution No. 9594. The terms of the MDA contemplate that an Instrumentality of HACLA will participate in the ownership entity for the redeveloped housing phases of Jordan Downs and HACLA has chosen its instrumentality, LOMOD, to participate in Phase H2A as a special limited partner of the Partnership.

Issues:

Background

Since 2012, HACLA and the Master Developer have been working closely to implement the vision of a redeveloped Jordan Downs. To date, 250 units of affordable housing have been developed and 253 units are under construction. LOMOD is also a managing general partner with Michaels in the ownership entities for Phase 1B, a 135-unit completed development; Phase S2, an 81-unit project currently under construction; and Phase S3, a 92-unit project currently under construction.

Phase H2A will be developed on a 1.2 acre parcel and will be comprised of 76 apartment units (the “Project”). Phase H2A will consist of nine (9) Rental Assistance Demonstration (“RAD”)
Project-Based Voucher ("PBV") replacement units and an additional forty-five (45) traditional PBV units, consisting of thirty (30) replacement units and fifteen (15) non-replacement units. The project will also have one (1) on-site resident manager’s unit, seven (7) tax credit only units, and fourteen (14) unrestricted units, for a total of seventy-six (76) units. The unit mix is as follows: twenty-one (21) one-bedroom apartments, twenty-six (26) two-bedroom apartments, twenty-seven (27) three-bedroom apartments and two (2) four-bedroom apartment. The Project’s overall financing structure is expected to be approved by the HACLA Board on March 31st, 2022.

Developer/Ownership

Pursuant to the MDA, the Master Developer has assigned its rights and obligations to develop and own Phase H2A to the Partnership. The General Partner of the Partnership is JD Housing 3, LLC, a California limited liability company, who will be the General Partner (0.0051% ownership share) of the Partnership and LOMOD will be a special limited partner (0.0049% ownership share) of the Partnership. For convenience, LOMOD is referred to in this board report as a special limited partner in the Partnership. However, under the Partnership’s organizational documents LOMOD may be referred to as the “Class A Limited Partner.” The tax credit investor limited partner and equity provider will be Wells Fargo Affordable Housing Community Development Corporation, a North Carolina corporation, or its affiliate upon the financial closing and the execution of the Amended and Restated Agreement of Limited Partnership (the “LPA”) of the Partnership. The following is a chart demonstrating the Partnership’s organizational structure:

Ownership Organizational Structure

The Authority will provide 45 Section 8 PBVs, 30 of which will be for replacement units reserved for Jordan Downs residents, and 9 RAD Section 8 PBVs to provide a consistent revenue stream that will support ongoing operations as well as provide deeper affordability for the Phase H2A site. All 45 PBV Units and nine (9) RAD Units will be subject to HUD affordability requirements for 20 years under a Housing Assistance Payment ("HAP") contract, pursuant to the authority
granted under the HUD Notice PIH-2017-21, HUD Notice PIH-2019-23, and 24 CFR 983. As allowed by PBV, and RAD requirements, the Authority will offer the Partnership a renewal of the RAD HAP Contract for up to an additional 20-year term upon expiration of the initial term and will extend the PBV HAP Contract for up to a 20 additional years, subject to the future availability of appropriated funds, HUD regulations, the requirements of HACLA’s Section 8 Administrative Plan, and the Partnership’s continued compliance with the HAP Contracts. The 39 replacement units will be restricted to 80% area median income or below for 40 years in accordance with the, CNI Grant Agreement and the CNI Declaration of Restrictive Covenants recorded against the Authority’s fee interest in the Project and 9 of such replacement units will be restricted to 80% area median income or below under a HUD RAD Use Agreement. The non-replacement units will be subject to deeper income targeting in accordance with the PBV requirements and HAP Contracts.

**Role as the SLP**

As a SLP, LOMOD will have no consent and approval rights over major decisions of the Partnership but will have the right to receive a copy of notices provided to the Partnership’s investor limited partner. LOMOD will not have day-to-day participation in the development or operation of the Project in its capacity as an SLP. LOMOD as the SLP is protected from any claims against the Partnership as it is a limited partner and has no control over the day to day operations of the Partnership or consent or approval rights over the Partnership. Further, the LPA grants LOMOD indemnification protections for certain acts of the General Partner or the Partnership. In the event the General Partner is removed from the Partnership, the investor limited partner will consider appointing LOMOD as the replacement general partner of the Partnership, provided LOMOD desires to step in as the replacement general partner.

While LOMOD is the SLP in the Partnership, it is not providing any development or operational guarantees to any lender or investor. Guarantees are borne solely by the General Partner or its affiliates. Further, if LOMOD is found in default under the LPA, only its non-recourse partnership interest may be accessed to satisfy any liability. The only exceptions are if LOMOD has committed fraud or misappropriated Partnership funds.

After the Tax Credit Compliance Period of fifteen (15) years, the Limited Partnership Agreement provides that HACLA or its permitted assignee, shall have an option to purchase (“Purchase Option”) the Partnership’s interest in the ground lease, structures, improvements, fixtures, and personal property comprising Phase H2A. Similarly, HACLA or its permitted assignee is also granted a Right of First Refusal (“ROFR”) regarding other offers following the close of the Tax Credit Compliance Period. Both the Purchase Option and the ROFR shall have a term of two years.

Following a capital event, LOMOD will be entitled to 50% of net proceeds available to the General Partner after the repayment in full of the HACLA Acquisition Loan, HACLA Bridge Loan and HACLA CNI Loan. In addition, following repayment in full of the HACLA Acquisition Loan, HACLA Bridge Loan and HACLA CNI Loan, LOMOD is entitled to 35% of cash flow available to the General Partner. Due to the capital stack and sum of loans held by HACLA, its is unlikely any cash flow or capital event proceeds will be available for distribution to LOMOD until many years in the future.

Financial closing of Phase H2A is scheduled to occur by approximately April 14th, 2022, and construction will commence soon thereafter. Construction is scheduled to be completed by
December 2023 and the construction financing will convert to permanent financing approximately six (6) months after construction completion.

Funding: The LOMOD Treasurer confirms the following:

Source of Funds: No Funding from LOMOD is required for this action.

Budget and Program Impact: The staff time required in the capacity of an SLP is very minimal and will not impact LOMOD’s ability to manage its other responsibilities where LOMOD is a member of an ownership entity.

Environmental Review:

CEQA: Not applicable to this action to enter into the LPA. The HACLA BOC has taken all the appropriate actions required under CEQA. No actions are required of the LOMOD board.

NEPA: Pursuant to 24 CFR Part 58, the City of Los Angeles, through its Housing and Community Investment Department (“HCID/LA”), serves as the environmentally responsible entity in preparation of the Environmental Assessment and Finding of No Significant Impact (“EA/FONSI”) for the Jordan Downs Public Housing Community Project. The EA/FONSI for the entire project was circulated for public review on June 13, 2014 through July 2, 2014. On December 22, 2015 a technical memorandum was prepared to review any changes to the project description. Based on this memorandum, HCID/LA found that changes to the project description did not result in changes to the conclusion of the EA/FONSI. On February 11, 2016 the U.S. Department of Housing and Urban Development’s Office of the Field Office Director issued approval of the Housing Authority’s Request for Release of Funds and Environmental Certification.

Section 3: The Developer will ensure that the Section 3 workers residing within the service area of the project and participants of Youth-Build programs have the opportunity to share in the economic benefits generated by the proposed development. Local Hire and Section 3 requirements for the Developer and their General Contractor will require to meet HUD established labor hour benchmarks for Section 3 Workers and Targeted Section 3 Workers. Additionally, pursuant to HACLA’s Section 3 Policy and Compliance Plan, the Developer and their General Contractor will be required to engage in good faith efforts to set aside at least thirty percent (30%) of all new construction and post-construction jobs generated by the redevelopment for Section 3 Workers and Targeted Section 3 Workers in the order of hiring priority. Furthermore, the Developer and their General Contractor shall strive and use good faith efforts to set aside at least ten percent (10%) of their overall 30% Section 3 commitment for disadvantaged workers. Additionally, the Developer is committed to providing 10% of the total dollar amount of building trades work for all construction contracts and 3% of the total dollar amount of all non-construction contracts to Section 3 Businesses.

Attachments:

1. Resolution
2. List and description of primary documents executed by LOMOD
   a. Amended and Restated Agreement of Limited Partnership
   b. Right of First Refusal, Purchase Option and Put Right Agreement
   c. GP Incentive Management Fee Agreement
ATTACHMENT 1

RESOLUTION
RESOLUTION AUTHORIZING LA CIENEGA LOMOD, INC., TO ENTER INTO THE JORDAN DOWNS 3, LP AS A SPECIAL LIMITED PARTNER, AUTHORIZING AND APPROVING THE EXECUTION OF THE JORDAN DOWNS PHASE H2A PROJECT OWNERSHIP, FINANCING AND RELATED DOCUMENTS AND AGREEMENTS BY THE PRESIDENT, OR THEIR DESIGNEE, AND THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THEREWITH

WHEREAS, La Cienega LOMOD, Inc. (“LOMOD”) is an instrumentality of the Housing Authority of the City of Los Angeles (the “Authority”) and a California nonprofit public benefit corporation, duly created, established and authorized to transact business and exercise powers under and pursuant to the provisions of the Nonprofit Public Benefit Corporation Law, consisting of Part 2 of Division 2 of Title 1 of the California Corporations Code (the “Act”);

WHEREAS, the Act authorizes LOMOD to make and execute contracts and other instruments necessary or convenient for the exercise of its powers;

WHEREAS, the Authority 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, in multiple phases;

WHEREAS, the current phase, Jordan Downs Phase H2A, will be comprised of 76 units in a residential development with amenities, of which nine (9) units are Rental Assistance Demonstration (“RAD”) Project Based Voucher units, forty-five (45) units are traditional Project Based Voucher (“PBV”) units (comprised of 30 replacement PBV’s and 15 non-replacement PBV’s), seven (7) units are unsubsidized low income housing tax credit units, fourteen (14) units are unrestricted units, and one (1) unit is a manager’s unit (the “Project”);

WHEREAS, on February 24, 2022, the Authority’s Board of Commissioners (“BOC”) authorized the Authority to enter into a Disposition and Development Agreement, loan documents, and a Ground Lease Agreement with Jordan Downs 3, LP (the “Partnership”), a Rental Assistance Demonstration (“RAD”) Use Agreement and CNI Declaration of Restrictive Covenants with the U.S. Department of Housing and Urban Development (“HUD”) and other related documents and agreements for the financing and development of the Project;

WHEREAS, LOMOD will be a special limited partner (“SLP”) of the Partnership, JD Housing 3, LLC, a California limited liability company, will be the general partner of the Partnership (“GP”), Wells Fargo Affordable Housing Community Development Corporation, a North Carolina corporation or its affiliate, will be the investor limited partner of the Partnership at financial closing of the transaction and upon the execution of an Amended and Restated Agreement of Limited Partnership (“LPA”) by all parties;

WHEREAS, as the SLP of the Partnership, LOMOD will have no rights over major decisions of the Partnership but will have a right to receive a copy of notices provide to the Partnership’s investor limited partner;

WHEREAS, after the Tax Credit Compliance Period, for up to two years, the Authority or its permitted assignee, including LOMOD, will have an option to purchase (“Purchase Option”) the Partnership’s leasehold interest in the real estate and ground lease, and ownership interest of the structures, improvements, fixtures, and personal property comprising the Project;
WHEREAS, the Authority or its permitted assignee, including LOMOD, shall also be granted a Right of First Refusal to purchase the Project before the Partnership may accept other offers for up to two years following the close of the low income housing tax credit compliance period; and

WHEREAS, the Board of Directors of LOMOD must approve the execution of primary ownership, debt and equity documents, including an Amended and Restated Agreement of Limited Partnership admitting LOMOD as the SLP, admitting the equity investor, and authorizing the execution of any documents, certificates and agreements related to the Project, with the advice of legal counsel, in order to consummate the intent of this Resolution and the successful financial and construction closing of the Project.

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors of LOMOD does hereby authorize and approve as follows:

The President, or their designee, including the Secretary or Treasurer of LOMOD (collectively, the “Designated Officers”), are each hereby authorized and directed, to do any and all things necessary and to execute, deliver and perform any and all financing, ownership or other documents, including an Amended and Restated Agreement of Limited Partnership admitting LOMOD as the SLP and admitting the equity investor, all with such changes as approved by legal counsel, and all other documents or actions which they may deem necessary or advisable in order to consummate, carry out, give effect to and comply with the terms and intent of this Resolution and the consummation of the transactions contemplated hereby. All actions hereto foretaken by the officers, employees, attorneys and agents of LOMOD with respect to the Project transactions are hereby approved and ratified, and the Designated Officers of LOMOD, and the authorized deputies and employees of LOMOD, and each of them, are hereby authorized and directed to do any and all things necessary and to enter into and execute, acknowledge and deliver any and all agreements, assignments, certificates and other documents that they or legal counsel may deem necessary or advisable to consummate the development and financing of the Project and otherwise to effectuate the purpose of this Resolution, as approved by legal counsel, without further approval of the LOMOD Board of Directors.

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>Tina Smith-Booth</td>
<td>President</td>
</tr>
<tr>
<td>Lisette Belon</td>
<td>Secretary</td>
</tr>
<tr>
<td>Patricia Kataura</td>
<td>Treasurer</td>
</tr>
</tbody>
</table>
FINALLY, BE IT RESOLVED that this Resolution shall take effect immediately.

LA CIENEGA LOMOD, INC.

By: ___________________________
   Chairperson

APPROVED AS TO FORM:

BY: ___________________________
   James Johnson

DATE ADOPTED: ____________________
ATTACHMENT 2

List and description of primary documents executed by LOMOD

a. Amended and Restated Agreement of Limited Partnership
b. Right of First Refusal, Purchase Option and Put Right Agreement
c. GP Incentive Management Fee Agreement
## TAB DOCUMENT/ITEM SIGNATORIES RECORDABLE DESCRIPTION

<table>
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<tr>
<th>TAB</th>
<th>DOCUMENT/ITEM</th>
<th>SIGNATORIES</th>
<th>RECORDABLE</th>
<th>DESCRIPTION</th>
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<tbody>
<tr>
<td>1</td>
<td>Amended and Restated Limited Partnership Agreement</td>
<td>HACLA; Partnership; LOMOD; BRIDGE; Investor</td>
<td>NO</td>
<td>A limited partnership agreement between JD Housing 3, LLC, La Cienega LOMOD, Inc., and Wells Fargo Affordable Housing Community Development Corporation, agreeing to continue the partnership under the name Jordan Downs 3, LP, and assigns the rights and obligations relating to the Project to each partner.</td>
</tr>
<tr>
<td>2</td>
<td>Right of First Refusal, Purchase Option and Put Right Agreement</td>
<td>HACLA; Partnership; General Partner; BRIDGE; Investor</td>
<td>YES</td>
<td>Agreement providing HACLA a right of first refusal and purchase option to purchase all right, title, and interest held by the Partnership or all partnership interests in the Partnership. LOMOD is signing as the Class A Limited Partner in the Partnership.</td>
</tr>
<tr>
<td>3</td>
<td>GP Incentive Management Fee Agreement</td>
<td>HACLA; LOMOD; Partnership; General Partner</td>
<td>NO</td>
<td>Agreement providing LOMOD 35% of any incentive management fee paid to the general partner after the HACLA acquisition, bridge and CNI loans are repaid in full.</td>
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a. Amended and Restated Agreement of Limited Partnership
JORDAN DOWNS 3, LP
(A CALIFORNIA LIMITED PARTNERSHIP)

AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP

Dated as of [________], 2022
THIS AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP of JORDAN DOWNS 3, LP, a California limited partnership (the “Partnership”), is made and entered into as of [__________], 2022 by and among JD HOUSING 3, LLC, a California limited liability company, as General Partner, BRIDGE REGIONAL PARTNERS, INC., a California nonprofit public benefit corporation, as the Withdrawing Limited Partner, WELLS FARGO AFFORDABLE HOUSING COMMUNITY DEVELOPMENT CORPORATION, a North Carolina corporation, as Investor Limited Partner, LA CIENEGA LOMOD, INC., a California nonprofit public benefit corporation, as Class A Limited Partner, and a to be designated entity as the Special Limited Partner.

WHEREAS, the Partnership was formed as a California limited partnership pursuant to a Certificate of Limited Partnership that was filed with the Filing Office on May 6, 2020 and pursuant to that certain Agreement of Limited Partnership dated as of May 6, 2020 (the “Original Partnership Agreement”); and

WHEREAS, the Withdrawing Limited Partner has agreed to withdraw as a Limited Partner from the Partnership, and the Investor Limited Partner and Class A Limited Partner, in exchange for their Capital Contributions, are to be admitted to the Partnership, all as of the Admission Date; and

WHEREAS, the parties hereto desire to enter into this Amended and Restated Agreement of Limited Partnership to provide for, among other things, (i) the continuation of the Partnership, as reconstituted, (ii) the withdrawal of the Withdrawing Limited Partner as a Limited Partner, (iii) the admission of the Investor Limited Partner and Class A Limited Partner to the Partnership and (iv) a restatement of the rights, obligations and duties of the Partners to each other and to the Partnership;

NOW, THEREFORE, in consideration of the mutual agreements set forth herein, the parties hereto agree that the Original Partnership Agreement is hereby amended and restated and shall be replaced in its entirety by this Amended and Restated Agreement of Limited Partnership, which is stated in its entirety as follows:

ARTICLE 1

NAME AND BUSINESS

Section 1.01 Name; Formation; Filings.

(a) The name of the Partnership is Jordan Downs 3, LP.

(b) The General Partner shall from time to time take all actions as are necessary or appropriate to: (i) effectuate and permit the continuation of the Partnership as a limited
partnership under the laws of the State, (ii) enable the Partnership to do business in the State, and (iii) protect the limited liability of the Limited Partners under the laws and regulations of the State, including the preparation and filing of any certificate, document or instrument of the Partnership as may be required under the laws and regulations of the State. The Partners shall execute such certificates, documents and instruments and take such other action as may be necessary to enable the General Partner to fulfill its responsibilities under this Section 1.01(b).

Section 1.02 Place of Business.

(a) The principal office of the Partnership in the State, wherein there shall be maintained those records required by the Uniform Act to be kept by the Partnership, shall be located at 600 California Street, Suite 900, San Francisco, CA, 94108, or at such place or places as the General Partner may determine. The General Partner shall at all times maintain a principal office in the State.

(b) The registered agent of the Partnership in the State for service of process is Rebecca Hlebasko at 600 California Street, Suite 900, San Francisco, CA 94108.

Section 1.03 Names and Addresses of Partners. The names and addresses of the Partners are set forth in Exhibit B attached hereto and made a part hereof.

Section 1.04 Purposes. The purposes of the Partnership are to acquire, finance, own, construct, rehabilitate, maintain, improve, operate, lease and, if appropriate or desirable, sell or otherwise dispose of the Apartment Complex in a manner consistent with the requirements of Code Section 42 and to effectuate the charitable purposes of the Parent. The Partnership shall engage in no other business or activity.

Section 1.05 Term and Dissolution.

(a) The Partnership shall continue in full force and effect until December 31, 2121, except that the Partnership shall be dissolved and its assets liquidated prior to such date upon:

(i) A sale or other disposition of all or substantially all of the assets of the Partnership;

(ii) The Withdrawal of any sole General Partner of the Partnership, if the Partnership has not been continued pursuant to Section 10.02 or reconstituted pursuant to Section 10.03;

(iii) An election to dissolve the Partnership made in writing by the General Partner with the Consent of the Investor Limited Partner at any time prior to the end of the Compliance Period; or

(iv) An occurrence of any other event that results in a dissolution of the Partnership pursuant to the Uniform Act.
(b) Upon dissolution of the Partnership, the General Partner (or for purposes of this paragraph, its trustees, receivers or successors) shall cause the cancellation of the Certificate, liquidate the Partnership Assets in a manner consistent with Section 4.03 and apply and distribute the proceeds thereof in accordance with Section 4.03. Notwithstanding the foregoing, if, during the liquidation, the General Partner shall reasonably determine that an immediate sale of all of the Partnership Assets would be impermissible, impractical or would cause undue loss to the Partners, the General Partner may either (i) defer liquidation of, and withhold from distribution for a reasonable time, any assets of the Partnership, except those necessary to satisfy Partnership debts and obligations, or (ii) with the Consent of the Investor Limited Partner, distribute Partnership Assets to the Partners in kind.

Section 1.06 Title to Apartment Complex. Legal leasehold title to the Land pursuant to the Ground Lease and fee title to the Apartment Complex shall, at all times the Partnership is in existence, be in the name of the Partnership, and no Partner, individually, shall have any ownership interest in the Apartment Complex.

Section 1.07 Property Tax Exemption. The General Partner acknowledges that the savings contemplated by the Property Tax Exemption are necessary in order for the Partnership to meet its debt underwriting and financing assumptions, and therefore to keep the Apartment Complex affordable to low-income tenants. The General Partner further acknowledges that the Partners would not undertake to develop the project and provide the affordable housing created by the Apartment Complex unless the savings contemplated by the Property Tax Exemption were available to help underwrite the Deed of Trust Loans. The General Partner shall use its best efforts to maintain the Property Tax Exemption during the life of the Partnership.

ARTICLE 2

DEFINITIONS

Section 2.01 Meanings. Capitalized terms used in this Agreement shall have the meanings specified in this Section 2.01. Certain additional defined terms are set forth elsewhere in this Agreement. For purposes of this Agreement:

“Accountants” means CohnReznick LLP, Novogradac & Company LLP, Lindquist, Von Husen & Joyce LLP or, subject to compliance with Section 6.10(i), any other firm or firms of independent certified public accountants as may be engaged by the General Partner, with the Consent of the Investor Limited Partner, on behalf of the Partnership from time to time.

“Accountants’ Determination” means a determination by the Accountants concerning the amount of Credits allocable to the Investor Limited Partner during the entire Credit Period and/or during any one or more Partnership Taxable Years during the Credit Period, or during any one or more Partnership Taxable Years therein, as reflected in a final version of any Partnership Tax Return (including any amended Partnership Tax Return) prepared by the Accountants or by a written notice or other written communication from the Accountants to the General Partner or the Investor Limited Partner.
“Achievable Rents” means the actual rents received from tenants in occupancy under signed leases in the applicable income band, after giving effect to any rent concessions by spreading the amount of such concessions evenly over the term of the lease and increasing at 2% annually, as reasonably adjusted by the Investor Limited Partner for number of bedrooms, bathrooms, square footage, actual rents collected at other unsubsidized units in the Apartment Complex and other pertinent unit characteristics.

“Actual Aggregate Credit Amount” means the aggregate amount of Credits that, as a result of an Accountants’ Determination or a Final Determination, is determined to be allocable to the Investor Limited Partner during the Credit Period (or any taxable period therein) after taking into account all prior adjustments required to be made pursuant to the provisions of Section 3.05.

“Adjusted Capital Account Deficit” means, with respect to any Partner, the deficit balance, if any, in such Partner’s Capital Account as of the end of the relevant Partnership Accounting Year, after giving effect to the following adjustments:

(i) Credit to such Capital Account any amounts that such Partner is obligated to restore pursuant to any provision of this Agreement, is otherwise treated as being obligated to restore under Regulation section 1.704-1(b)(2)(ii)(c), or is deemed to be obligated to restore pursuant to the penultimate sentences of Regulation sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(ii) Debit to such Capital Account the items described in Regulation sections 1.704-1(b)(2)(ii)(d)(4), (5), and (6).

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Regulation section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

“Admission Date” means the Closing Date.

“Affiliate” means, as to any Partner, any Person that: (i) directly or indirectly controls or is controlled by (such as any partnership or limited liability company in which the Partner, directly or indirectly, serves as a general partner or managing member, respectively) or is under common control with the specified Partner; (ii) is an officer or director of, commissioner of, partner in, member of or trustee of, or serves in a similar capacity with respect to, the specified Partner or of which the specified Partner is an officer, director, member, partner or trustee, or with respect to which the specified Partner serves in a similar capacity; or (iii) is the beneficial owner, directly or indirectly, of 10% or more of any class of equity securities of the specified Partner or of which the specified Partner is directly or indirectly the owner of 10% or more of any class of equity securities. The term “control” (including the term “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. The parties acknowledge that a limited partnership or limited liability company as to which an Affiliate of Wells Fargo Bank, National Association serves as a general partner or a manager or managing member, respectively, shall be deemed an Affiliate of the Investor Limited Partner.
“Affiliate Contract(s)” mean the Development Agreement, the Management Agreement, the GP Asset Management Fee Agreement, and the Right of First Refusal, Purchase Option and Put Right Agreement and any other agreement or contract entered into between the Partnership and the General Partner, an Affiliate of the General Partner or an Affiliate of any Guarantor.

“After-Tax Basis” means with respect to any payment or distribution to be received by a Person (or, in the case of a pass-through entity, the partners or members of such Person), the amount of such payment or distribution supplemented by a further payment or payments so that, after deducting from such total payments or distributions the amount of all Taxes (net of any current credits, deductions or other tax benefits arising from the payment by such Person (or its partners or members) of any amount, including Taxes, for which the payment to be received is made) imposed currently on such Person by the Service or any other taxing authority with respect to such payments, the balance of such payments shall be equal to the original payment received. For the purposes of this definition, and for purposes of any payment to be made to a Person (or its partners or members) on an After-Tax Basis, it shall be assumed that federal, state and local taxes are payable at the highest combined marginal federal and state statutory income tax rate (taking into account the deductibility of state income taxes for federal income tax purposes) applicable to corporations in the year that such payment or distribution is made.

“Agency” means the California Tax Credit Allocation Committee or any successor thereto in its capacity as the agency responsible for administering the Credit program of the State.

“Agreement” means this Amended and Restated Agreement of Limited Partnership, including all Exhibits and Schedules hereto, as amended from time to time in accordance with the terms of Section 14.03.

“AHAP Contract” means, collectively, (i) that certain Agreement to Enter Into Housing Assistance Payments Contract entered into between the Partnership and the Housing Authority of the City of Los Angeles in connection with the Apartment Complex, providing for a HAP Contract with a term of not less than 15 years following Completion, with an automatic extension for an additional 15 years (subject to federal appropriations), and providing for project-based vouchers for 45 low-income units at the Apartment Complex, and (ii) that certain Rental Assistance Demonstration (RAD) Conversion Commitment entered into between the Partnership, HUD and the Housing Authority of the City of Los Angeles in connection with the Apartment Complex, providing for a Project-Based Voucher Rental Assistance Demonstration HAP Contract with a term of not less than 15 years following Construction Completion, with an obligation to offer an extension for not less than an additional 15 years (subject to federal appropriations), and providing for project-based vouchers for 9 low-income units at the Apartment Complex.

“Annual Credit Amount” means, with respect to any Partnership Taxable Year during the Credit Period, the amount of Credits allocable to the Investor Limited Partner during such Partnership Taxable Year.

“Apartment Complex” means the to-be-constructed multifamily residential development complex having 76 total apartment units (including nine RAD-assisted units, 45 project-based voucher units, 14 market rate units that will not be “low-income units” under Code Section 42(i)(3) and one manager’s unit), to be constructed on the Partnership’s ground lease interest in
approximately 1.24 acres of land located at 2299 E. 99th Place, Los Angeles, California, the legal description of which is set forth in Exhibit E (the “Land”), and ancillary and appurtenant facilities and all furnishings, equipment, land, real property and personal property used in connection with the operation thereof.

“Architect” means KTGY Group, Inc.

“Architect’s Agreement” means the AIA Document B102-2007 Standard Form of Agreement Between Architect and Owner without a Predefined Scope of Architect’s Services between the Partnership and the Architect, dated July 21, 2021, for the performance of architectural services in connection with the construction of the Apartment Complex, with such changes as the Investor Limited Partner shall reasonably require, all in form and substance reasonably satisfactory to Investor Limited Partner.

“Architect’s Certificate” means each of the AIA form of certificate executed by the Architect and General Partner and the Architect’s Certificate in the form of Exhibit I issued by the Architect to the Investor Limited Partner in connection with each Capital Contribution Request.

“Asset Management Fee” means the fee payable by the Partnership to the Investor Limited Partner, pursuant to the Asset Management Fee Agreement in the annual, cumulative amount of $8,500, commencing on January 1, 2023, and increasing 3.0% per year beginning on January 1, 2024, payable in arrears after the end of each calendar year from available Cash Flow or Net Proceeds as described in Article 4.

“Asset Management Fee Agreement” means the Asset Management Fee Agreement dated as of the Closing Date between the Partnership and the Investor Limited Partner providing for the payment of the Asset Management Fee.

“Authority Compliance Fee” means the fee payable to the landlord under the Ground Lease in an annual amount of $10,000, increasing 3% annually.

“Basis Contribution Cap” means $1,150,000 of Limited Partner Additional Benefit Contributions associated with a Credit Excess as determined under Section 3.05(a).

“Best Knowledge” means, in the case of a specified Person: (i) actual knowledge and (ii) that knowledge that a prudent businessperson should have obtained in the management of his or her business affairs after making due inquiry and exercising due diligence with respect thereto. The knowledge (both actual and constructive) of any general partner, manager, managing member, director, officer or key employee of a Person that is not a natural person shall be deemed to be the knowledge of such Person.

“BOE” means the California State Board of Equalization.

“Budget” means a complete breakdown of direct/hard costs and indirect/soft costs for the Apartment Complex as approved by Investor Limited Partner.

“Business Day” means any day except a Saturday, Sunday or other day on which commercial banks in Charlotte, North Carolina are authorized or required by law to close.

6
“Buyout Price” shall have the meaning set forth in Section 6.13(b).

“Capital Account” shall, with respect to each Partner, mean and refer to the separate “book” account for such Partner to be established and maintained in all events in accordance with Code Section 704 and the Regulations thereunder.

(i) Except as otherwise set forth in Article 4 to the contrary, a Partner’s Capital Account shall include generally, without limitation, the Capital Contribution of a Partner (as of any particular date), (1) increased by the Partner’s distributive share of Profits of the Partnership (including, if such date is not the close of the Partnership Accounting Year, the distributive share of Profits of the Partnership for the period from the close of the last Partnership Accounting Year to such date), and (2) decreased by the Partner’s distributive share of Losses of the Partnership and distributions by the Partnership to such Partner (including, if such date is not the close of the Partnership Accounting Year, the distributive share of Losses of the Partnership and distributions by the Partnership during the period from the close of the last Partnership Accounting Year to such date). For purposes of the foregoing, distributions of property to a Partner shall result in a decrease in such Partner’s Capital Account equal to the Gross Asset Value, as of the date of distribution, of such property (less the amount of indebtedness, if any, of the Partnership that is assumed by such Partner and/or the amount of indebtedness, if any, to which such property is subject, as of the date of distribution, subject to the provisions of Code Section 7701(g)) distributed by the Partnership to such Partner.

(ii) In the event that the Capital Contribution of a Partner consists of property having a fair market value in excess of its adjusted basis, or in the event the Gross Asset Values of Partnership Assets are adjusted under and pursuant to clause (ii) of the definition of Gross Asset Value, the Partners’ Capital Accounts shall be adjusted thereafter in accordance with the provisions of Section 1.704-1(b)(2)(iv)(g) of the Regulations with respect to allocations to the Partners of Depreciation, gain or loss, as computed for book purposes, and not for tax purposes.

(iii) In the event that the provisions of Section 1.704-1(b)(2)(iv) of the Regulations fail to provide guidance on how adjustments to the Capital Accounts of the Partners should be made to reflect particular adjustments to Partnership capital on the books of the Partnership, then such Capital Account adjustments shall be made by the Partnership Representative in its reasonable determination (after consultation with the Investor Limited Partner), with the review and concurrence of the Accountants and/or with the advice of the Special Tax Counsel, in a manner that (1) maintains equality between (A) the aggregate Capital Accounts of the Partners and (B) the amount of Partnership capital reflected on the Partnership’s balance sheet, as computed for book purposes in accordance with Section 1.704-1(b) of the Regulations, (2) is consistent with the underlying economic arrangement among the Partners, and (3) is based, wherever practicable, on federal tax accounting principles.

“Capital Contribution” means the cash plus the Gross Asset Value (net of liabilities) of other property contributed to the Partnership by each Partner. Any reference in this Agreement to
the Capital Contribution of a then Partner shall include any Capital Contribution previously made by any prior Partner in respect of the Interest of such then Partner.

“Capital Contribution Request” means a written Capital Contribution Request in the form attached hereto as Exhibit C, which shall be used to request Capital Contributions other than an increase in the Limited Partner’s Capital Contribution Obligation arising under the circumstances set forth in Section 3.05.

“Capital Event” means any transaction that is not in the ordinary course of business of the Partnership, the proceeds of which are not includable in Cash Flow, including without limitation, (a) the sale or other disposition of all or any substantial part of the assets of the Partnership, (b) the receipt of casualty insurance proceeds not used to restore the Apartment Complex, or (c) the refinancing of any Deed of Trust Loan, but excluding (i) loans to the Partnership (other than a refinancing of any Deed of Trust Loan), and (ii) Capital Contributions by the Partners.

“Cash Flow” means, for any period of time, the total cash receipts of the Partnership from ordinary operations including, without limitation, Effective Gross Income plus any other funds (such as any reserves in excess of the amounts required to be established and maintained pursuant to this Agreement, when and to the extent the General Partner no longer regards such excess reserves as reasonably necessary in the efficient conduct of the business of the Partnership) deemed available for distribution and designated as Cash Flow by the General Partner (but excluding the proceeds of (A) Capital Events, (B) the Capital Contributions of the Partners (other than Capital Contributions attributable to any Credit Excess pursuant to Section 3.05(a), to the extent such Capital Contributions are not used by the Partnership for Costs of Improvements), and (C) the proceeds of any loans, other than Operating Deficit Loans), less (i) the total cash disbursements of the Partnership (such as, but not limited to, operating expenses, costs of repair or restoration of the Apartment Complex unless covered by reserves, property management fees (excluding any Deferred Management Fee, GP Asset Management Fee, Asset Management Fee, and GP Incentive Management Fee), financing fees or other requirements of any Lender and interest and principal repayments of any loans, other than loans requiring Soft Debt Payments only, Ground Lease rents payable solely from Cash Flow, and loans from any General Partner or any Affiliate thereof (such as the Developer Loan and Operating Deficit Loans)), and less (ii) amounts paid in connection with the establishment or maintenance of reserves as required by Section 6.10(p).

“CC&Rs” means the New Century Declaration of Restrictions (CC&Rs) entered into by and between the Housing Authority of the City of Los Angeles and Jordan Downs Community Partners LLC, dated as of June 12, 2018 and recorded in the Official Records of Los Angeles County on June 14, 2018 as Instrument No. 2018-590854, as amended.

“Certificate” or “Certificate of Limited Partnership” means the Certificate of Limited Partnership of the Partnership filed with the Filing Office on May 6, 2020 and any amendment thereto, as filed with the Filing Office in accordance with the Uniform Act.

“Change in Law” means an amendment to the Code or Regulations that is applicable to the Apartment Complex or the Partnership and that provides for the reduction or elimination of the Credit for qualified low-income housing projects (as defined in Code Section 42(g)(1)) or substantially changes the requirements for qualifying for the Credit in a manner that the Partners
reasonably agree cannot be satisfied by the Partnership. Change in Law shall specifically exclude any changes, clarifications, guidance or rules by the Agency, the IRS or any other applicable governing body related to Income Averaging.

“City” means the City of Los Angeles, a California municipal corporation.

“Class A Limited Partner” means La Cienega LOMOD, Inc., a California nonprofit public benefit corporation.

“Closing Date” means the date of this Agreement, which is the date established by the General Partner for the admission of the Investor Limited Partner and Class A Limited Partner and the withdrawal of the Withdrawing Limited Partner.

“CNIF” means HUD’s Choice Neighborhoods Initiative grant program.

“Code” or “I.R.C.” means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto. Reference herein to any Code section shall include any successor provision.

“Compliance Period” means the period described in Code Section 42(i)(1).

“Consent” means, and will be deemed to have been obtained, if the Investor Limited Partner (or the Special Limited Partner, as the case may be) shall have been notified in writing consistent with Section 14.02 by the General Partner of any action either proposed to be taken or for which ratification is desired and if the Investor Limited Partner (or Special Limited Partner) shall have expressly consented in writing to such action. In the event that there is more than one Investor Limited Partner, Consent of the Investor Limited Partner shall be deemed to have been obtained if a majority in Interest of the Investor Limited Partners so consents in accordance with the preceding sentence; provided, however, that if pursuant to the Uniform Act, the consent of all Limited Partners is required in a given context, then the term Consent of the Investor Limited Partner shall be deemed to require the consent of all Limited Partners. The Investor Limited Partner (or Special Limited Partner, as applicable) agrees to use reasonable efforts to respond in writing within fifteen (15) Business Days of receipt of a notice from the General Partner; provided, however, that the Investor Limited Partner (or Special Limited Partner, as applicable) shall not under any circumstances be deemed to have given its consent if it fails to respond within the foregoing fifteen (15) Business Day period. In any action with respect to which the Consent of the Investor Limited Partner (or Special Limited Partner) is requested, the Partnership shall reimburse the Investor Limited Partner (or Special Limited Partner) for all reasonable attorneys’ fees, accountants’ fees and other expenses incurred by the Investor Limited Partner (or Special Limited Partner) in connection with the proposed matter, whether or not Consent is given. The reasonableness of such fees shall be determined by reference to similar transactions within the low-income housing tax credit investment industry. Whenever the terms Limited Partners or Partners are used in this Agreement in the context of requiring the Consent or approval of such Limited Partners or Partners, or requiring that a matter or item be satisfactory or acceptable to such Limited Partners or Partners, the Class A Limited Partner shall be deemed excluded from such terms for such purposes, unless the consent of the Class A Limited Partner is expressly stated therein.
“Construction Completion” means the date of receipt by the Investor Limited Partner of (a) a written certification from the General Partner stating that the achievement of substantial completion of all requirements relating to the lien-free construction of the Apartment Complex as set forth in the Project Documents has occurred and no Liens encumber the Apartment Complex other than Permitted Liens, (b) a written certification from the Architect and the Inspector stating that all work with respect to the Apartment Complex to be performed by the Contractor is substantially complete and complies with all Laws, including, without limitation, the Americans with Disabilities Act (P.L. 101-336; Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794)), the Age Discrimination Act of 1975 (42 U.S.C. 6101-07), the Fair Housing Act (42 U.S.C. 3601 et. seq.), and Title 24 of the California Code of Regulations, as amended, and a written certification from the Contractor stating that it has complied with the Davis-Bacon Act (40 U.S.C. 276a et. seq.), and State Prevailing Wage Laws, as amended, if applicable, (c) certificates or permits of occupancy for all units in the Apartment Complex; provided, however, that if such certificates or permits are of a temporary nature, “Construction Completion” shall not be deemed to have occurred unless (i) such certificates or permits allow occupancy of all of the units in the Apartment Complex, (ii) the work remaining to be done is of a nature that would not impair the permanent occupancy of any of the units of the Apartment Complex on a full paying basis and (iii) the Partnership has made adequate provision to the reasonable satisfaction of the Investor Limited Partner for the payment and completion of all outstanding punch list items and any other work that remains to be performed, and (d) evidence of approval of the work by all governmental authorities having jurisdiction over the work.

“Construction Lender” means Wells Fargo Bank, N.A.

“Construction Loan” means a construction loan made to the Partnership by Construction Lender, in the maximum principal amount of $31,878,288 bearing a floating rate of interest equal to one-month SOFR with a floor of 50 basis points, plus 175 basis points, and having a term of 26 months, with one 6-month extension.

“Contractor” means Portrait Construction, Inc.

“Contractor’s Certificate” means each of the AIA form of certificate executed by the Contractor and the General Partner and the Contractor’s Certificate in the form attached as Exhibit H issued to the Investor Limited Partner in connection with each Capital Contribution Request through and including the Construction Completion Installment.

“Conversion” means (i) the satisfaction of all conditions precedent for the conversion of a loan, the proceeds of which were used to finance acquisition or construction of the Apartment Complex, to a fixed-rate, amortizing, long-term, non-recourse loan including, if required, (A) completion of construction, (B) attainment of lease-up, debt service coverage, or other conditions measuring operating performance of the Apartment Complex, and (C) the repayment of such loan or required reduction in such loan’s amount and (ii) final disbursement under such loan, including construction loan retainage, if applicable.

“Cost Certification” means the final certification by the Accountants or the General Partner of (i) a reconciliation of the Project’s final Budget against the Budget provided to the Investor Limited Partner as of the Closing Date, and (ii) the costs incurred in connection with the
construction of the Apartment Complex, as submitted to and approved by the Agency and the Investor Limited Partner with respect to the Credits.

“Costs of Improvements” means all direct and hard costs required to be expended by the Partnership to comply with the requirements of this Agreement, including the reasonable cost of labor and materials actually expended or incurred by Partnership and incorporated in the Apartment Complex on the property or required offsite improvements, and the cost of furnishings, fixtures and equipment. The Costs of Improvements may also include certain indirect and soft costs, to be approved by Lender and the Investor Limited Partner, which may consist of the cost of permits, appraisals, soil testing, surveys and other professional fees and costs, tax credit application fees, construction fees, taxes, insurance, marketing costs, interest, financing and bonding fees and the Operating Reserve.

“Credit Determination Date” means the date on which the aggregate amount of Credits allocable to the Investor Limited Partner during the Credit Period is determined by the Accountants and the Managing General Partner (as defined in Section 6.01) and are reflected in a Partnership Tax Return filed with the Service.

“Credit Determination Report” means the Accountants’ Determination prepared by the Accountants on the Credit Determination Date.

“Credit Excess” shall have the meaning set forth in Section 3.03(e).

“Credit Period” means the “credit period” as defined in Section 42(1) of the Code, as well as any period after the end of such credit period during which Credits are available pursuant to Section 42(f)(2)(B) of the Code.

“Credit Price” mean $0.98 per dollar of Credit.

“Credit Recapture Adjuster” shall have the meaning set forth in Section 3.05(f).

“Credit Shortfall” shall have the meaning set forth in Section 3.05(b).

“Credit Shortfall Adjuster” shall have the meaning set forth in Section 3.05(b).

“Credit Timing Adjuster” shall have the meaning set forth in Section 3.05(d).

“Credits” means the low income housing tax credit allowable to the Partnership pursuant to Section 42 of the Code.

“DDA” means that certain Disposition and Development Agreement between the Housing Authority of the City of Los Angeles and the Partnership dated as of [__________], 2022.

“Debt Service Coverage Ratio” means a specified percentage which shall be deemed to have occurred on the first day following a specified period of consecutive calendar months (or days) commencing on or after Construction Completion computed by dividing the Net Operating Income (as defined below) for each of the consecutive calendar months (or days) by all debt service payments required to be made during each of the consecutive calendar months (or days), exclusive
of any Soft Debt Payments and any Ground Lease rents payable solely from Cash Flow. For purposes of the foregoing, the amount of required debt service payments for a period shall be computed on the assumption that permanent financing having the terms set forth in Section 5.04 is in effect (or, if different, the amount, rate, payments, and amortization period in effect for the Partnership’s actual permanent financing that has closed and funded if the Investor Limited Partner has Consented to such terms) and all other Loans either require Soft Debt Payments only or require no payments prior to maturity. The Debt Service Coverage Ratio for a period of consecutive calendar months or days shall be determined by analyzing the specified period as a whole and not by applying the Debt Service Coverage Ratio test to individual months or days within the period. For purposes of the foregoing, the Management Fee shall be treated as requiring payment in full on a current basis and not as a payment out of Cash Flow. The determination of the Debt Service Coverage Ratio (and the components thereof) shall be performed and certified by the Accountants and shall be evidenced by a letter or certificate from such Accountants in form and substance reasonably satisfactory to the Investor Limited Partner. Notwithstanding anything to the contrary contained herein and for the avoidance of doubt, the calculation of Debt Service Coverage Ratio shall only include a Rental Subsidy if and to the extent such Rental Subsidy has been received by the Partnership on a cash basis.

“Deed of Trust” means any mortgage or deed of trust securing a Deed of Trust Loan and encumbering the Apartment Complex, as such indebtedness may be increased, decreased or refinanced in accordance with this Agreement and the Project Documents. Where the context permits, the term “Deed of Trust” shall include any mortgage, deed, deed of trust, note, regulatory agreement, security agreement, assumption agreement or other instrument executed in connection with a Leasehold Deed of Trust Note which is binding on the Partnership; and in case any Deed of Trust is replaced or supplemented by any subsequent deed or deeds of trust, the “Deed of Trust” shall refer to any such subsequent deed or deeds of trust.

“Deed of Trust Loan Documents” means any commitment, loan agreement, Deed of Trust Note, Deed of Trust, regulatory agreement, security agreement, assignment, assumption agreement, or other instrument executed or to be executed by the Partnership in connection with any Deed of Trust Loan.

“Deed of Trust Loans” means the Construction Loan, the HACLA Loans, the First Deed of Trust Loan and any other mortgage loan made to the Partnership with the Consent of the Investor Limited Partner that is evidenced by a Deed of Trust Note and secured by a Deed of Trust.

“Deed of Trust Note(s)” means the promissory note or notes executed or to be executed by the Partnership in favor of any Lender to evidence the indebtedness incurred by the Partnership in connection with a Deed of Trust Loan.

“Deferred Management Fees” shall have the meaning set forth in Section 7.01.

“Delegated Party” shall have the meaning set forth in Section 6.02.

“Depreciation” means, for purposes of maintaining Capital Accounts for each Partnership Accounting Year or other period, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable for federal income tax purposes, with respect to Partnership Assets,
except that if the Gross Asset Value of a Partnership Asset differs from its adjusted tax basis, the
depreciation, amortization, or other cost recovery deduction shall be an amount that bears the same
ratio to the Gross Asset Values of such Partnership Assets as the federal income tax depreciation,
amortization, or other cost recovery deductions for such Partnership Assets for such Partnership
Accounting Year or other period bears to the adjusted tax bases of such Partnership Assets,
appropriately adjusted for any adjustments to the tax bases of such Partnership Assets that occur
from time to time.

“Determination” means an Accountants’ Determination or a Final Determination.

“Developer” means BRIDGE Housing Corporation, a California nonprofit public benefit
corporation.

“Developer Fee” means the fee payable to the Developer pursuant to Section 7.02 for
services under the Development Agreement.

“Developer Loan” means the loan of the unpaid portion of the Developer Fee containing
the terms and conditions specified in Section 7.02.

“Development Agreement” means the Development Agreement dated as of the Closing
Date between the Partnership and the Developer (as such agreement is amended by this
Agreement).

“DIA” means the Equity Disbursement Instruction Agreement executed by the Partnership
and General Partner on or about the Closing Date providing the Investor Limited Partner with
instructions regarding the disbursement of funds, as such agreement may be amended from time
to time. Any changes to the DIA after the Closing Date (whether relating to wiring instructions or
parties authorized to request disbursements) must be documented via an amendment prior to the
Investor Limited Partner implementing revisions. Amended DIAs must be executed by a party
authorized to sign on behalf of the Partnership pursuant to authorizing resolutions provided on or
about the Closing Date or updated authorizing resolutions specifying the new signatory’s approval
to bind the Partnership must be provided.

“Disposition” (including the verb form “Dispose” and the adjective form “Disposing”)
means, as to a Partner, the assignment, sale, transfer, exchange, pledge, hypothecation or other
disposition of all or any part of its Interest.

“Downward Adjuster” means collectively, a Credit Shortfall Adjuster, a Credit Timing
Adjuster, a Subsequent Credit Shortfall Adjuster and a Credit Recapture Adjuster.

“Effective Gross Income” means, for any period of time, all rental and other incidental
income received (on a cash basis) by the Partnership, and any other rent or operating subsidies
(including but not limited to the Rental Subsidy to the extent of funds actually received), to the
extent available, forfeited deposits, rental loss insurance proceeds, application fees, late payments
and proceeds from laundry facilities and vending machines.

“Eligible Basis” shall have the meaning set forth in Code Section 42(d).
“Entity” means any general partnership, limited partnership, corporation, joint venture, trust, business trust, cooperative, association, limited liability company or the State or any agency or political subdivision thereof.


“Environmental Reports” means [_____________].

“Event of Bankruptcy” means, with respect to any Person: (i) the entry of a decree or order for relief by a court having jurisdiction in respect of such Person in a case under the federal bankruptcy laws, as now or hereafter constituted, or any other similar law, or the issuance of an order for the winding-up or liquidation of such Person’s affairs and the continuance of any such decree or order unstayed and in effect for a period of 30 consecutive days, or (ii) the commencement by such Person of a proceeding under any reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect, or (iii) the commencement against such Person of any such proceeding that remains undismissed for a period of 30 days, or any act by such Person that indicates such Person’s consent to, approval of or acquiescence in any such proceeding or the appointment of any receiver of or trustee for such Person or of any substantial part of such Person’s property, or allows any such receivership or trusteeship to continue undischarged for a period of 30 days, or (iv) the taking of any action by such Person to authorize any of the foregoing, or (v) the making of an assignment for the benefit of creditors by such Person, or (vi) such Person files a petition in bankruptcy or petitions or applies to any tribunal for any receiver of such Person or for any substantial part of such Person’s property, or (vii) if such Person admits verbally or in writing that it cannot pay its debts as they become due or that an event described in clauses (ii) or (iii) above is imminent, or (viii) if either (a) any one or more judgments or orders against such Person with respect to a claim or claims involving in the aggregate liabilities exceeding $50,000, which judgment or order is not covered in full by insurance or is not stayed, bonded, paid or discharged within 30 days after such judgment or order, or (b) any writ of attachment or execution or any similar process is (I) issued or levied against such Person’s property and (II) is not discharged or stayed within 30 days thereof.

“Excess Deficits” shall have the meaning set forth in Section 6.12.
“Exit Taxes” means an amount equal to the federal, state and local income taxes that a Partner shall be liable to pay as a result of the sale of the Apartment Complex or the Interest of such Partner.

“Extended Use Agreement” shall mean an agreement between the Agency and the Partnership pursuant to Code Section 42(h)(6) in which the Partnership agrees to maintain the Apartment Complex for occupants who meet the income requirements under Code Section 42(g) and to maintain the Apartment Complex as “rent-restricted” under Code Section 42(g) for a certain period of time set forth in the Extended Use Agreement, subject to certain exceptions set forth therein.

“Filing Office” means the Office of the Secretary of State of the State.

“Final Determination” means the earliest to occur of (i) the date on which a decision, judgment, decree or other order has been issued by any court of competent jurisdiction or government agency with regard to any tax or other issue affecting the Partnership, which decision, judgment, decree or other order has become final (i.e., all allowable appeals requested by the parties to the action have been exhausted), or (ii) the date on which the Service has entered into a binding agreement with the Partnership with respect to such issues or has reached a final administrative or judicial determination with respect to such issues which, whether by law or agreement, is not subject to appeal.

“First Deed of Trust Loan” means the first deed of trust permanent loan from California Community Reinvestment Corporation, a California nonprofit public benefit corporation, to the Partnership, in the amount of $11,942,000 bearing interest at 4.525% per annum, having a 17 year term and a 35 year amortization period.

“First Year” shall mean the first year of the earliest commencing Credit Period for the Apartment Complex.

“Gain-Adjusted Capital Account” means, with respect to each Partner, the balance in such Partner’s Capital Account as of the end of the relevant Partnership Taxable Year increased by the amount that such Partner is deemed to be obligated to restore pursuant to the penultimate sentences of Regulation sections 1.704–2(g)(1) and 1.704–2(i)(5) after the allocation of gain pursuant to Section 4.04(a) and Section 4.04(b) hereof for such Partnership Taxable Year.

“General Contract” means the AIA Document A102-2007 Standard Form of Agreement Between Owner and Contractor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price, dated [___________], 2022, between the Partnership and Contractor for the construction of the Apartment Complex.

“General Partner” means JD Housing 3, LLC, a California limited liability company, and any Person or Persons who, at the time of reference thereto, have been admitted as additional or successor General Partners, in each such Person’s capacity as a general partner of the Partnership. At any time when there is more than one General Partner, the term “General Partner” or “General Partners” shall include, collectively, all such Persons, unless the context clearly implies that such term only refers to one of them.
“General Partner Credit Adjuster Advance” means the Capital Contribution required to be made by the General Partner for distribution to the Investor Limited Partner with respect to a shortfall, reduction, deferral, loss, disallowance, reallocation or recapture of Credits pursuant to Sections 3.05(b), 3.05(d), 3.05(e), 3.05(f), and 3.05(g).

“General Partner Distribution” shall have the meaning set forth in Section 4.02(a).

“GP Asset Management Fee” means the fee payable by the Partnership to the General Partner in consideration of the services and duties set forth in the GP Asset Management Fee Agreement in the annual cumulative amount of $25,000, commencing on January 1, 2023, and increasing 3.0% annually beginning January 1, 2024, subject to the limitation on fees set forth in Section 7.03. The GP Asset Management Fee shall be payable from Cash Flow and Net Proceeds, pursuant to the GP Asset Management Fee Agreement.

“GP Asset Management Fee Agreement” means the agreement dated as of the Closing Date by and between the Partnership and the General Partner relating to the payment of the GP Asset Management Fee.

“GP Incentive Management Fee” means the incentive management fee payable to the General Partner and, after the HACLA Loan Repayment, Class A Limited Partner by the Partnership in an amount equal to Cash Flow remaining after certain priority payments, as described in Section 4.02(a) and the GP Asset Management Fee Agreement, as additional compensation for its efficient management of the Partnership, provided that such amount, when added to the fee paid to the Management Agent (including Deferred Management Fee) and GP Asset Management Fee in such calendar year, may not exceed 12% of the Partnership’s Effective Gross Income for such year.

“GP Incentive Management Fee Agreement” means the agreement of even date herewith by and among the Partnership, the General Partner and the Class A Limited Partner relating to the payment of the GP Incentive Management Fee.

“Gross Asset Value” means, with respect to any Partnership Asset, the adjusted tax basis of the Partnership Asset for federal income tax purposes, except as follows:

(i) The initial Gross Asset Value of any Partnership Asset at the time that it is contributed by a Partner to the capital of the Partnership shall be an amount equal to the gross fair market value of such Partnership Asset (without regard to the provisions of I.R.C. Section 7701(g)), as determined by the contributing Partner and the Partnership.

(ii) The Gross Asset Values of all Partnership Assets may be adjusted, as reasonably determined by the General Partner, to equal their respective fair market values taking Code Section 7701(g) into account (A) in connection with the contribution of money or other property (other than a de minimis amount) to the Partnership by a new or existing Partner as consideration for an Interest in the Partnership or (B) in connection with the liquidation of the Partnership or the distribution by the Partnership of more than a de minimis amount of Partnership Assets or money to a retiring or continuing Partner as consideration for an Interest in the Partnership or in any other circumstances set forth in § 1.704-1(b)(2)(iv)(f)(5) of the Regulations or in any successor regulations, or as otherwise
required to reflect adjustments under Code Sections 6225 or 6226 and the Regulations thereunder.

(iii) If the Gross Asset Value of a Partnership Asset has been determined or adjusted pursuant to subsections (i) or (ii) above, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such Asset.

“Ground Lease” means that certain Ground Lease Agreement dated as of [__________], 2022 between the Ground Lessor and the Partnership, which provides for, among other provisions, a term of seventy-five (75) years, and payment of the Authority Compliance Fee.

“Ground Lessor” means HACLA in its capacity as the landlord under the Ground Lease.

“Guarantor” means BRIDGE Housing Corporation, a California nonprofit public benefit corporation, and its respective successors and assigns thereto as parties pursuant to the Guaranty.

“Guaranty” means the Guaranty dated as of the Closing Date and executed by Guarantor for the benefit of the Investor Limited Partner.

“HACLA” means the Housing Authority of the City of Los Angeles, a public body, corporate and politic.

“HACLA Acquisition Loan” means the construction-to-permanent nonrecourse loan with the second lien priority from HACLA to the Partnership, in the principal amount of $3,190,000, with simple interest at 4% per year, a term of 55 years, and providing for Soft Debt Payments.

“HACLA Bridge Loan” means the construction-to-permanent nonrecourse loan with the joint third lien priority from HACLA to the Partnership, in the principal amount of $1,500,000, with simple interest at 3% per year, a term of 55 years, and providing for Soft Debt Payments.

“HACLA CNI Loan” means the construction-to-permanent nonrecourse loan of CNI grant funds with the joint third lien priority from HACLA to the Partnership, in the principal amount of $6,074,100, with simple interest at 3% per year, a term of 55 years, and providing for Soft Debt Payments.

“HACLA IIG Loan” means the construction-to-permanent loan from HACLA to the Partnership with the joint third lien priority in the approximate amount of $5,000,000 without interest, and a 55-year maturity, with payment due upon maturity.

“HACLA Loan Repayment” means the time at which repayment of all principal and interest on each of (i) the HACLA Acquisition Loan, (ii) the HACLA Bridge Loan and (iii) the HACLA CNI Loan occurs.

“HACLA Loans” means, collectively, the HACLA Acquisition Loan, the HACLA CNI Loan, the HACLA IIG Loan and the HACLA Bridge Loan.

“HAP Contract” means, collectively, (i) that certain Housing Assistance Payments Contract to be entered into between the Partnership and the Housing Authority of the City of Los
Angeles in connection with the Apartment Complex, with a term of not less than 15 years following Completion, with an option for the Partnership to request up to four 5-year extensions (subject to appropriations), and providing for project-based vouchers for 45 low-income units at the Apartment Complex, and (ii) that certain Rental Assistance Demonstration (RAD) Housing Assistance Payments Contract entered into between the Partnership and the Housing Authority of the City of Los Angeles in connection with the Apartment Complex, with a term of not less than 15 years following Construction Completion, with an obligation to offer and accept an extension for not less than an additional 15 years (subject to appropriations), and providing for project-based vouchers for 9 low-income units at the Apartment Complex, each in substance reasonably acceptable to the Investor Limited Partner.

“Hazardous Material” means any of the following and any substance or material that contains any of the following: (a) any substance that is then defined or listed in, or otherwise classified pursuant to, any Environmental Law as a “hazardous substance,” “extremely hazardous substance,” “hazardous material,” “hazardous waste,” “solid waste,” “infectious waste,” “medical waste,” “toxic substance,” “toxic pollutant,” or any other formulation intended to classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, or reproductive toxicity; and (b) asbestos, petroleum and any petroleum products or byproducts, oil, polychlorinated biphenyls, urea formaldehyde, radon gas, methane gas, landfill gases, mold, radioactive materials (including any source, special nuclear, or by-product material), chlorofluorocarbons, lead or lead-based products, and any other substance whose presence could be detrimental to property, health, or the environment. Notwithstanding anything to the contrary in this Agreement, Hazardous Material does not include substances that are used or consumed in the normal course of developing, operating or occupying a housing project, to the extent and degree that such substances are stored, used and disposed of in the manner and in amounts that are consistent with normal practice and applicable Environmental Law.

“HCD” means the California Department of Housing and Community Development.

“HUD” means the U.S. Department of Housing and Urban Development.

“HUD CNI Restriction” means that certain Choice Neighborhoods Implementation Grant Program Declaration of Restrictive Covenants recorded against the Project in connection with the CNI grant from HUD to HACLA and the HACLA CNI Loan. Thirty-Nine (39) of the units are subject to and need to be operated in accordance with the HUD CNI Restriction.

“IIG Covenant” means that certain Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing, dated [______], 2022, made by HACLA and the Partnership.

“Income Averaging” means the Partnership’s satisfaction of the minimum set-aside requirements under Section 42(g)(1)(C) of the Code through the use of “the average income minimum set-aside election” pursuant to the Consolidated Appropriations Act of 2018, and the Income Averaging Guidance.

“Income Averaging Guidance” means any proposed, temporary or final guidance published by the Agency as in effect as of the date hereof, as amended.
“Initial 100% Occupancy Date” means the first date upon which not less than 100% of the low-income units in the Apartment Complex shall have been leased to and physically occupied by Qualified Tenants.

“Initial Aggregate Credit Amount” means the aggregate amount of Credits that is determined by the Accountants and the General Partner, on or before the Credit Determination Date, to be allocable to the Investor Limited Partner.

“Inspector” means [________], the Investor Limited Partner’s construction inspector, which will review the plan and costs of the Apartment Complex and conduct monthly inspections (or inspections for each of the construction draws) of the Apartment Complex prior to Construction Completion.

“Installments” shall have the meaning set forth in Section 3.03(b).

“Interest” means the entire interest of a Partner in the Partnership at any particular time, including the right of such Partner to any and all benefits to which a Partner may be entitled as provided in this Agreement and the obligations of such Partner to comply with the terms of this Agreement.

“Investor Limited Partner” means Wells Fargo Affordable Housing Community Development Corporation, a North Carolina corporation, and any Person or Persons who, at the time of reference thereto, have been admitted as additional or successor Investor Limited Partners.

“Land” means the approximate 1.24 acres of land as more particularly described in Exhibit E hereto, upon which the Apartment Complex will be situated, as further defined in the definition of Apartment Complex.

“Laws” means any statute, rule, ordinance, regulation, order, judgment, award or decree of any governmental authority applicable to the Partnership or the Apartment Complex, including, but not limited to, Environmental Laws, ERISA, Relocation Laws, the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Clean Water Act, the Clean Air Act, the Occupational Safety and Health Act, the Americans with Disabilities Act (42 U.S.C. 1201, et seq), the Rehabilitation Act of 1973 (29 U.S.C. 794)), the Fair Housing Act (42 U.S.C. 3601 et. seq.), and Title 24 of the California Code, in each case, as amended.

“Lender” means any lender or its successors and assigns making a Deed of Trust Loan.

“Lien” means any mortgage, deed of trust, regulatory agreement, pledge, hypothecation, assignment, deposit arrangement, encumbrance (including, without limitation, any easement, right-of-way, zoning or similar restriction or title defect), lien (statutory or other) or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing and the filing of any financing statement under the UCC or comparable law of any jurisdiction).
“Limited Partner” means the Investor Limited Partner, the Class A Limited Partner, the Special Limited Partner and any Person who becomes a Substituted Limited Partner in respect of any portion of the Limited Partner Interest of a Limited Partner as provided in Article 9 hereof. At any time when there is more than one Limited Partner, the term “Limited Partner” or “Limited Partners” shall include, collectively, all such Persons.

“Limited Partner Additional Benefit Contribution” shall mean an increase in the Investor Limited Partner’s Capital Contribution obligation arising under the circumstances set forth in Sections 3.05(a), 3.05(c), 3.05(e) and 3.05(h).

“Limited Partner Loan” means any loan by the Investor Limited Partner to the Partnership or expenditure paid by the Investor Limited Partner for the account of the Partnership, each of which shall bear annual interest at a rate equal to the lesser of 10%, or the maximum rate permitted by applicable law, compounded annually.

“LP Affiliate Documents” shall have the meaning set forth in Section 8.06.

“LP Affiliate Provider” shall have the meaning set forth in Section 8.06.

“Major Subcontracts” means contracts or subcontracts for plumbing, electrical, site work, structural and mechanical/HVAC in form and substance reasonably satisfactory to Investor Limited Partner.

“Management Agent” means The John Stewart Company, a California corporation, and/or any successor or assign that is selected by the General Partner, with the Consent of the Investor Limited Partner, to provide management services with respect to the Apartment Complex from time to time in accordance with Article 11 hereof.

“Management Agreement” means the Management Agreement between the Partnership and the Management Agent, as approved by the Investor Limited Partner, in connection with the management of the Apartment Complex.

“Management Documents” shall have the meaning set forth in Section 6.02(j).

“Minimum Gain” means, with respect to each Partner, the amount computed in accordance with § 1.704-2(g) of the Regulations. The Partnership shall separately compute each Partner’s share of Minimum Gain attributable to partner nonrecourse debt pursuant to § 1.704-2(i) of the Regulations.

“Net Operating Income” means the excess of Effective Gross Income over Operating Expenses. The determination of the Net Operating Income (and the components thereof) shall be performed and certified by the Accountants and shall be evidenced by a letter or certificate from such Accountants in form and substance reasonably satisfactory to the Investor Limited Partner.

“Net Proceeds” means the difference between (A) the sum of (i) the gross proceeds from a Capital Event other than a refinancing; (ii) the excess proceeds from the refinancing of any Deed of Trust Loan (that is, any refinancing proceeds not needed for the repayment of the loan refinanced); and (iii) the receipt of any proceeds from insurance settlements or other claims
attributable to fire or other casualty, or from condemnation, sales or grants of easements, rightsof-way or the like in excess of those needed for repair, restoration or replacement of the damaged, destroyed or condemned property and (B) the payment of or due provision for (i) all liabilities to creditors of the Partnership excluding, except in the event of the dissolution and liquidation of the Partnership, fees owed to the General Partner and loans to the Partnership from the General Partner or Affiliates thereof for any purpose, including, without limitation, Operating Deficit Loans and (ii) necessary and customary expenses of such Capital Event or refinancing (other than, except in the event of the dissolution and liquidation of the Partnership, expenses payable to the General Partner or an Affiliate thereof).

“Operating Deficit” shall mean the amount by which (i) the amount of funds available to the Partnership from Effective Gross Income of the Apartment Complex, together with other available cash and funds on hand of the Partnership, if any, for the relevant time period but excluding: (a) funds from Capital Contributions (except to the extent that Capital Contribution proceeds are specified in the Budget as available to fund initial working capital amounts), (b) the proceeds of any loans obtained by the Partnership (except for Operating Deficit Loans), (c) advance rent payments and (d) nonforfeited tenant deposits, is less than (ii) Operating Expenses.

“Operating Deficit Loan” means any loan or loans made to the Partnership pursuant to Section 6.12.

“Operating Deficit Loan Cap” shall have the meaning set forth in Section 6.12.

“Operating Expenses” means all operating costs and expenses for such period (on an annualized accrual basis), including, but not limited to, expenses for the Tenant Services including, but not limited to funding a full-time resident services coordinator, the Authority Compliance Fee, fees and charges due under the CC&Rs, and a ratable portion of (i) without duplication as to any reserves described by clause (ii) of this sentence, all deposits to reserves required to be established or maintained pursuant to the terms of this Agreement or by any Deed of Trust Loan Document, (ii) all items payable in connection with the Ground Lease and any Deed of Trust Loan (for this purpose, the amount of required debt service payments for a period shall be computed on the assumption that permanent financing as described in this Agreement is in effect), loan or fee arrangement (excluding, for this purpose only, payments with respect to the Developer Loan and any Soft Debt Payments, so long as the nonpayment of which is not an event of default thereunder), regardless of any forbearance thereof, and (iii) seasonal expenses (such as utilities and maintenance expenses) which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation, but excluding (a) expenses paid out of reserves or from insurance proceeds, (b) any contingent expenses paid from available Cash Flow only, and (c) amounts paid for capital items funded from the Replacement Reserve pursuant to Section 6.10(p)(i). Operating Expenses shall be adjusted so that the expenses of real estate taxes and insurance are based on the estimated full value of the Apartment Complex after Construction Completion (for real estate taxes, this shall be determined to the extent possible by comparing similar assessments for similar properties and taking into account the Property Tax Exemption). For purposes of the foregoing, the Management Fee shall be treated as requiring payment in full on a current basis and not as payment out of Cash Flow (if and to the extent any portion of the Management Fee is subject to deferral pursuant to Section 7.01).
“Operating Reserve” shall have the meaning set forth in Section 6.10(p).

“Original Partnership Agreement” shall have the meaning set forth in the recitals to this Agreement.

“Owner’s Certification” means that certain Certified Property Ownership, Loan History and Background Certification dated [__________], as may be supplemented in writing from time to time in accordance with its terms.

“Parent” means BRIDGE Housing Corporation, a California nonprofit public benefit corporation.

“Partner” means any General Partner or any Limited Partner.

“Partnership” means Jordan Downs 3, LP, a limited partnership formed under and pursuant to the Uniform Act.

“Partnership Accounting Year” means the accounting year of the Partnership, ending December 31 of each year.

“Partnership Assets” means, at any particular time, the Apartment Complex and any other assets or property (tangible, intangible, choate or inchoate, fixed or contingent) of the Partnership.

“Partnership/General Partner Certification” means a certification from the General Partner to the Investor Limited Partner in the form of Exhibit D.

“Partnership Items” shall have the meaning set forth in Section 4.04(i).

“Partnership Representative” means the “partnership representative” of the Partnership designated in accordance with Section 6223 of the Code.

“Partnership Tax Audit Rules” means, the provisions of Subchapter C of Chapter 63 of Subtitle F of the Code, as amended, and any corresponding provisions of state, local or foreign law.

“Partnership Tax Return” means the United States Partnership Income Tax Return (Form 1065) for the Partnership, together with all Schedules K-1 included therein, and all state and local tax returns and other similar schedules required to be filed with respect to the operations of the Partnership.

“Partnership Taxable Year” means the taxable year of the Partnership which shall be the Partnership Accounting Year or such other taxable period as may be required by the Code or Regulations.

“Payment and Performance Bonds” means that certain Payment Bond and that certain Performance Bond issued by [Liberty Mutual Insurance Company] in connection with the construction of the Apartment Complex on behalf of the Contractor in favor of the Partnership,
together with a multiple obligee rider listing the Construction Lender and the Investor Limited Partner as additional obligees thereunder.

“Permanent Loan Conversion” means the date on which the Construction Loan has been repaid in full, the HACLA Loans have converted to permanent phase, non-recourse financing, and the First Deed of Trust Loan has converted to a permanent phase, non-recourse, amortizing loan.

“Permitted Liens” means (i) Liens for taxes, assessments or governmental charges not delinquent or being diligently contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with generally accepted accounting principles consistently applied are maintained on the Partnership’s books, (ii) Liens listed in the Title Policy accepted by the Lender and Investor Limited Partner, (iii) Liens created by Deeds of Trust and other loan documents pursuant to Deed of Trust Loans entered into in accordance with this Agreement, (iv) easements required by providers of utility and telecommunications services to the Apartment Complex, as approved by the Investor Limited Partner, (v) Liens that have been bonded or insured against in such a manner as to preclude the holder of the Lien or claimant from having any recourse to the Partnership or the Partnership’s property, and (vi) liens for taxes and assessments that are not yet due and payable.

“Person” means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such individual or Entity as the context may require.

“Plans” means the final signed and sealed plans and specifications for the construction of the Apartment Complex prepared by Architect and approved by the Lenders, the Investor Limited Partner and any applicable governmental subdivision or agency, together with any change orders approved in accordance with this Agreement.

“Profits and Losses” means, for each calendar year or other period, an amount equal to the Partnership’s taxable income or loss for such year or period, determined in accordance with I.R.C. Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to I.R.C. Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments to be made solely for purposes of maintaining Capital Accounts and not for determining taxable income or loss:

(i) Any income of the Partnership that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition shall be added to such taxable income or loss;

(ii) Any expenditures of the Partnership described in I.R.C. Section 705(a)(2)(B) or treated as I.R.C. Section 705(a)(2)(B) expenditures pursuant to Section 1.704-1(b)(2)(iv)(i) of the Regulations, and not otherwise taken into account in computing Profits or Losses pursuant to this definition, shall be subtracted from such taxable income or loss;

(iii) In the event the Gross Asset Value of any Partnership Asset is adjusted pursuant to clause (ii) of the definition of Gross Asset Value, the amount of such adjustment shall be taken into account as hypothetical gain or loss from the disposition of such asset for purposes of computing Profits or Losses;
(iv) Gain or loss resulting from any disposition of any asset of the Partnership with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(v) In lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing taxable income or loss, there shall be taken into account Depreciation for such calendar year or other period; and

(vi) Any items of income, gain, loss or deduction which are specially allocated pursuant to Section 4.04 through Section 4.06 hereof shall be disregarded.

“Project Breakeven” means the day after the first date on which, as certified by the General Partner and as determined and certified in writing by the Accountants (in form and substance reasonably satisfactory to the Investor Limited Partner), there have been a specified number of consecutive days or months (such period to be taken as a whole) of Partnership operations occurring after Construction Completion during which Effective Gross Income for such period equals or exceeds all Operating Expenses for such period (on an annualized, accrual basis), calculated in accordance with Section 5.04.

“Project Documents” means (i) the Deed of Trust, the Deed of Trust Note, and any other documents executed in connection with a Deed of Trust Loan, (ii) the Partnership Agreement, the Asset Management Fee Agreement, the Development Agreement, the Guaranty, the Extended Use Agreement, the GP Asset Management Fee Agreement, the GP Incentive Management Fee Agreement, the Management Agreement, the Right of First Refusal, Purchase Option and Put Right Agreement, the Payment and Performance Bonds, the General Contract, the Architect’s Agreement, the Plans, the CC&Rs, the AHAP Contract, the HAP Contract, the Ground Lease, the DDA, the Tenant Services Agreement, the Tax Credit Application, the RAD Use Agreement, the IIG Covenant and HUD CNI Restriction, (iii) documents recorded against the Apartment Complex, (iv) documents imposing maximum rental or tenant income restrictions, and (v) any other documents related to the acquisition, development, construction, financing, leasing, operation or contemplated use of the Apartment Complex as such documents may be amended from time to time in accordance with the terms of this Agreement.

“Projected Aggregate Credit Amount” means the $24,997,500 aggregate amount of Credits projected to be allocated to the Investor Limited Partner during the Credit Period (or any taxable period therein). If, on or after the Credit Determination Date, the aggregate amount of Credits allocable to the Investor Limited Partner is determined to be different than $24,997,500, the term “Projected Aggregate Credit Amount,” as used herein, shall mean such revised aggregate amount, provided that any adjustments, payments, or distributions required under the provisions of this Agreement to be made on account of any such prior determination have in fact been made.

“Projected Annual Credit Amount” means, with respect to any Partnership Taxable Year during the Credit Period, the amount of Credits projected to be allocated to the Investor Limited Partner during such Partnership Taxable Year. It is currently anticipated that the Partnership will allocate Credit to the Investor Limited Partner as follows: at least $2,448,526 in 2024, $2,499,750
in each of years 2025 through 2033, and $51,224 in 2034 (plus any Credit Excess determined pursuant to Section 3.05 that is allocable to the Investor Limited Partner in 2034). If, on or after the Credit Determination Date, the amount of Credits allocable to the Investor Limited Partner during any Partnership Taxable Year is determined to be different than as set forth above, the term “Projected Annual Credit Amount,” as used herein, shall mean such revised amount, provided that any adjustments, payments, or distributions required under the provisions of this Agreement to be made on account of any such prior determination have in fact been made. Further, if a Timing Adjuster is determined to be applicable, the Projected Annual Credit Amount for the First Year and Second Year and for the tenth Partnership Taxable Year following each such Year, as applicable, shall be revised to reflect such changes as are determined in accordance with Code Section 42(f)(2)(B).

“Projected Tenant Services Expense” shall have the meaning set forth in Section 6.14.

“Property Tax Exemption” means the exemption from the payment of real property taxes for the affordable housing and other exempt uses provided by Sections 4(b) and 5 of Article XIII of the Constitution of the State of California and Section 214 and 236 of the RTC.

“Property Tax Rules” shall have the meaning set forth in Section 6.02(h).

“Qualified Basis” has the meaning set forth in Code Section 42(c)(1).

“Qualified Investments” means any of the following if and to the extent permitted by law (including, without limitation, Section 13 of the Bank Holding Company Act (commonly referred to as the “Volcker Rule”)): (i) direct obligations of or obligations the principal of and interest on which are guaranteed by the United States Government; or (ii) obligations of any agency or instrumentality of the United States Government backed by the full faith and credit of the United States; or (iii) demand and savings deposits at commercial banks and savings and loan associations, provided that the entire deposit (or, if less, the maximum amount allowed by law) is insured by the Federal Deposit Insurance Corporation (“FDIC”); or (iv) certificates of deposit issued by any state or national bank which has combined capital, surplus, and undivided profits of not less than $50,000,000, or any savings and loan institution having combined capital, surplus, and retained earnings of not less than $100,000,000, provided that all such investments are fully insured by the FDIC or fully secured by investments described in (i) or (ii); or (v) repurchase agreements or time deposits with banks or trust companies or any of their Affiliates organized under the laws of the United States or any state or the District of Columbia having combined capital, surplus, and undivided profits of not less than $50,000,000, provided that all such investments shall be fully insured by FDIC or fully secured by investments described in (i) or (ii) above which have a fair market value equal to 103% of the face amount of the repurchase agreement plus an amount equal to the amount by which the anticipated interest earnings under the arrangement exceed interest which would have been earned at a rate of 6% per year, provided that the party investing in any repurchase agreement shall receive a perfected security interest, whether by delivery or by registration on a book-entry account of a Federal Reserve Bank, in the underlying obligations subject to such repurchase agreement.

“Qualified Tenant” means a tenant (i) with income on the date of initial occupancy of such tenant’s unit not exceeding that permitted by the minimum set-aside test pursuant to Code
Section 42(g)(1) who leases a low-income unit in the Apartment Complex under a lease having an original term of not less than six months at a rent which satisfies the rent restriction test under Code Section 42(g)(2) and (ii) complying with any other requirements imposed by the Project Documents.

“Qualified Tenant Certificate” shall have the meaning set forth on Schedule C.

“RAD Use Agreement” means that certain Rental Assistance Demonstration Use Agreement executed by the Partnership, HUD and the Housing Authority of the City of Los Angeles in favor of HUD in exchange for HUD’s agreement to permit the conversion of the existing public housing assistance to project-based voucher assistance as authorized under the “RAD Program.”

“Readiness to Proceed Package” shall have the meaning set forth in Section 6.10(gg).

“Regulations” means the Income Tax Regulations promulgated under the Code, as amended and in effect from time to time, whether in proposed, temporary or final form.

“Relocation Laws” means any federal, state, county, municipal, or local law and any amendments thereto (whether common law, public law, ordinance, rule, order, regulation, or otherwise), order, permit, directive, judgment, decree, or other enforceable requirement of governmental authorities relating to the relocation of existing tenants, including, without limitation, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, 42 U.S.C. § 4600 et seq., Section 104(d) of the Housing and Community Redevelopment Act of 1974, all requirements of the Rental Assistance Demonstration (RAD) and CNI programs, and all regulations, orders, decisions, and decrees now or hereafter promulgated concerning any of the above.

“Removal Event” shall have the meaning set forth in Section 8.04(a).

“Rental Subsidy” means, the subsidy to be provided to the Partnership pursuant to the HAP Contract.

“Replacement Reserve” means that certain replacement reserve of the Partnership established and maintained pursuant to Section 6.10(p).

“Right of First Refusal, Purchase Option and Put Right Agreement” means that certain Right of First Refusal, Purchase Option and Put Right Agreement dated as of the Closing Date and entered into by and among the Partnership, HACLA, the General Partner, the Class A Limited Partner and the Investor Limited Partner.

“RTC” means the California Revenue and Taxation Code, as amended from time to time (or any corresponding provisions of succeeding law).

“Second Year” means the Partnership Taxable Year immediately following the First Year.

“Service” or “IRS” shall mean the Internal Revenue Service.
“Soft Debt Payments” means contingent payments under any Deed of Trust Loan including, without limitation, the HACLA Loans that are payable only from available Cash Flow or similar measure of cash available to pay debt service.

“Special Limited Partner” means the Person identified pursuant to Section 13.12 in its capacity as a special limited partner of the Partnership.

“Special Tax Counsel” means Sidley Austin LLP, or such other law firm which shall be selected by the General Partner with the prior Consent of Investor Limited Partner.

“Stabilization” means the date that all of the following events have occurred: (i) the Partnership’s achievement of a Debt Service Coverage Ratio of at least 1.15:1.00 for at least ninety (90) consecutive days and is projected to attain a Debt Service Coverage Ratio of 1.15:1.00 or better for the remainder of the Compliance Period, which ratio shall be calculated based on the parameters set forth in Section 5.04 hereof; (ii) the Credit Determination Date; and (iii) Permanent Loan Closing.

“Stabilization HAP Rent” shall mean the following amounts, as such amounts are increased by HUD from time to time:

- $763 for 1 RAD unit with 1 bedroom;
- $979 for 2 RAD units with 2 bedrooms;
- $1,301 for 6 RAD units with 3 bedrooms;
- $1,723 for 16 Section 8 units with 1 bedroom;
- $2,195 for 19 Section 8 units with 2 bedrooms;
- $2,899 for 8 Section 8 units with 3 bedrooms; and
- $3,146 for 2 Section 8 units with 4 bedrooms;

“State” means the State of California.

“State Prevailing Wage Laws” means all Laws of the State of California governing prevailing wages including, without limitation, California Labor Code Sections 1720 et seq. and 1777.5, and the implementing regulations of the California Department of Industrial Relations.

“Subsequent Credit Increase” shall have the meaning set forth in Section 3.05(e).

“Subsequent Credit Shortfall” shall have the meaning set forth in Section 3.05(e).

“Subsequent Credit Shortfall Adjuster” shall have the meaning set forth in Section 3.05(e).

“Substantial Management Duties” shall have the meaning set forth in Section 6.02(g).

“Substituted Limited Partner” means any Person who is admitted to the Partnership as a successor Limited Partner pursuant to Section 9.01.

“Tax” or “Taxes” means any and all liabilities, losses, expenses and costs that are, or are in the nature of, taxes, fees or other governmental charges, including interest, penalties, fines and additions to tax imposed by the Service or any other taxing authority.
“**Tax Credit Application**” means the Partnership’s application to the Agency for a reservation of Credits.

“**Tenant Services**” means the tenant services required to be provided to tenants of the Apartment Complex pursuant to the Tenant Services Agreement, the HAP Contract, the Tax Credit Application, and any other Project Document.

“**Tenant Services Agreement**” means that certain Memorandum of Understanding entered into as of February 4, 2022, between BRIDGE Housing Corporation and Ed Nido Family Centers.

“**Timing Adjusters**” means an increase or decrease in Projected Annual Credit Amounts in the First Year and/or the Second Year as set forth in Section 3.05(c) and 3.05(d) of this Agreement.

“**Timing Contribution Cap**” means $75,000 of Limited Partner Additional Benefit Contributions associated with an upward Timing Adjuster for the First Year and/or the Second Year as determined under Section 3.05(c).

“**Title Insurer**” means Old Republic Title Company.

“**Title Policy**” means the title policy provided to the Partnership by the Title Insurer.

“**Uniform Act**” means the California Uniform Limited Partnership Act of 2008 (Title 2 of the California Corporations Code, Chapter 5.5), as amended from time to time (or any corresponding provisions of succeeding law).

“**Valid Carryover**” means a 2021 carryover allocation of Credits in the annual amount of $2,500,000 as to the Credits, issued by the Agency on December 2, 2021, with respect to the Apartment Complex and which meets the requirements of Section 42(h)(1)(E) of the Code and the Regulations promulgated thereunder.

“**Withdrawal**” (including the verb form “Withdraw” and the adjective form “Withdrawing” or “Withdrawn”) means, as to a General Partner or Class A Limited Partner, the occurrence of death, adjudication of insanity or incompetence, Event of Bankruptcy, dissolution, liquidation, or voluntary or involuntary withdrawal or retirement from the Partnership for any reason, including whenever a General Partner or Class A Limited Partner may no longer continue as a General Partner or Class A Limited Partner, as applicable, by law or pursuant to any terms of this Agreement. Withdrawal shall also mean the sale, assignment, transfer or encumbrance (other than to a Lender) by a General Partner or Class A Limited Partner of its Interest as a General Partner or as a Class A Limited Partner, as applicable. A General Partner or Class A Limited Partner that is a corporation, limited liability company or partnership shall be deemed to have sold, assigned, transferred or encumbered its Interest as a General Partner or Class A Limited Partner, as applicable, in the event (as a result of one or more transactions) of any sale, assignment or other transfer (but specifically excluding any transfer occurring pursuant to the laws of descent and distribution) of a controlling interest in a corporate General Partner or Class A Limited Partner or of a controlling membership interest or manager interest in a General Partner or Class A Limited Partner that is a limited liability company or of a general partner interest in a General Partner or Class A Limited Partner which is a partnership. For purposes of this definition of Withdrawal,
“controlling interest” shall mean the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise. However, dissolution of any General Partner or Class A Limited Partner that is a general or limited partnership or a limited liability company taxed as a partnership shall not be deemed a Withdrawal unless there is a termination and winding up of the business of such partnership or limited liability company.

“Withdrawing Limited Partner” means BRIDGE Regional Partners, Inc., which is hereby withdrawing as a Limited Partner from the Partnership simultaneously with the admission of the Investor Limited Partner.

Section 2.02 Pronouns and Plurals. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the Person or persons may require. Words such as “herein,” “hereinafter,” “hereof,” “hereto” and “hereunder,” when used with reference to this Agreement, refer to this Agreement as a whole, unless the context otherwise requires.

ARTICLE 3

CAPITAL

Section 3.01 Capital Contributions of General Partner and Class A Limited Partner.

(a) The General Partner has contributed or will contribute in cash to the Partnership a Capital Contribution in the amount of $51, as set forth in Exhibit B. The Class A Limited Partner has contributed or will contribute in cash to the Partnership a Capital Contribution in the amount of $49, as set forth in Exhibit B. Notwithstanding anything to the contrary in this or any prior agreement, the parties hereto agree and acknowledge that the amount reflected in Exhibit B represents the value of all property and other contributions by the General Partner and the Class A Limited Partner to the Partnership as of this date (assuming cash contributions have been made in accordance with the preceding sentence) and such amount shall represent the initial Capital Account of the General Partner and the Class A Limited Partner in the Partnership.

(b) Any undisbursed Investor Limited Partner Capital Contributions and all sums, if any, to be provided by the General Partner and Lenders, shall at all times be equal to or greater than the amount which the Investor Limited Partner reasonably determines necessary to (i) pay all sums which may accrue under this Agreement prior to Stabilization and satisfy all General Partner obligations pursuant to this Agreement effective prior to Stabilization and (ii) fund all reserve accounts required pursuant to this Agreement. If the Investor Limited Partner reasonably determines at any time that the costs set forth in foregoing items (i) and (ii) exceed the Investor Limited Partner’s undisbursed Capital Contributions when added to all sums, if any, to be provided by the General Partner and Lenders, the General Partner shall make a Capital Contribution to the Partnership in the amount of such deficiency within fifteen (15) days of the Investor Limited Partner’s written demand.
Section 3.02 Withdrawal of Withdrawing Limited Partner and Admission of Investor Limited Partner. As of the Admission Date of the Investor Limited Partner and Class A Limited Partner, the Withdrawing Limited Partner hereby withdraws from the Partnership as a Limited Partner and acknowledges that it no longer has any Interest in, or rights or claims against, the Partnership as a Limited Partner and that it has received a return of the balance of its Capital Account. The Investor Limited Partner and Class A Limited Partner are hereby admitted to the Partnership as Limited Partners as of the Admission Date and shall have the Interest specified on Exhibit B attached hereto respectively. Except as provided in Section 3.04(c), the General Partner shall have no authority to admit additional Limited Partners without the Consent of the Investor Limited Partner.

Section 3.03 Capital Contribution of Limited Partners.

(a) IN GENERAL. NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN THIS AGREEMENT INCLUDING, WITHOUT LIMITATION, SECTION 3.03, SECTION 3.05, AND SECTION 4.03 HEREOF, IN NO EVENT SHALL THE INVESTOR LIMITED PARTNER BE OBLIGATED TO CONTRIBUTE TO THE PARTNERSHIP CAPITAL CONTRIBUTIONS THAT EXCEED, IN THE AGGREGATE, (i) THE ANTICIPATED $24,497,550 AGGREGATE CAPITAL CONTRIBUTIONS OF THE INVESTOR LIMITED PARTNER AND (ii) THE MAXIMUM AGGREGATE INCREASE IN CAPITAL CONTRIBUTIONS OF $1,225,000. The Investor Limited Partner shall not be obligated to make a Capital Contribution installment to the Partnership prior to the satisfactory completion, in the reasonable discretion of the Investor Limited Partner, of all of the conditions to such installment.

(b) Investor Limited Partner. Subject to the terms and provisions of this Agreement, including without limitation, the provisions set forth in Exhibit A and the Schedules thereto, the Investor Limited Partner shall be obligated to make Capital Contributions to the Partnership in four (4) installments (the “Installments”), which Installments shall be due and payable by the Investor Limited Partner as follows:

(i) $2,449,755 (the “Initial Installment”) shall be disbursed on a “construction draw” basis, with such construction draws shall commence pursuant to and upon receipt by the Investor Limited Partner of all items set forth on Schedule A hereto, for the uses therein described;

(ii) $19,936,288 (the “Construction Completion Installment”) shall be disbursed pursuant to and upon satisfaction of all of the items on Schedule B hereto, for the uses therein described;

(iii) $1,861,507 (the “Performance Installment”) shall be disbursed pursuant to and upon satisfaction of all of the items on Schedule C hereto, for the uses therein described;
(iv) $250,000 (the “Final Installment”) shall be disbursed pursuant to and upon satisfaction of all of the items on Schedule D hereto, for the uses therein described.

In no event shall any Installment become due until all of the conditions for all of the prior Installments shall have been satisfied and all of such prior Installments shall have become due. In no event shall the Investor Limited Partner be obligated to provide any Installment (other than the Initial Installment payable on the Closing Date) prior to its receipt of a Capital Contribution Request (in the form provided in Exhibit C hereto) and Partnership/General Partner Certification (in the form provided in Exhibit D hereto). Installments shall only be disbursed in accordance with the DIA.

(c) Disputes. If the Investor Limited Partner disputes that all or a portion of any Installment is due and payable in accordance with this Agreement, then, until there has been a Final Determination, the Investor Limited Partner shall not be required to make such Installment (or portion thereof) in dispute to the Partnership (and no default under Section 3.03 or 3.04 shall be deemed to occur unless and until the required payment, plus interest at 10% per annum from the date such Installment was due, is not made within five (5) Business Days of such Final Determination).

(d) Suspension of Investor Limited Partner’s Obligations. From and after the date of the occurrence of an Event of Bankruptcy with respect to the Partnership, the General Partner or any Guarantor, the obligation of the Investor Limited Partner to make any further Capital Contributions shall be suspended until such time as (i) the Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner or (ii) a financially responsible party acceptable to the Investor Limited Partner shall have agreed to become the General Partner (or Guarantor) and to assume and to perform all of the duties and obligations of the bankrupt General Partner (or Guarantor) under this Agreement and the Project Documents (or, with respect to a new Guarantor, all duties and obligations under any applicable Guaranty), and documents evidencing such agreement and reasonably acceptable to the Investor Limited Partner shall have been executed and delivered to the Investor Limited Partner.

(e) Intentionally Omitted.

(f) Intentionally Omitted.

(g) Intentionally Omitted.

(h) Intentionally Omitted.

(i) Intentionally Omitted.

(j) Security Interest. Payments of the Capital Contribution Installments shall be secured by a security interest in the Investor Limited Partner’s Interest granted to the Partnership upon the admission of the Investor Limited Partner. The Partnership’s security interest in the Investor Limited Partner’s Interest may not be pledged or assigned by the Partnership to other than a Lender with respect to the Apartment Complex. In connection
with the grant to the Partnership by the Investor Limited Partner of a security interest in the Investor Limited Partner’s Interest, the Partnership may file a financing statement (the “Form UCC-1”) which describes the security interest of the Partnership in the Investor Limited Partner’s Interest. The Form UCC-1 may be filed by the Partnership in the state and/or county of formation of the Investor Limited Partner and in the State in order to perfect the interest of the Partnership in the collateral and protect the Partnership against claims asserted by third parties against the Investor Limited Partner. At such time as the Investor Limited Partner has fully paid its required Capital Contributions to the Partnership, such security interest of the Partnership shall be released and the General Partner shall cause the Partnership to file such releases as are necessary to terminate any financing statements or other documents filed with respect to such security interest.

(k) **No Obligatory Additional Capital Contributions.** Except as provided in the Uniform Act or in Section 4.03, after its Capital Contribution shall be fully paid hereunder, no Limited Partner shall be required to make any additional Capital Contribution to the Partnership or be liable for any debts, liabilities, contracts or obligations of the Partnership.

(l) **Option to Fund General Partner/Guarantor Defaults.** Notwithstanding anything to the contrary herein, the Limited Partners shall have the right, in their discretion, upon five (5) days written notice and opportunity to cure to the General Partner (unless failure to fund during such five day notice and cure period could adversely affect the Partnership as determined by the Investor Limited Partner in its reasonable discretion) to fund, pro rata, in proportion to their percentage interests (as set forth in Exhibit B), any failure by the General Partner or the Guarantor to meet its obligations under this Agreement or the Guaranty or to fund any other debts, liabilities, contracts or obligations of the Partnership. Any such funding by a Limited Partner shall (i) constitute a loan to the Partnership with interest at the rate of 10% per annum, compounded annually and repayable from Cash Flow or Net Proceeds (or liquidation proceeds) prior to any distributions or payments under Sections 4.02(a) or 4.02(b) and (ii) not constitute a waiver by such Limited Partner of any of its rights or remedies under this Agreement, the Guaranty or any other agreement. To the extent a Limited Partner does not elect to participate in any such funding, the other Limited Partners may elect to fund the non-electing Limited Partner’s pro rata share of the funding.

**Section 3.04 Default.**

(a) **Investor Limited Partner Default.** If the Investor Limited Partner does not pay an Installment when due and payable pursuant to Section 3.03 (then subject to the provisions of Section 3.03(b) in the case of a dispute as to whether or not all or part of an Installment is due and payable) it will be deemed to be in default under this section and interest on any unpaid amount shall accrue, from the date on which such Installment was due and payable to the date on which such default is cured as provided below, at the lesser of (i) 10% per annum, compounded monthly, or (ii) the maximum interest rate permitted by law.

(b) **Notice of Default; Right to Cure.** The General Partner shall promptly give notice of a default to the defaulting Investor Limited Partner. A default may be cured by
payment to the Partnership of the Installment (and any accrued interest) due within 30 days of receipt of the notice of default.

(c) **Partnership’s Exercise of Rights.** In the event that the defaulting Investor Limited Partner does not cure any default described in this Section 3.04, then the Partnership may, after providing to the defaulting Investor Limited Partner the notice of the default referred to in Section 3.04(b) and the cure period provided in Section 3.04(b) and any notice required by applicable law, exercise its rights with respect to the security interest granted in the defaulting Investor Limited Partner’s Interest and sell such Interest to a third party (including an existing Partner) by public or private sale at whatever price and on whatever terms are commercially reasonable. Upon such sale of a defaulting Investor Limited Partner’s Interest, the General Partner may admit the purchaser of such Interest as a substituted Limited Partner. Upon such an admission, the defaulting Investor Limited Partner shall cease to be a Limited Partner but shall continue to be liable to the Partnership if and to the extent that the proceeds of sale of the defaulting Investor Limited Partner’s Interest are less than the sum of (i) the unpaid balance of all amounts due at whatever time from the defaulting Investor Limited Partner and (ii) all reasonable collection and sales expenses incurred by the Partnership or the General Partner, including fees and disbursements of counsel. If the proceeds of such sale of the defaulting Investor Limited Partner’s Interest exceed the amounts described in the foregoing clauses (i) and (ii) such excess shall be paid to the defaulting Investor Limited Partner.

**Section 3.05 Credit Adjuster Distributions to the Investor Limited Partner.**

(a) **Excess Credits in the Credit Determination Report.** If the Credit Determination Report indicates that the Initial Aggregate Credit Amount exceeds the Projected Aggregate Credit Amount (such amount being a “Credit Excess”), then the Investor Limited Partner’s Capital Contribution obligation shall be increased in an amount equal to the product of the Credit Excess and the Credit Price, but no more than the Basis Contribution Cap. The Investor Limited Partner shall make a Limited Partner Additional Benefit Contribution in the amount of any such increase in accordance with Section 3.05(h) below.

(b) **Reduced Credits in the Credit Determination Report.** If the Credit Determination Report indicates that the Initial Aggregate Credit Amount is less than the Projected Aggregate Credit Amount (such amount being a “Credit Shortfall”), then the Investor Limited Partner’s Capital Contribution obligation shall be reduced by an amount equal to the product of the Credit Shortfall and the Credit Price (a “Credit Shortfall Adjuster”). The Credit Shortfall Adjuster shall reduce the Investor Limited Partner’s succeeding Capital Contribution Installments in the reverse order (last-to first) they are due (e.g. reducing the Final Installment, then reducing the Performance Installment, etc.). If the Credit Shortfall Adjuster exceeds the sum of the remaining Installments, the General Partner shall make a General Partner Credit Adjuster Advance in the amount of such excess in accordance with Section 3.05(g) below.

(c) **First Year Timing Benefit.** If with respect to the First Year there is an Accountants’ Determination that the Annual Credit Amount exceeds such year’s Projected
Annual Credit Amount, then the Investor Limited Partner’s Capital Contribution obligation shall be increased in an amount equal to the product of any such excess and 17.97%, but no more than the Timing Contribution Cap. The Investor Limited Partner shall make an Limited Partner Additional Benefit Contribution in the amount of any such increase in accordance with Section 3.05(h) below. Notwithstanding the foregoing, no such increase in the Investor Limited Partner’s Capital Contribution obligation shall occur, and no such Limited Partner Additional Benefit Contribution shall be payable, unless the foregoing Accountants’ Determination (or, if an Accountant’s Determination is not available, a written estimate from the General Partner) is received by the Investor Limited Partner no later than October 15 of the calendar year in which such increase in the Annual Credit Amount occurs. For example, if the Annual Credit Amount will exceed the Projected Annual Credit Amount in the First Year, the Investor Limited Partner’s Capital Contribution obligation will only be increased (subject to the Timing Contribution Cap) if the Accountants’ Determination (or General Partner’s written estimate) is received by the Investor Limited Partner no later than October 15 of the First Year. Any increase pursuant to this Section 3.05(c) shall be calculated only after calculations made pursuant to Section 3.05(a) and Section 3.05(b) hereof.

(d) First Year and Second Year Timing Detriment. If with respect to the First Year and/or the Second Year there is an Accountants’ Determination that the Projected Annual Credit Amount exceeds such year’s Annual Credit Amount, then the Investor Limited Partner’s Capital Contribution obligation shall be reduced by an amount equal to the product of any such excess and 17.97% (a “Credit Timing Adjuster”). The Credit Timing Adjuster shall reduce the Investor Limited Partner’s succeeding Capital Contribution Installments in the reverse order (last-to-first) they are due. If the Credit Timing Adjuster exceeds the sum of the remaining Installments, the General Partner shall make a General Partner Credit Adjuster Advance in the amount of such excess in accordance with Section 3.05(g) below. Any decrease pursuant to this Section 3.05(d) shall be calculated only after calculations made pursuant to Section 3.05(a) and Section 3.05(b) hereof.

(e) Subsequent Credit Adjustments. If at any time after the receipt of the Credit Determination Report and any resulting adjustments have been made pursuant to Sections 3.05(a), 3.05(b), 3.05(c) and 3.05(d), there is a Determination that the Actual Aggregate Credit Amount is or will be more or less than the Projected Aggregate Credit Amount (such difference in Credits being a “Subsequent Credit Increase” or a “Subsequent Credit Shortfall”, as applicable), then (i) in the case of a Subsequent Credit Increase, the Investor Limited Partner shall make an Limited Partner Additional Benefit Contribution equal to the product of the Subsequent Credit Increase and the Credit Price in accordance with Section 3.05(h) below, and (ii) in the case of a Subsequent Credit Shortfall, the General Partner shall make a General Partner Credit Adjuster Advance in an amount equal to the product of the Subsequent Credit Shortfall and the Credit Price (a “Subsequent Credit Shortfall Adjuster”) in accordance with Section 3.05(g) below.

(f) Credit Recapture. If at any time there is a Determination that any Credits previously claimed are or will be subject to recapture pursuant to Code Section 42(j), the
General Partner shall make a General Partner Credit Adjuster Advance in accordance with Section 3.05(g) in an amount equal to the product of the Credit Price and the amount of Credits that are or will be recaptured (a “Credit Recapture Adjuster”) in accordance with Section 3.05(g) below.

(g) **General Partner Credit Adjuster Advances.** General Partner Credit Adjuster Advances shall be made by reducing the Investor Limited Partner’s succeeding Capital Contribution Installments in the reverse order (last-to-first) as they are due, or if such remaining Installments are insufficient to pay the General Partner Credit Adjuster Advance, then the General Partner shall make such advances within ten (10) Business Days of the applicable Determination. If the Investor Limited Partner’s remaining Installments are insufficient to pay the General Partner Credit Adjuster Advance, then the General Partner shall make such advances within ten (10) Business Days of the applicable Determination, General Partner Credit Adjuster Advances shall be increased by the amount of any interest and penalties imposed by the Service and by any reasonable legal or accounting costs incurred by the Investor Limited Partner in connection with the applicable disallowance, reduction, loss, recapture or reallocation of Credits giving rise to such General Partner Credit Adjuster Advance. Unpaid General Partner Credit Adjuster Advances, as so adjusted, shall bear interest at a rate of 10% (or the maximum amount permitted by applicable law, if less) per annum, compounded annually, from the date due until paid. All such amounts shall be distributed to the Investor Limited Partner within five (5) Business Days of receipt by the Partnership.

(h) **Limited Partner Additional Benefit Contributions.** Limited Partner Additional Benefit Contributions shall be due with the Final Installment or, if later, five (5) Business Days after the Investor Limited Partner’s receipt of the applicable Determination, a Capital Contribution Request and Partnership/General Partner Certification. The Investor Limited Partner’s obligation to make Limited Partner Additional Benefit Contributions shall be further subject to satisfaction of all conditions of the Final Installment (excluding the requirement for the issuance of final certificates of occupancy). Any unpaid Limited Partner Additional Benefit Contributions shall bear interest at a rate of 10% per annum (or the maximum amount permitted by applicable law, if less), compounded annually, from the date due until paid. If the application of this Section 3.05 would, but for the prior sentence, cause the aggregate amount of the Investor Limited Partner’s Capital Contributions to exceed the Basis Contribution Cap or the Timing Adjuster Cap and the Investor Limited Partner declines to further increase its Capital Contribution to the amount that would be payable absent the limitation imposed above, the Partners shall amend this Agreement to cause Credits resulting from any such amount in excess of the Basis Contribution Cap or the Timing Adjuster Cap and the Investor Limited Partner declines to further increase its Capital Contribution to the amount that would be payable absent the limitation imposed above, the Partners shall amend this Agreement to cause Credits resulting from any such amount in excess of the Basis Contribution Cap or the Timing Adjuster Cap and the Investor Limited Partner consents to the admission of such Class B Limited Partner which consent shall not be unreasonably withheld, conditioned or delayed. The amount of increased Limited Partner Additional Benefit Contributions resulting from the application of this Section 3.05 shall be distributed pursuant to Section 4.02(a) as if it were Cash Flow.
(i) **Change in Law Adjusters.** Notwithstanding any provision to the contrary in this Section 3.05, if any Downward Adjuster occurs solely as a result of a Change in Law, then the Downward Adjuster shall be payable from Cash Flow and Net Proceeds pursuant to Section 4.02(a) and 4.02(b) or, if such Cash Flow or Net Proceeds are insufficient to pay a Downward Adjuster attributable to a Change in Law, General Partner shall make a payment to the Partnership for the payment of the Downward Adjuster. The General Partner shall be required to take reasonable steps, at the Investor Limited Partner’s expense, to attempt to minimize the adverse effect of any Change In Law to ensure the continued availability of the Credits, and the Partners’ eligibility therefor.

(j) **Transfers of the Investor Limited Partner’s Interest.** Notwithstanding any provision to the contrary in this Section 3.05, if any Downward Adjuster occurs solely as a result of a transfer of the Investor Limited Partner’s Interest, the General Partner shall have no obligation to make a General Partner Credit Adjuster Advance and the Investor Limited Partner shall not reduce its Capital Contribution obligations.

(k) **Disclosure.** Any increase or decrease in the Investor Limited Partner’s Capital Contribution obligation resulting from any General Partner Credit Adjuster Advance or Limited Partner Additional Benefit Contribution pursuant to this Section 3.05 must be reflected in the Cost Certification or, if such General Partner Credit Adjuster Advance or Limited Partner Additional Benefit Contribution arises after the Cost Certification is filed with the Agency, disclosed to the Agency in writing (which written disclosure shall be simultaneously provided to the Investor Limited Partner).

**Section 3.06 No Interest on Capital Contribution; Return of Capital.** Except as provided in Section 3.05, no Partner shall be entitled to receive any interest on its Capital Contribution. Except as provided in Section 3.05 or as otherwise specifically provided elsewhere herein, no Partner shall have the right to withdraw its Capital Contribution or to demand and receive property of the Partnership in return for its Capital Contribution, nor shall any Limited Partner have any right to demand or receive property other than money upon dissolution and termination of the Partnership. Except as provided in Sections 3.05 and 6.05 or in the Guaranty, each Partner shall look solely to the assets of the Partnership for all returns of capital and distributions and allocations of Profits or Losses and shall have no recourse therefor (upon dissolution or otherwise) against any other Partner.

**Section 3.07 No Third-party Beneficiary.** None of the provisions of this Agreement, including, without limitation, Sections 3.04, 3.05 and 6.12, shall be construed as existing for the benefit of any creditor of the Partnership or for the benefit of any creditor of any of the Partners, and no such provision shall be enforceable by a party not a signatory to this Agreement, except where granting of a security interest or pledge has been made by the Partnership.

**Section 3.08** The Class A Limited Partner is an Affiliate of HACLA, which is making the HACLA Loans and is the Landlord under the Ground Lease. Given the potential for conflicts of interest presented by such facts and the de minimis nature of the Class A Limited Partner's Capital Contribution, the Class A Limited Partner has fewer rights and obligations under this Agreement than the Investor Limited Partner. Notwithstanding this fact, this Agreement will
sometimes use the collective terms “Limited Partners” and “Partners.” The Class A Limited Partner, the General Partner, and the Investor Limited Partner hereby agree as follows:

(a) Whenever the terms Limited Partners or Partners are used in this Agreement in the context of requiring that notification, notice, or copies of materials be delivered to Limited Partners or Partners, the Class A Limited Partner shall be deemed included within such terms for such purposes; and

(b) Whenever the terms Limited Partners or Partners are used in this Agreement in the context of requiring the Consent or approval of such Limited Partners or Partners, or requiring that a matter or item be satisfactory or acceptable to such Limited Partners or Partners, the Class A Limited Partner shall be deemed excluded from such terms for such purposes, unless the consent of the Class A Limited Partner is expressly stated therein.

ARTICLE 4

PROFITS AND LOSSES; DISTRIBUTIONS; CAPITAL ACCOUNTS

Section 4.01 Profits, Losses and Credits.

(a) Subject to Section 4.04, all Profits, Losses and Credits incurred or accrued after the Admission Date, other than those arising from a Capital Event, shall be allocated 99.99% to the Investor Limited Partner, 0.0051% to the General Partner and 0.0049% to the Class A Limited Partner.

(b) Subject to Section 4.04, all Profits and Losses arising from a Capital Event shall be allocated among the Partners as follows:

As to Profits:

(i) First, an amount of Profits shall be allocated to the Partners who have negative Gain-Adjusted Capital Account balances in proportion to the amount of such balances until all such Gain-Adjusted Capital Accounts shall have a zero balance;

(ii) Second, an amount of Profits shall be allocated to the Investor Limited Partner until its positive Gain-Adjusted Capital Account balance is equal to the sum of the amounts of Net Proceeds distributable to it under Section 4.02(b)(ii);

(iii) Third, an amount of Profits shall be allocated to the Investor Limited Partner until the positive balance in its Gain-Adjusted Capital Account in excess of the balance in such Gain-Adjusted Capital Account, after taking into account the allocation under Section 4.01(b)(ii), is equal to the Taxes (increased by such amount as is necessary for such Taxes to be paid to the Investor Limited Partner on an After-Tax Basis) payable by the Investor Limited Partner on the Profits allocated to it pursuant to Section 4.01(b)(i), Section 4.01(b)(ii), Section 4.04(a), and Section 4.04(b); and
(iv) Fourth, an amount of Profits shall be allocated to each of the Partners until the positive balance in the Investor Limited Partner’s Gain-Adjusted Capital Account in excess of the balance in such Gain-Adjusted Capital Account, after taking into account the allocation in Section 4.01(b)(i), Section 4.01(b)(ii), and Section 4.01(b)(iii), and the positive balance in the General Partner’s Gain-Adjusted Capital Account are in the same ratio as their residual sharing percentages set forth in Section 4.02(b)(x).

(v) Notwithstanding anything to the contrary in this Section 4.01(b), allocations of Profits and Losses arising from a Capital Event (including allocations of gross profits and gross losses) shall, to the maximum extent allowable under the Code and the Regulations, be allocated between the General Partner, the Class A Limited Partner and the Investor Limited Partner so as to cause the Capital Account of each of them to equal the amount distributable to each of them under Section 4.02(b).

As to Losses:

(vi) First, an amount of Losses equal to the aggregate positive balances (if any) in the Gain-Adjusted Capital Accounts of all Partners then having positive balance Gain-Adjusted Capital Accounts shall be allocated to such Partners in proportion to their positive Gain-Adjusted Capital Account balances until all such Gain-Adjusted Capital Accounts shall have a zero balance; provided, however, that if the amount of Losses to be allocated is less than the sum of the positive balances in the Gain-Adjusted Capital Accounts of those Partners having positive balances in their Gain-Adjusted Capital Accounts, then such Losses shall be allocated first to any General Partner with a positive Gain-Adjusted Capital Account until its Gain-Adjusted Capital Account has a zero balance, with any remainder allocated to the Investor Limited Partner until its Capital Account has a zero balance; and

(vii) Then, the balance of any such Losses shall be allocated 99.99% to the Investor Limited Partner, 0.0051% to the General Partner and 0.0049% to the Class A Limited Partner.

Section 4.02 Cash Distributions Prior to Dissolution.

(a) **Cash Flow.** Provided that all reserves have been funded and maintained as required by Section 6.10, Cash Flow, if available with respect to any Partnership Accounting Year, shall be applied or distributed annually, by the later of ninety (90) days after the end of the Partnership Accounting Year (but in no event earlier than the filing of a Partnership Tax Return and completion of the audit for such year), in the following priority, provided, however, that in the event of any conflict between this Agreement and the terms of the Ground Lease or the Deed of Trust Loan Documents, the payment obligations of the Ground Lease and the Deed of Trust Loan Documents shall control:

(i) First, subject to the limitations set forth in the Loan Documents, to the Investor Limited Partner until the total amount received pursuant to this clause
and Section 4.02(b)(ii) equals the amount of any Downward Adjuster payable under Section 3.05, including any amount that is solely attributable to a Change in Law, plus interest on such amount from the due date until paid pursuant to this clause at the rate of 9% per annum, compounded annually;

(ii) Then, to repay any Limited Partner Loans, with any such payments to be applied first to accrued but unpaid interest and then to principal;

(iii) Then, to the payment of the Asset Management Fee, subject to any limit on “Project Fees” payable to the Investor Limited Partner pursuant to the Ground Lease or the HACLA Loans (including payments accrued from all prior years);

(iv) Then, unless the Compliance Period has expired, after the date that the Operating Reserve has been reduced below $683,020, to restore the Operating Reserve to such amount;

(v) Then, to the payment of any amounts then owed with respect to the Developer Loan to the extent permitted pursuant to the HACLA Loans and the Ground Lease;

(vi) Then, to the General Partner to repay any Operating Deficit Loans, with any such payments to be applied first to accrued but unpaid interest and then to principal;

(vii) Then, to pay any outstanding Deferred Management Fee to the Management Agent;

(viii) Then, to pay any current or unpaid GP Asset Management Fees, subject to Section 7.03 and subject to any limit on “Project Fees” payable to the General Partner pursuant to the Ground Lease or the HACLA Loans (including payments accrued in all prior years);

(ix) Then, 60% of Cash Flow shall be applied towards the HACLA Loans as follows;

(A) 100% toward payment of the HACLA Acquisition Loan, until all principal and interest are repaid, and thereafter;

(B) 100% toward payment of the HACLA Bridge Loan, until all principal and interest are repaid, and thereafter;

(C) 100% toward payment of the HACLA CNI Loan, until all principal and interest are repaid;

(x) Then, whether as a result of any limitation under the Ground Lease or the HACLA Loans, HCD regulations or otherwise, remaining Cash Flow shall be applied in the order of priority set forth in Section 4.02(a)(x)(A) – (H) below;
(A) To the payment of any unpaid balance of Downward Adjusters, including any amount that is solely attributable to a Change in Law, plus interest on such amount from the due date until paid pursuant to this clause at the rate of 9% per annum, compounded annually, and LP Asset Management Fee (including payments accrued from all prior years), to the extent that such amounts were not paid to the Investor Limited Partner pursuant to Section 4.02(a)(i) (as a result of any limitation under the Ground Lease or the HACLA Loans);

(B) Then, to repay any Limited Partner Loans;

(C) To the payment of any amounts then owed with respect to the Developer Loan;

(D) Then, to the payment of any Operating Deficit Loans, with any such payments to be applied first to accrued but unpaid interest and then to principal;

(E) Then, to pay any outstanding Deferred Management Fee to the Management Agent;

(F) To the payment of any unpaid balance of the GP Asset Management Fee (including payments accrued from all prior years), to the extent that such amounts were not paid to the General Partner pursuant to Section 4.02(a)(viii) (as a result of any limitation under the Ground Lease or regulations related to the HACLA Loans);

(G) Then, on a pari passu basis as follows: (I) 10% of such remaining Cash Flow to the Investor Limited Partner as a distribution of Cash Flow and (II) 90% of such remaining Cash Flow to pay the GP Incentive Management Fee (subject to any applicable limitation on the amount of the GP Incentive Management Fees);

(xi) Then, the balance shall be distributed (I) prior to the HACLA Loan Repayment, to the General Partner, and (II) after the HACLA Loan Repayment, 65% to the General Partner and 35% to the Class A Limited Partner (the “General Partner Distribution”).

Notwithstanding anything to the contrary set forth in this Section 4.02 or elsewhere in this Agreement, in no event shall the aggregate of the following fees and distributions paid with respect to a calendar year exceed twelve percent (12%) of the Partnership’s Effective Gross Income for such calendar year: the fee paid to the Management Agent, the GP Asset Management Fee, the GP Incentive Management Fee, and the General Partner Distribution. To the extent such aggregate fees and distributions exceed twelve percent (12%) of the Partnership’s Effective Gross Income for such calendar year, the excess amounts shall be distributed 10% to the Investor Limited Partner and 90% to the General Partner.
(b) **Distributions of Net Proceeds.** Prior to dissolution of the Partnership, if the General Partner shall determine from time to time that Net Proceeds are available for distribution from a Capital Event, such Net Proceeds shall be applied or distributed as follows, subject to any restrictions in documents for any Deed of Trust Loan:

(i) First, to fund reserves for contingent liabilities to the extent deemed reasonable by the General Partner and Consented to by the Investor Limited Partner;

(ii) Second, to the extent permitted by the Ground Lease or the HACLA Loans, to the Investor Limited Partner until the total amount received pursuant to this clause and Section 4.02(a)(i) equals the amount of any Downward Adjusters, including any amount that is solely attributable to a Change in Law (including interest on such amount from the due date until paid pursuant to this clause at the rate of 9% per annum, compounded annually) payable under Section 3.05;

(iii) Then, to repay any Limited Partner Loans, applied first to accrued but unpaid interest and then to principal;

(iv) Then, to the amounts then owed for the current and accrued Asset Management Fees;

(v) Then, in the event the Net Proceeds are received prior to the end of the Compliance Period and derive from either a refinancing or other Capital Event not involving the transfer of the Apartment Complex, the transfer of Investor Limited Partner’s Interest, or dissolution of the Partnership, to restore the Operating Reserve to $683,020;

(vi) Then, to the payment of amounts then owed with respect to the Developer Loan;

(vii) Then, to the General Partner to pay any Operating Deficit Loans, with any such payments to be applied first to accrued but unpaid interest and then to principal;

(viii) Then, to pay any outstanding Deferred Management Fee to the Management Agent;

(ix) Then, to the amounts then owed for the current and accrued GP Asset Management Fee;

(x) Then, 60% of Cash Flow shall be applied towards the HACLA Loans as follows;

(A) 100% toward payment of the HACLA Acquisition Loan, until all principal and interest are repaid, and thereafter;
(B) 100% toward payment of the HACLA Bridge Loan, until all principal and interest are repaid, and thereafter;

(C) 100% toward payment of the HACLA CNI Loan, until all principal and interest are repaid;

(xi) Then, 10% to the Investor Limited Partner, 45% to the General Partner and 45% to the Class A Limited Partner.

(c) **Special Adjuster Provisions.** If at any time the General Partner fails to make any General Partner Credit Adjuster Advance to the Partnership for distribution to the Investor Limited Partner when due in accordance with the provisions of Sections 3.05, any payments of Cash Flow or Net Proceeds otherwise distributable or payable to the General Partner, the Developer or to their Affiliates pursuant to the provisions of Sections 4.02(a) or 4.02(b) shall be distributed to the Investor Limited Partner and treated as having been (i) distributed or paid by the Partnership to the General Partner, the Developer or Affiliate, as the case may be, (ii) contributed to the Partnership by the General Partner (or by the Developer in the name of and on behalf of the General Partner) and (iii) distributed by the Partnership to the Investor Limited Partner as a General Partner Credit Adjuster Advance, as appropriate.

(d) **Pending Removal Events.**

(i) Notwithstanding anything to the contrary set forth in this Agreement, the Partnership shall have no obligation to make a distribution to the General Partner, or to pay any fee or other amount due the General Partner or any Affiliate of the General Partner, during the pendency of any Removal Event relating to the General Partner.

(ii) Notwithstanding anything to the contrary set forth in this Agreement, the Partnership shall have no obligation to make a distribution to the Class A Limited Partner, or to pay any fee or other amount due the Class A Limited Partner or any Affiliate of the Class A Limited Partner, during the pendency of any Removal Event relating to the Class A Limited Partner.

(e) Intentionally Omitted.

**Section 4.03 Termination Distributions.**

(a) Upon dissolution and termination of the Partnership, after payment of, or adequate provision for, the debts and obligations of the Partnership, including fees and interest owed to the Partners (including for this purpose the amounts, if any, owed pursuant to Section 4.02(a)(i), Section 4.02(a)(v) and Section 4.02(b)(ii), the payment of which pursuant to this Section shall not result in a charge to the recipient’s Capital Account and the parties hereto agree that such amounts shall be paid prior to the payment of any debts, obligations and/or fees owed to the General Partner or Class A Limited Partner or any Affiliate thereof, and excluding GP Incentive Management Fees), the remaining assets of the Partnership (or the proceeds of sales or other dispositions in liquidation of the
Partnership Assets, as may be determined by the remaining or surviving General Partner) shall be distributed pro rata to the Partners in accordance with their respective positive Capital Account balances after taking into account all Capital Account adjustments for the year. Upon the dissolution and termination of the Partnership, no Limited Partner shall be obligated to restore any deficit balance in its Capital Account. The parties hereto agree that the Investor Limited Partner shall have the right (exercisable in its sole discretion) at any time, upon giving written notice to the General Partner, to create a deficit restoration obligation and/or to extend the years in which it may be obligated to restore any deficit balance in its Capital Account. Deficit Capital Account restoration payments shall be made by the end of such taxable year (or, if later, within 90 days after the date of such liquidation) and shall, upon liquidation of the Partnership, be paid, first, to recourse creditors of the Partnership and, thereafter, distributed to other Partners in accordance with the positive balances in their Capital Accounts. Liquidation distributions shall be made by the end of the taxable year in which the liquidation occurs or, if later, within 90 days after the date of liquidation.

(b) Notwithstanding anything to the contrary contained herein, any fee payments, loan repayments, return of capital or distributions otherwise payable or distributable to the Developer, the General Partner or any Affiliate thereof under Section 4.02 and Section 4.03(a) shall be paid to the Investor Limited Partner to the extent of any unpaid General Partner Credit Adjustor Advances (including accrued interest thereon) under Section 3.05, and shall be treated as being first (i) paid or distributed to the Developer, the General Partner or such Affiliate, as the case may be, (ii) contributed by the General Partner to the Partnership, (or by the Developer or such Affiliate in the name of and on behalf of the General Partner), and (iii) distributed by the Partnership to the Investor Limited Partner.

Section 4.04 Special Allocations. Notwithstanding anything to the contrary contained in this Agreement:

(a) Minimum Gain Chargeback. In the event that there is a net decrease in Partnership minimum gain (as defined in Regulation § 1.704-2(d)) during a Partnership Accounting Year or period, all Partners shall be allocated, before any other allocation is made of the Partnership Items for such year or period, items of income and gain for such year or period (and, if necessary, subsequent years) in the manner and to the extent required by Regulation §1.704-2(f). The allocations contained in this Section 4.04(a) are intended to be a “minimum gain chargeback” within the meaning of Regulation §1.704-2(f) and shall be interpreted consistently therewith.

(b) Partner Nonrecourse Deductions/Chargeback. Subject to the provisions of paragraph (a) of this Section 4.04, (i) any partner nonrecourse deduction (as defined in Regulation § 1.704-2(i)(2)) shall be allocated in the manner specified in Regulation §1.704-2(i) and (ii) if there is a net decrease during a taxable year of the Partnership in the minimum gain attributable to partner nonrecourse debt, then items of Partnership income and gain for such year (and, if necessary, for subsequent years) shall be allocated in the manner and to the extent required by Regulation § 1.704-2(i)(4). Additionally, any nonrecourse deductions, (as such term is defined in Regulation §1.704-2(b)(1)), of the
Partnership shall be allocated 99.99% to the Investor Limited Partner, 0.0051% to the General Partner and 0.0049% to the Class A Limited Partner.

(c) **Qualified Income Offset.** Subject to the provisions of paragraphs (a) and (b) of this Section 4.04, in the event that a Partner unexpectedly receives any adjustments, allocations or distributions described in Regulation § 1.704-1(b)(2)(ii)(d)(4), (5) or (6) as a result of which such Partner has an Adjusted Capital Account Deficit, items of Partnership income and gain shall be specially allocated to such Partner in the manner and to the extent required by such Regulation. This Section 4.04(c) is intended to be a “qualified income offset” within the meaning of Section 1.704-1(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

(d) **Limitation on Losses.** (i) If the balance in the Capital Account of a Partner is less than zero, or will become less than zero as a result of such allocation, net loss shall be allocated to such Partner only to the extent that (y) the sum of the Minimum Gain of such Partner (determined in accordance with the provisions of § 1.704-2(g) of the Regulations) plus the amount of its negative Capital Account that such Partner has agreed to restore exceeds (z) the deficit balance in the Capital Account of such Partner (determined at the end of the Partnership Taxable Year to which the allocation relates).

(ii) Any net loss not allocable to a Partner as a result of the application of Section 4.04(d)(i) shall be allocated to the Partners with positive Capital Account balances in proportion to (and to the extent of) such positive balances and thereafter in accordance with their interests in the Partnership, excluding any additional General Partner admitted pursuant to Section 8.04.

(iii) If, during any year, the Partnership incurs a Loss in excess of the Loss anticipated for such year and such excess Loss arises from expenses paid or to be paid with the proceeds of Capital Contributions or Operating Deficit Loans from the General Partner, from withdrawals from reserves, or from amounts paid by a Guarantor pursuant to the Guaranty, then, at the end of each such year, the Investor Limited Partner’s Capital Account and allocable share of Minimum Gain at the end of each year from the date of calculation through the end of the Credit Period shall be calculated. If such calculation indicates that the Investor Limited Partner would have an adjusted Capital Account deficit in any such year in the Credit Period in excess of the sum of the Investor Limited Partner’s share of Minimum Gain (determined in accordance with the provisions of Regulation § 1.704-2(g)) plus the amount of its negative Capital Account that the Investor Limited Partner has agreed to restore, then the portion of the Loss derived from the expenses described in the first sentence of this Section 4.04(d)(iii) (but not depreciation) shall be allocated to the General Partner to the extent of the projected excess adjusted Capital Account deficit of the Investor Limited Partner; provided that the General Partner shall be specially allocated an amount of gross income (before Profits and Losses are computed under Section 4.01(a)) equal to the amount of any principal repayment in any year of an Operating Deficit Loan or any repayment or return of a General Partner Capital Contribution (but in no event shall the aggregate amount of gross income allocated pursuant to this clause exceed the
aggregate amount of deductions or losses allocated to the General Partner under this Section 4.04(d)(iii).

(iv) If the General Partner has made any Capital Contributions in any Partnership Taxable Year pursuant to Section 7.02, items of expense or deduction (but not depreciation deductions) for such Partnership Taxable Year shall be specially allocated to the General Partner, (before Profits or Losses are computed under Section 4.01(a)), equal to the amount of any such Capital Contributions.

(e) In the event that, at any time or from time to time after the effective date of this Agreement, the Gross Asset Values of the Partnership Assets are adjusted in accordance with this Agreement, then, notwithstanding the provisions of Section 4.01(b), the Partners’ allocable shares of depreciation, depletion, amortization and gain or loss, as computed for tax purposes, with respect to the Partnership property, must be determined so as to take into account the variation between the adjusted tax basis of the Partnership property and the book value, in the same manner as under I.R.C. Section 704(c) and the applicable Regulations thereunder. Allocations pursuant to this paragraph (e) shall be solely for purposes of federal, state and local taxes and shall not affect or in any way be taken into account in computing a Partner’s Capital Account.

(f) If an Interest is transferred or assigned during a Partnership Accounting Year, that part of the tax incidents allocated pursuant to this Agreement with respect to the Interest so transferred shall, in the discretion of the General Partner (after consulting with the Investor Limited Partner), either (i) be based on segmentation of the taxable year between the transferor and the transferee using the interim closing of the books or any other reasonable method or (ii) be allocated between the transferor and the transferee in proportion to the number of days in such taxable year during which each owned such Interest, as disclosed on the Partnership’s books and records. Notwithstanding the foregoing, any item of income, gain, loss, expense or deduction arising prior to the admission of the Investor Limited Partner, or any such item that is inherent in any asset before such time (including without limitation the rights related to the Ground Lease), will be allocated to the General Partner. Notwithstanding anything to the contrary in this Agreement, the General Partner shall cause the Partnership to use an interim closing of the books method upon the admission of Wells Fargo Affordable Housing Community Development Corporation as the Investor Limited Partner of the Partnership.

(g) Any depreciation recapture recognized pursuant to I.R.C. Sections 1245 and 1250 and Credit recapture shall be allocated to the Partners in the same proportions that the depreciation or cost recovery deductions and Credits giving rise to such recapture were allocated among such Partners or their respective predecessors-in-interest. Any taxable income of the Partnership resulting from its receipt of debt forgiveness, donations, contributions, grants or subsidies shall be allocated to the General Partner.

(h) In the event that there is a determination that I.R.C. Section 483 or I.R.C. Section 1274 (both relating to imputed interest with respect to deferred payment sales of property) is applicable to any loans between the Partnership and a Partner or any Partner’s Affiliate, or that any loan between a Partner or any Partner’s Affiliate and the Partnership
is subject to I.R.C. Section 7872 (relating to imputed interest with respect to below-market interest rate loans), any income or deduction attributable to interest on such a loan (whether stated or unstated) shall be allocated solely to such Partner.

(i) It is the intent of the Partners that each Partner’s allocable share of income, gains, losses, deductions or credits (or items thereof) (“Partnership Items”) shall be allocated in accordance with this Article 4 to the fullest extent permitted by I.R.C. Sections 704(b) and 704(c). In order to preserve and protect the allocations provided for in this Article 4, without adversely affecting the amounts distributable upon termination of the Partnership, the General Partner, with the review and concurrence of the Partnership’s Accountants, is authorized and directed, in its reasonable judgment, to allocate Partnership Items arising in any year differently than otherwise provided for in this Article 4 if, and to the extent that, the allocations otherwise provided under this Article 4 would not be permissible under I.R.C. Sections 704(b) and/or 704(c). Any allocation made pursuant to this Section 4.04(i) shall be deemed to be a complete substitute for any allocation otherwise provided for in this Article 4, and no amendment of this Agreement or approval of any Partner shall be required with respect thereto and each Partner shall, for all purposes and in all respects, be deemed to have approved any such allocation. The allocations set forth in this Section 4.04 (the “Special Allocations”) are intended to comply with certain requirements of the Section 704 Regulations. The Special Allocations may not be consistent with the manner in which the Partners intend to divide Partnership distributions. Accordingly, the General Partner is hereby authorized and directed to divide other allocations of income, gain, loss and deductions among the Partners so as to prevent the Special Allocations from distorting the manner in which Partnership distributions will be divided among the Partners on dissolution of the Partnership. In general, the Partners anticipate that this will be accomplished by specially allocating items of income, gain, loss, and deduction among the Partners so that the net amount of the Special Allocations and such special allocations to each such Partner is zero. In the event that in any year a Special Allocation alters the allocation of tax items to the Partners during the Credit Period, to the extent possible, depreciation deductions shall nevertheless be allocated 99.99% to the Investor Limited Partner, 0.0051% to the General Partner and 0.0049% to the Class A Limited Partner.

(j) Notwithstanding anything to the contrary contained herein, the General Partner (or, if there is more than one General Partner, all of the General Partners as a group) shall be allocated not less than 0.01% or more than 90% of each material Partnership Item at all times during the existence of the Partnership. In the event that there is no allocation of a material Partnership Item to the General Partner(s) hereunder or if the amount of any material Partnership Item allocable to the General Partner(s) hereunder shall not equal 0.01% of the aggregate amount allocable to all the Partners without giving effect to this provision (other than as a result of the Special Allocations), then the amount of such Partnership Item(s) otherwise allocable to the Limited Partners hereunder shall be correspondingly reduced in order to assure the General Partner of its 0.01% share. Any such reduction shall be applied to reduce the shares of all classes of Limited Partners in proportion to their respective Interests.
(k) The Partners agree that the Partners’ Interests in Partnership profits for purposes of determining such Partners’ shares of the excess nonrecourse liabilities of the Partnership under Regulation § 1.752-3(a)(3) shall be 99.99% to the Investor Limited Partner, 0.0051% to the General Partner and 0.0049% to the Class A Limited Partner.

(l) For each Partnership Accounting Year, items of gross income or gain for such Partnership Accounting Year shall be specially allocated to the Investor Limited Partner in an amount equal to the distributions received by the Investor Limited Partner pursuant Section 4.02(a)(v) in such Partnership Accounting Year (and in any previous Partnership Accounting Year to the extent an allocation pursuant to this Section 4.04(l) was not made in such previous Partnership Accounting Year).

(m) Except as otherwise provided in this Agreement, for tax purposes all items of income, gain, loss, deduction (including nonrecourse deductions under Code Section 704 and the Regulations thereunder) or credit shall be allocated to the Partners in the same manner as are Profits and Losses.

(n) To the extent that any item of income, gain, loss, deduction or credit (including any notional item) is required, pursuant to Code Sections 6225 or 6226 and the Regulations thereunder, to be taken into account in determining Capital Accounts, such item of income, gain, loss, deduction or credit shall be allocated in the manner required by Code Sections 704, 6225 or 6226, as applicable, and the Regulations thereunder.

(o) All Losses and Credits incurred or accrued after the Admission Date, other than those arising from a Capital Event, shall (i) prior to the last day of the calendar year of the last expiring Credit Period for any building in the Apartment Complex, be allocated 99.99% to the Investor Limited Partner and 0.01% to the General Partner, and (ii) commencing the first day of the calendar year following the last expiring Credit Period for any building in the Apartment Complex, be allocated 30% to the Investor Limited Partner and 70% to the General Partner.

Section 4.05  Section 704(c) Allocations. Income, gains, losses and deductions, as determined for income tax purposes, with respect to any Partnership Asset contributed by a Partner to the capital of the Partnership shall, solely for income tax purposes, be allocated among the Partners so as to take account of any variation between the adjusted basis of such Partnership Asset to the Partnership for federal income tax purposes and its initial Gross Asset Value in accordance with I.R.C. Section 704(c) and the Regulations thereunder.

Section 4.06  Miscellaneous Allocations.

(a) If any Partnership expenditure treated as a deduction on its federal income tax return is disallowed as a deduction and treated as a distribution pursuant to Code Section 731(a), there shall be a special allocation of gross income to the Partner deemed to have received such distribution equal to the amount of such distribution. In addition, gross income in the amount of any General Partner Distribution shall be allocated to the General Partner.
(b) Except as otherwise provided in this Article 4, Profits, Losses, Credits, gain and other tax items allocated to the Limited Partners (or the General Partners) as a class shall be allocated among the Limited Partners (or the General Partners) in accordance with their relative Interests in the Partnership, as set forth in Exhibit B.

(c) Except as otherwise set forth in this Agreement, any elections or other decisions relating to allocations under this Article 4 shall be made by the General Partner (in its reasonable discretion), with the review and concurrence of the Partnership’s Accountants and the Investor Limited Partner, in such manner as reasonably reflects the purpose and intention of this Agreement.

ARTICLE 5

PARTNERSHIP BORROWINGS

Section 5.01 Authorization to the General Partner. Without otherwise limiting the right or authority of the General Partner under this Article 5 or Article 6 hereof, the General Partner is specifically authorized to execute on behalf of the Partnership all documents required by any Lender in connection with the construction, acquisition or financing of the Apartment Complex.

Section 5.02 Right To Mortgage.

(a) The Partnership has obtained or will, subject to the requirements of this Agreement, obtain financing for the Apartment Complex from the Lenders and will secure the same by execution and delivery of the Deeds of Trust. The Project Documents (other than with respect to the Construction Loan and any loans provided by the Investor Limited Partner or an Affiliate thereof) shall provide that no Person, including, but not limited to, the Partnership, any party holding an Interest in the Partnership, or any of their Affiliates, shall have any personal liability for the payment of all or any part of such Deed of Trust Loans, except as set forth in the Project Documents in existence as of the date hereof.

(b) Subject to the requirements of this Agreement, the General Partner is specifically authorized to execute such documents as it reasonably deems necessary in connection with the acquisition, improvement, operation, leasing and financing of the Apartment Complex, including, without limiting the generality of the foregoing, the Project Documents and any other document required by any Lender in connection therewith.

Section 5.03 Loans. All borrowings by the Partnership shall be subject to the terms of this Agreement and the Project Documents. To the extent borrowings are permitted, they may be made from any source, including any Partner or an Affiliate thereof. All such loans will be nonrecourse except as provided in Section 5.02(a) unless the Consent of the Investor Limited Partner has been obtained.

Section 5.04 Loan Amounts. Notwithstanding anything to the contrary set forth in this Article 5 or elsewhere in this Agreement, in no event may the General Partner cause the Partnership to enter into a First Deed of Trust Loan having a principal amount in excess of an Approved Loan Amount, or convert a Deed of Trust Loan to its permanent phase in an amount in excess of an Approved Loan Amount. The term “Approved Loan Amount” shall mean, with respect to the First
Deed of Trust Loan, the lesser of (a) $11,942,000, with annual must-pay debt service not to exceed $680,416, or (b) a principal amount that would result in (i) an annualized Debt Service Coverage Ratio of not less than 1.15 to 1.0 at Permanent Loan Conversion and a projected annualized Debt Service Coverage Ratio of not less than 1.15 to 1.0 for the remaining Compliance Period, based on the underwriting parameters set forth below. For purposes of this Section 5.04, any description of indebtedness or any other provisions of the definitions of Debt Service Coverage Ratio, Net Operating Income, Operating Expenses, or Effective Gross Income that are inconsistent with the underwriting parameters set forth below and/or this Section 5.04 in general shall be superseded by this Section 5.04. The underwriting parameters shall be as follows:

(a) The total annual “must-pay” debt service shall not exceed the sum of (i) $680,416 of principal and interest payments on the First Mortgage Loan, and (ii) the $10,000 annual Authority Compliance Fee.

(b) Gross revenues will be calculated as follows:

(i) assuming rents escalate 2% per year;

(ii) based on actual rents received from tenants in occupancy under signed leases, after giving effect to any rent concessions by spreading the amount of such concessions evenly over the term of the lease;

(iii) assuming a residential vacancy loss equal to the greater of (a) 5% for residential income, or (b) actual vacancy;

(iv) assuming other income to be the lesser of $5,472 per year (less 5% vacancy) or actual other income;

(v) rent for each unit benefitting from rental subsidy pursuant to the HAP Contract will be assumed to be Stabilization HAP Rent provided that, at the time of determining the Approved Loan Amount or Debt Service Coverage Ratio, the subsidy under the HAP Contract has been fully funded to the Partnership on a cash basis for at least one month as verified in writing by HUD. If Stabilization HAP Rent is not received on a cash basis for at least one month as verified HUD, rent for each unit will be assumed to be Achievable Rents;

(vi) rent for units having subsidy other than described in Section 5.04(b)(v) above shall be assumed to be Achievable Rents.

(c) Partnership expenses will be calculated:

(i) as being the greater of actual residential expenses or $10,900 per unit per year (including replacement reserves of $400 per unit per year and Tenant Services of $1,184 per unit per year);

(ii) assuming property management fees escalate 2% per year, replacement reserve deposits do not escalate, and other expenses escalate 3% per year; and
(iii) assuming no deferral of any management fee.

(d) All determinations as to Approved Loan Amounts, Debt Service Coverage Ratio and Project Breakeven, and the components thereof, shall use the Underwriting Parameters set forth in this Section 5.04 shall be performed and certified by the Accountants and shall be evidenced by a letter or certificate from such Accountants in form and substance reasonably satisfactory to the Investor Limited Partner.

ARTICLE 6

RIGHTS, POWERS AND OBLIGATIONS OF GENERAL PARTNER

Section 6.01 Exercise of Management.

(a) The overall management and control of the business, assets and affairs of the Partnership shall be vested in the General Partner. The General Partner shall be the managing general partner (the “Managing General Partner”) of the Partnership and shall have the right to vote in all the “major decisions” of the Partnership (a “major decision” being those acts, if any, that require a vote of a majority in interest of the general partners). Subject to the specific limitations and restrictions set forth in this Article 6 and in Article 7 hereof, the General Partner, in extension of and not in limitation of the powers given it by law, shall have full, exclusive and complete charge of the management of the business of the Partnership in accordance with its purposes stated in Section 1.04. No Limited Partner shall take part in the management or control of the business of the Partnership or have authority to bind the Partnership except as expressly set forth herein.

(b) The General Partners (if at the time more than one Person constitutes the General Partner) shall act by vote of a majority in Interest of the Persons constituting the General Partners, except where otherwise specified herein.

(c) Tax Exemption; Material Participation

(i) In the event that the Service determines that no member of the General Partner remains exempt from federal income taxation under Code Sections 501(c)(3) or 501(c)(4), the General Partner shall immediately notify the Investor Limited Partner, and, immediately after receiving any required approval of the Lender, a member of the General Partner shall be replaced with an organization exempt from tax under Code Section 501(c)(3) or 501(c)(4). In the event that General Partner withdraws (in lieu of the transfer of the sole member’s interest) pursuant to the provisions of this Section 6.01(c)(i), or the Investor Limited Partner determines that there is a reasonable probability that General Partner would not be treated as a “qualified corporation” or a “qualified nonprofit organization” as defined in Section 42(h)(5) of the Code, the General Partner shall immediately thereafter select, subject to the Consent of the Investor Limited Partner, which consent shall not be unreasonably withheld, conditioned or delayed, a substitute General Partner that shall be a “qualified corporation” or a “qualified nonprofit organization”. If General Partner is unable to provide such an
organization that will receive the required Consents, the Investor Limited Partner shall select such a substitute General Partner, subject to the consent of the Lenders (if required). General Partner shall immediately give Notice to the Investor Limited Partner of any audit or examination by the Service of its Parent’s tax exempt status.

(ii) The relationship of the General Partner to the Limited Partners is that of a fiduciary, and the General Partner has a fiduciary obligation to perform its duties in such manner as will serve the best interests of the Partnership and the Limited Partners.

(iii) [Intentionally Omitted]

Section 6.02 Powers.

(a) Subject to Article 5 and Section 6.03 and the other provisions of this Agreement, the General Partner shall have all authority, rights and powers generally conferred by law, including the authority, rights and powers of a general partner in a limited partnership, and shall have all the authority, rights and powers which it deems necessary or appropriate to effect the purposes of the Partnership, including, without limitation, the following:

(i) To employ, contract and deal with, from time to time, any Persons, including any Partner or Affiliate of a Partner (subject to the requirements of Section 6.07), in connection with the management and operation of the Partnership business, on such terms as the General Partner shall reasonably determine (subject to the requirement that the Consent of the Investor Limited Partner must be obtained (a) for any contract in excess of $50,000 and (b) for any contract having a term in excess of 24 months);

(ii) To acquire, by purchase or otherwise, and deal with such personal property as may be necessary, convenient or incidental to the accomplishment of the purposes of the Partnership;

(iii) To bring or defend, pay, collect, compromise, arbitrate, resort to legal action, or otherwise adjust claims or demands of or against the Partnership (provided, however, that the Consent of the Investor Limited Partner shall be obtained prior to (A) settlement of any claim or demand which would affect the amount of Credits or Losses allocated or allocable to the Investor Limited Partner, and (B) settlement of any claim or demand for which the liability of the Partnership or any Limited Partner is in excess of $50,000);

(iv) To pay as a Partnership expense any and all reasonable costs or expenses associated with the formation, development, organization and operation of the Partnership;

(v) To deposit, withdraw, invest, pay, retain and distribute the Partnership’s funds in a manner consistent with the provisions of this Agreement;
(vi) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Partnership, and to secure the same by grant of security interests in assets of the Partnership;

(vii) To require in any or all Partnership contracts, agreements and Deed of Trust Loan Documents (except for the Deed of Trust Loan Documents for the Construction Loan and except for the standard nonrecourse carveouts required under the Deed of Trust Loan Documents) that no Partner shall have any personal liability thereon but that the Person contracting with the Partnership shall look solely to the Partnership and its assets for satisfaction; the General Partner shall not, under any circumstances, enter into any Partnership contract that purports to create liability on the part of any Limited Partner;

(viii) To enter into any kind of activity and to perform and carry out contracts of any kind necessary to, or in connection with, or incidental to the accomplishment of the purposes of, the Partnership, so long as said activities and contracts may be lawfully carried on or performed by a partnership under the laws of the State; and

(ix) To execute, acknowledge and deliver any and all instruments to effectuate the foregoing.

(b) During the Compliance Period, the General Partner shall (i) operate the Apartment Complex and cause the Management Agent to manage the Apartment Complex in such a manner that 100% of the residential rental units, excluding 14 market rate units that will not be “low-income units” under Code Section 42(i)(3) and any manager units, in the Apartment Complex will qualify as “low-income units” under Code Section 42(i)(3); (ii) operate the Apartment Complex and cause the Management Agent to manage the Apartment Complex in such a manner that the Apartment Complex will qualify as a “qualified low-income housing project” under Code Section 42(g); and (iii) make, or cause to be made, all certifications required by Code Section 42(l).

(c) The Partners hereby designate the General Partner to serve as the “Partnership Representative” in accordance with Code Section 6223. The Partnership Representative shall timely designate, in accordance with the regulations, forms, instructions and other guidance of the Service, an individual through whom the Partnership Representative will act, provided that the Partnership Representative shall obtain the prior Consent of the Investor Limited Partner to the designation of such individual. In the event that a claim against the Partnership is made by the Service (a “Claim”) upon audit, the Partnership Representative shall, within 10 days after receiving notice of such Claim, notify each Partner of the Claim (such notice being referred to as a “Claim Notice”). The Partnership Representative shall promptly furnish to each Partner a copy of each notice or other communication received by the Partnership Representative from the Service. The Partnership Representative shall keep each Partner reasonably informed with regard to, and shall permit the Investor Limited Partner to be present at and participate in, any examinations of the Partnership’s affairs by the Service, including any resulting administrative and judicial proceedings.
The Partnership Representative shall not have the authority, without the Consent of the Investor Limited Partner, to do all or any of the following:

(i) to enter into a settlement agreement with the Service concerning the adjustment or readjustment of any Partnership Items or which purports to bind the Partnership or the Partners;

(ii) to file a request for an administrative adjustment with the Service at any time or file a petition for judicial review with respect to the Partnership or the Apartment Complex;

(iii) to intervene in any action brought by any other Partner for judicial review of a final judgment;

(iv) to initiate or settle any judicial review or action concerning the amount or character of any Partnership tax items; or

(v) to enter into an agreement extending the period of limitations for assessing or computing any tax liability against the Partnership as contemplated in Section 6235(b) of the Code.

The relationship of the Partnership Representative to each other Partner is that of a fiduciary, and the Partnership Representative has a fiduciary obligation to perform its duties in such manner as will serve the best interests of the Partnership and each other Partner.

The Partnership shall indemnify the Partnership Representative from and against judgments, fines, amounts paid in settlement, and expenses (including attorneys’ fees) reasonably incurred in any civil, criminal or investigative proceeding in which it is involved or threatened to be involved by reason of being the Partnership Representative, provided that the Partnership Representative acted in good faith, within what is reasonably believed to be the scope of its authority and for a purpose which it reasonably believed to be in the best interests of the Partnership or the Partners. The Partnership Representative shall not be indemnified under this provision against any liability to the Partnership or its Partners to any greater extent than the indemnification allowed by Section 6.06. The indemnification provided hereunder shall not be deemed to be exclusive of any other rights to which those indemnified may be entitled under any applicable statute, agreement, vote of the Partners, or otherwise.

If the Partnership receives a notice of final partnership adjustment from the Service, the Partnership Representative shall promptly forward a copy of such notice to the Investor Limited Partner and its legal counsel (in accordance with Section 13.02). The Partnership Representative shall, unless otherwise directed in writing by the Investor Limited Partner, timely file an election described in Code Section 6226(a) with respect to any notice of final partnership adjustment received by the Partnership and take such other actions as are required so that Code Section 6225 shall not apply with respect to any imputed underpayment with respect to any adjustment of an item of the Partnership or any Partner’s distributive share thereof. Each Partner shall take any and all actions necessary to effect such election, including but not limited to making any payments required under Code Section 6226(b). In the event that an election described in Code Section 6226(a) is not made with respect to any notice of final partnership adjustment, each Partner
shall be obligated to make a capital contribution in an amount equal to such Partner’s share of the imputed underpayment (and any associated interest and penalties) owed by the Partnership under Code Section 6225. For purposes of the preceding sentence, each Partner’s share of such imputed underpayment (and associated interest and penalties) shall be determined by taking into account (i) such Partner’s share of the Profits, Losses and Credits to which such adjustment and imputed underpayment relate, as determined by the Accountants; (ii) such Partner’s obligation (if any) to indemnify, defend, or hold harmless the Partnership or any other Partner for such imputed underpayment (and any associated interest and penalties) under this Agreement; (iii) such Partner’s obligations and liabilities arising from or related to such Partner’s representations, warranties and covenants in this Agreement; and (iv) the obligations of the General Partner under Section 3.05 and Section 3.06 (relating to Credit adjustments). For example, if an imputed underpayment were to relate to an adjustment or disallowance of Credits previously allocated to the Investor Limited Partner, and such adjustment or disallowance would give rise to an obligation of the General Partner to make a capital contribution under Section 3.05 and Section 3.06 (relating to Credit adjustments), then such General Partner, rather than the Investor Limited Partner, would be required to make the capital contribution described in this paragraph.

If the Partnership meets the requirements of Code Section 6221(b) to elect not to have Code Section 6221(a) apply with respect to any adjustment to Partnership tax items, the Partnership Representative may, with the written consent of the Investor Limited Partner (which consent may be withheld in the Investor Limited Partner’s sole discretion), make such election described in Code Section 6221(b) for each tax year, as applicable.

Notwithstanding anything to the contrary in this Section 6.02, none of the Partnership, the General Partner, or the Partnership Representative shall, without the prior written consent of the Investor Limited Partner (which consent may be withheld in the Investor Limited Partner’s sole discretion), take any action or make any election (or omit to take any action or make any election) under the Partnership Tax Audit Rules which would or could reasonably be expected to have a materially adverse effect on the Investor Limited Partner (or its direct or indirect owners). The rights of the Investor Limited Partner under this Section 6.02 shall survive any sale, exchange, liquidation, retirement or other disposition of the Investor Limited Partner’s Interest.

(d) The General Partner shall obtain and maintain the Property Tax Exemption for the Apartment Complex. Any savings to the Partnership and Partnership Assets attributable to the Property Tax Exemption shall be used to maintain the affordability of, or reduce rents otherwise necessary for, the units occupied by lower income individuals at the Apartment Complex in accordance with all applicable provisions of Section 214 of the RTC, as amended.

(e) The General Partner shall interface with the Agency and shall supervise all activities with the Agency reasonably necessary to ensure allocation of the Credits to the Partnership.

(f) The General Partner shall effect and supervise the compliance of the Partnership and the Apartment Complex with all Legal Requirements including, without limitation, Sections 4(b) and 5 of the Article XIII of the Constitution of the State of
California and Sections 214, 236, 254 and 259.5 of the California Revenue and Taxation Code, as amended.

(g) Subject to the terms of this Agreement, the General Partner shall undertake the following specific substantial management duties (the “Substantial Management Duties”) set forth in the subsections of this Section 6.02(g) on behalf of the Partnership:

(i) rent, maintain, and repair the Apartment Complex or, if such duties are delegated to the Management Agent participate in the hiring and overseeing of the Management Agent;

(ii) participate in hiring and overseeing the work of all persons necessary to provide services to the Partnership for the management and operation of the Partnership business including the Management Agent, auditors, attorneys, and other professionals rendering services to the Partnership;

(iii) execute and deliver all Partnership documents on behalf of the Partnership;

(iv) execute and enforce all contracts executed by the Partnership; and

(v) prepare or cause to be prepared all reports to be provided to the Partners or Lenders consistent with the requirements of this Agreement and the Project Documents, as applicable;

(vi) coordinate the efforts of the Developer, the Contractor, and the Architect in developing, and constructing the Apartment Complex;

(vii) monitor compliance with all government regulations and file or supervise the filing of all required documents with governmental entities;

(viii) acquire, hold, assign, or dispose of Partnership Assets;

(ix) borrow money on behalf of the Partnership, encumber Partnership Assets, place title in the name of a nominee to obtain financing, prepay in whole or in part, refinance, increase, modify, or extend any obligation;

(x) pay organizational expenses incurred in the creation of the Partnership and all operational expenses;

(xi) determine the amount of distributions to partners and establish and maintain all required reserves; and

(xii) ensure that charitable services or benefits, such as vocational training, education programs, childcare and after-school programs, cultural activities, family counseling, transportation, meals, and linkages to health and/or social services are provided or information regarding charitable services or benefits are made available to the low-income housing tenants of the Apartment Complex.
The General Partner, in the proper and reasonable exercise of its management authority, may delegate any or all of its Substantial Management Duties hereunder (a party to whom Substantial Management Duties are delegated shall be referred to as a “Delegated Party”). The General Partner may appoint, employ, contract or otherwise deal with any person for the transaction of the business of the Partnership. If the General Partner elects to delegate one or more of its Substantial Management Duties, the General Partner must demonstrate that it is actually supervising the performance of its delegated duties.

(h) The General Partner shall annually conduct a physical inspection of the Apartment Complex to ensure that the Apartment Complex is being used as a low income housing project meeting the requirements applicable to Credits and meeting all the requirements of the BOE and the rules promulgated by the BOE regarding the Property Tax Exemption (the “Property Tax Rules”).

(i) The General Partner shall submit a certification to the assessor for the County of Los Angeles that the Apartment Complex meets all of the requirements set forth in the Property Tax Rules applicable to the Property Tax Exemption.

(j) The General Partner will maintain records and documents evidencing the duties performed by the General Partner (“Management Documents”). Such records and documents will include:

   (i) accounting books and records;
   (ii) tax returns;
   (iii) budgets and financial reports;
   (iv) reports required by Lenders;
   (v) documents related to the construction of the Apartment Complex;
   (vi) legal documents such as contracts, deeds, notes, leases and deeds of trust;
   (vii) documents related to complying with government regulations and filings;
   (viii) documents related to property inspections;
   (ix) documents related to charitable services or benefits provided or the information provided regarding such services or benefits;
   (x) reports prepared for the Partners;
   (xi) bank account records;
(xii) audited annual financial statement of the Partnership; and

(xiii) the Management Agreement.

Section 6.03 Restrictions on Authority.

(a) Notwithstanding any other provisions of this Agreement, the General Partner shall have no authority to do any of the following:

(i) Do any act in violation of Law, any Project Document or this Agreement;

(ii) Provide anything of value (whether in cash, services or in-kind contributions) to government officials or make political contributions of any nature (whether to parties, campaigns, political action committees or otherwise) whether in the name of, or on behalf of, the General Partner or the Partnership;

(iii) Do any act required to have the Consent of the Investor Limited Partner prior to obtaining such Consent;

(iv) Borrow from the Partnership or commingle Partnership funds with the funds of any other Person; or

(v) Own property or interest in any property (and in no event shall it own any other property or interest in any property) other than its Interest in the Partnership.

(b) The General Partner shall not, without the Consent of the Investor Limited Partner (unless obtaining such Consent is inconsistent with the Uniform Act), have the authority to:

(i) Sell, exchange, pledge, transfer or otherwise dispose of (excluding any leasing to Qualified Tenants in the ordinary course of business) or, except for Permitted Liens, pledge, grant or permit a Lien with respect to, all or any significant portion of the Apartment Complex (including any land owned by the Partnership) or all or substantially all of the assets of the Partnership or any of the Partners’ Interests in the Partnership, except with respect to the Right of First Refusal, Purchase Option and Put Right Agreement;

(ii) Accept the proceeds of a grant, or increase, decrease or modify the terms of or refinance or repay (other than in accordance with its scheduled term of amortization) any loan or Deed of Trust encumbering the Apartment Complex or execute any Deed of Trust Loan Documents other than those existing as of the Closing Date;

(iii) Admit an additional Partner;
(iv) Following the completion of the construction of the Apartment Complex, construct any new capital improvement which substantially alters the Apartment Complex or its use, except (A) replacements, repairs and remodeling in the ordinary course of business or under emergency conditions, (B) construction or rehabilitation paid for from insurance proceeds or (C) any rehabilitation, repairs, remodeling or construction which is required by any Lender;

(v) Acquire any real property in the name of the Partnership in addition to the Apartment Complex (other than easements or similar rights necessary or convenient for the operation of the Apartment Complex);

(vi) Incur in the aggregate nonmortgage debt (other than Operating Deficit Loans) in excess of $25,000 or mortgage debt (other than the construction and permanent mortgage debt described in the Project Documents relating to the completion of the construction of the Apartment Complex);

(vii) Substantially change the nature of the Partnership’s business;

(viii) Voluntarily file, or consent to or acquiesce in the filing of, a petition in bankruptcy on behalf of or against the Partnership;

(ix) Enter into (other than those Project Documents entered into contemporaneously with closing), modify or amend any Project Document or this Agreement except in accordance with Section 14.03;

(x) Dissolve or wind up the Partnership;

(xi) Consolidate, merge or enter into any form of consolidation with or into any other Entity; or permit any Entity to consolidate, merge or enter into any form of consolidation with or into the Partnership;

(xii) Pledge or assign any of the Partnership’s rights with respect to all or any portion of the Capital Contribution of the Investor Limited Partner or the proceeds thereof, except to Construction Lender as collateral;

(xiii) Guaranty the indebtedness of any Person;

(xiv) Fix the interest rate on any loan that has a floating interest rate;

(xv) Cause the Partnership to obtain any federal or state grants or subsidies not expressly identified by the Project Documents;

(xvi) Cause or permit any changes or amendments to the General Partner’s organizational documents;

(xvii) Enter into any contract that purports to create liability on the part of any Limited Partner;
(xviii) Institute and/or settle any claim in connection with the Payment and Performance Bonds;

(xix) Exercise any material right or remedy pursuant to, or take any other material action with respect to, the Ground Lease, including, without limitation, terminating or amending the Ground Lease, or making any determination whether or not to restore the Apartment Complex following a casualty or condemnation; or

(xx) Enter into any easement or cross-use agreement with respect to the sharing of parks or any other space to be shared with any other development.

(c) If the General Partner requests that the Investor Limited Partner Consents to any increase, reduction, or modification of the terms of, or the closing, refinancing, prepayment, or repayment (other than in accordance with its scheduled term of amortization) of any loan to the Partnership or Deed of Trust encumbering the Apartment Complex under this Agreement, the Partnership shall reimburse the Investor Limited Partner for the its reasonable attorney’s fees (but not any internal costs of the Investor Limited Partner) incurred in response to such request, such as costs of due diligence review, negotiation, and preparation of documents, regardless of whether Consent is granted.

(d) The General Partner acknowledges that its Affiliates are parties to the Affiliate Contracts. The General Partner covenants to fully enforce the Affiliate Contracts on behalf of the Partnership (or, as applicable, to cause its Affiliates to fully enforce the terms of the Affiliate Contracts). To avoid any conflict of interest in dealings between the Partnership and the other parties to the Affiliate Contracts, the General Partner shall obtain the Consent of the Investor Limited Partner as a condition precedent to (i) amending or terminating any Affiliate Contract or (ii) taking any material action, (or in determining not to act), with respect to any Affiliate Contract. The General Partner hereby indemnifies and holds harmless the Partnership and the Limited Partners against any and all late fees, delay damages, penalty interest, or other claims, damages, or liabilities brought by a party to an Affiliate Contract against the Partnership.

**Section 6.04 Other Activities.** The General Partner shall be required to devote only so much of its time as it reasonably deems necessary for the proper management of the Partnership business. Affiliates of the General Partner may engage or possess an interest, independently or with others, in other businesses or ventures (including limited partnerships) of every nature and description, including, without limitation, serving as general partner of other partnerships which own, either directly or through interests in other partnerships, projects similar to or that compete with the Apartment Complex. Neither the Partnership nor any Partner shall have any rights in or to such ventures or the income or profits derived therefrom and nothing shall be construed to render them partners in any such business ventures.

**Section 6.05 Liability to Partnership and Limited Partners and Indemnification of Limited Partners and Partnership.**

(a) Except as otherwise provided in this Agreement, the General Partner shall not be liable, responsible or accountable in damages or otherwise to the Limited Partners
or to the Partnership for any acts performed in good faith and within the scope of authority of the General Partner pursuant to this Agreement, unless otherwise provided in this Agreement; provided, however, that the General Partner shall be liable for (i) violations of laws and for acts and/or omissions to the extent attributable to the General Partner’s fraud, willful misconduct or gross negligence, or acts outside its scope of authority, (ii) for any breach of fiduciary duty by the General Partner, (iii) breach of the General Partner’s representations, warranties or obligations under this Agreement, (iv) acts and omissions of any Delegated Party; and/or (v) other matters that the Uniform Act provides are not able to be waived.

(b) The General Partner shall indemnify, defend and hold harmless the Limited Partners and the Partnership (and the Partnership shall indemnify, defend and hold harmless the Limited Partners) from and against any loss, liability, damage, cost or expense (including reasonable attorney’s fees) relating to or arising from, and to the extent that (i) the General Partner’s acts and/or omissions constituted a violation of law, fraud, willful misconduct or gross negligence, or uncured violation of any Project Document; (ii) the General Partner breached its fiduciary duty or any obligation under this Agreement; or (iii) the General Partner breached any of the representations or warranties set forth in Section 6.09 or the covenants set forth in Section 6.10, which breach had an adverse effect on the Partnership or on any Limited Partner. Further, the General Partner shall indemnify, defend and hold harmless the Limited Partners and the Partnership (and the Partnership shall indemnify, defend and hold harmless the Limited Partners) from and against any loss, liability, damage, cost or expense (including reasonable attorney’s fees) caused by a Delegated Party. For the avoidance of doubt, this indemnification specifically applies to any loss, liability, damage, cost or expense (including reasonable attorney’s fees) incurred by the Investor Limited Partner due to (i) the failure of the Partnership Representative to timely make the election described in Code Section 6226(a) as set forth in Section 6.02 hereof or (ii) any violation of Section 6.02(c) hereof.

(c) The General Partner shall indemnify, defend and hold harmless the Investor Limited Partner and the Partnership (and the Partnership shall indemnify, defend and hold harmless the Investor Limited Partner) from and against any loss, liability, damage, cost or expense (including reasonable attorney’s fees) to the extent that any taxing authority assesses a real property transfer tax or similar tax resulting from the Ground Lease, the development of the Apartment Complex, or Investor Limited Partner’s acquisition of its Interest.

(d) The General Partner shall indemnify, defend and hold harmless the Limited Partners and the Partnership (and the Partnership shall indemnify, defend and hold harmless the Limited Partners) from and against any loss, liability, damage, cost or expense (including reasonable attorney’s fees) relating to or arising from any default or violation of the CC&Rs.

(e) The indemnification rights contained in this Section 6.05(a)-(d) (inclusive) (i) shall be joint and several recourse obligations of the General Partners (if more than one), (ii) shall survive dissolution of the Partnership and withdrawal, removal, incompetence, bankruptcy or insolvency of a General Partner, (iii) shall be cumulative of, and in addition
to, any and all rights, remedies and recourses to which any Limited Partner shall be entitled, whether pursuant to the provisions of this Agreement, at law or in equity, and (iv) shall benefit the successors and assigns of the Limited Partners.

(f) All rights of the Limited Partners to indemnification shall survive the dissolution of the Partnership, the transfer by such Limited Partners of their Interests, and the insolvency, dissolution or bankruptcy of such Limited Partner; provided, however, that a claim for indemnification hereunder must be made by or on behalf of the Person seeking such indemnification prior to the time distribution in liquidation of the Partnership assets is made pursuant to Sections 1.05 and 4.03.

(g) The obligations to indemnify a Limited Partner set forth herein shall not include indemnification for any gross negligence or intentional malfeasance or willful misconduct on the part of such Limited Partner.

Section 6.06 Indemnification of General Partner.

(a) The Partnership shall indemnify, defend and hold harmless the General Partner from and against any loss, liability, damage, cost or expense (including reasonable attorney’s fees) arising out of or alleged to arise out of any demands, claims, suits, actions or proceedings against the General Partner, in or as a result of or relating to its capacity, actions or omissions as general partner of the Partnership, or otherwise concerning the business or affairs of the Partnership; provided, however, that the acts or omissions of the General Partner shall not be indemnified hereunder as provided in the Uniform Act and also to the extent that the same resulted from negligence, fraud, willful misconduct, a violation of law, an uncured violation of any Project Document, a breach of fiduciary duty or a breach of its obligations under this Agreement. This indemnification shall be made solely from the assets of the Partnership, and no Partner shall be personally liable therefor.

(b) The indemnification authorized by this Section 6.06 shall include, but not be limited to, payment for (i) reasonable attorneys’ fees or other expenses incurred in connection with settlement or in any finally adjudicated legal proceeding, and (ii) the removal of any Liens affecting any property of the indemnitee; provided, however, that the provision of attorneys’ fees or other expenses and costs shall not be operative if the legal action is initiated by a Limited Partner of the Partnership. The indemnification rights contained in this Section 6.06 shall be limited to direct out-of-pocket loss or expense, and shall not include indirect loss or expense such as administrative or overhead expenses of the General Partner or foregone opportunity costs. The Partnership shall not pay for any insurance covering liability of the General Partner for actions or omissions for which indemnification is not permitted hereunder. Further, the Partnership shall not reimburse a General Partner for any loss or damage that it or the Partnership incurs (including, but not limited to, the recapture, disallowance or unavailability of Credits) due to the utilization of Income Averaging.

(c) The indemnification rights contained in this Section 6.06 shall be cumulative of, and in addition to, any and all rights, remedies and recourses to which the
General Partner (in its capacity as general partner) shall be entitled, whether pursuant to the provisions of this Agreement, at law or in equity.

(d) All rights of the General Partner to indemnification shall survive the dissolution of the Partnership and the death, retirement, incompetency, insolvency, dissolution or bankruptcy of the General Partner; provided, however, that a claim for indemnification hereunder must be made by or on behalf of the Person seeking such indemnification prior to the time distribution in liquidation of the Partnership Assets is made pursuant to Sections 1.05 and 4.03.

(e) The General Partner shall not be indemnified for its breach of this Agreement, including, without limitation, the representations and warranties set out in Section 6.09 or the covenants set out in Section 6.10 and 6.11, and no funds shall be advanced or expended by the Partnership for defending against such a breach.

Section 6.07 Dealing With Affiliates. Except as otherwise provided in this Agreement, with the Consent of the Investor Limited Partner, the General Partner may, for, in the name and on behalf of, the Partnership, enter into agreements or contracts for performance of necessary services for the Partnership as an independent contractor with the General Partner or Affiliates thereof, and the General Partner may obligate the Partnership to pay compensation for and on account of any such necessary services that are (i) actually provided and (ii) are not included within the existing scope of the General Partner’s (or any General Partner Affiliate’s) duties as set forth in the Project Documents; provided, however, such compensation and services shall be on terms comparable to those obtainable from qualified third parties in an arm’s-length transaction. In no event, however, may the Partnership at any time have any employees.

Section 6.08 No Salary Payable to General Partner. Except as otherwise provided in this Agreement, the General Partner shall not be paid any salary or other compensation for serving as general partner. Notwithstanding the foregoing, the General Partner shall be entitled to (a) the payment of certain fees for rendering services to the Partnership in capacities as other than a General Partner of the Partnership as provided in Article 7 and (b) reimbursement for other reasonable fees and expenses incurred on behalf of the Partnership, including costs of insurance, expenses incurred in connection with distributions to and communications with the Limited Partners and the bookkeeping and clerical work necessary in maintaining relations with the Limited Partners (including the costs and expenses incurred by the General Partner or its Affiliates in printing and mailing checks, statements and reports), and any other reasonable expenses which it may incur on behalf of the Partnership in connection with the Partnership business.

Section 6.09 Representations and Warranties. The General Partner hereby represents and warrants (and covenants, as applicable) to the Investor Limited Partner and to the Partnership that the following are true and accurate as of the date hereof (or, as applicable, as of the date(s) on which the representations are restated as being true and accurate as required in Sections 3.03 or 9.02):

(a) The General Partner has been duly organized, is validly existing and in good standing under the laws of the State (and, if different, its state of organization), has taken all necessary actions to be authorized to conduct its business as contemplated under this
Agreement and the Project Documents in the State, and has all requisite power to be the General Partner and to perform its duties and obligations as contemplated by this Agreement and the Project Documents. The execution and delivery by the General Partner of this Agreement and the transactions contemplated hereby have been duly authorized by all necessary limited liability company or other action, and the consummation of any such transactions contemplated hereby with or on behalf of the Partnership does not constitute a breach or violation of, or a default under, the statutes, regulations, bylaws or other governing instruments of the General Partner or any agreement by which it or any of its property is bound, nor a violation of any law, administrative regulation or court decree, any of which would have a material adverse effect on the Partnership.

(b) The Partnership is a limited partnership, validly existing and in good standing under the laws of the State (and, if different, in the state of its organization), is authorized to transact business in the State and has the requisite power to carry on its business, to enter into and perform under the Project Documents, and to carry out the transactions contemplated hereunder, and the Partnership has complied with all filing requirements necessary to preserve the limited liability of the Investor Limited Partner under the Uniform Act.

(c) No Events of Bankruptcy (or events which, in the course of time, would result in an Event of Bankruptcy) have occurred with respect to the General Partner or any Guarantor (or, in the case of a General Partner or Guarantor that is a partnership or limited liability company, with respect to any of its general partners, managing members, or managers).

(d) The General Partner is an accrual method taxpayer and the Developer is an accrual method taxpayer for federal income tax purposes. The books of the Partnership shall be kept on an accrual basis and the fiscal and tax year of the Partnership shall be the calendar year.

(e) Except as disclosed in writing to the Investor Limited Partner, no litigation, action, investigation, or proceeding is pending or has occurred or, to the Best Knowledge of the General Partner, is threatened, against the General Partner, the Partnership or the Guarantor (or, in the case of a General Partner or Guarantor that is a partnership or limited liability company, with respect to the general partners, managing members, or managers of such General Partner or Guarantor). Furthermore, there is no indictment or threatened indictment of the General Partner or any Guarantor, (or, in the case of a General Partner or Guarantor that is an Entity, with respect to the direct or indirect partners, members, or managers of such Entity), under any criminal statute, or commencement or threatened commencement of criminal or civil proceedings against the General Partner or any Guarantor (or, in the case of a General Partner or Guarantor that is an Entity, with respect to the direct or indirect partners, members, or managers of such Entity).

(f) The Project Documents are in full force and effect (except to the extent fully performed in accordance with their respective terms and except for such Project Documents that will be executed at a later date, including but not limited to the HAP
Contract) and no default (or event which, with the giving of notice or the passage of time or both, would constitute a default) has occurred thereunder.

(g) The application for Credits filed by the Partnership with the Agency remains true and correct in all material respects and in conformance with the requirements of the Agency’s qualified allocation plan. The Partnership has received from the Agency a 2021 reservation of Credits in the annual amount of $2,500,000. The Projected Annual Credit Amount is expected as of the date of this Agreement to be allocated by the Partnership to the Investor Limited Partner. Furthermore, the Partnership’s basis in the Apartment Complex as of December 2, 2022 (the date set by the Agency for meeting the requirements of Code Section 42(h)(1)(E)), shall exceed 10% of the reasonably expected basis in the Apartment Complex as of December 31, 2023 and the General Partner will cause the Apartment Complex to be placed in service not later than December 31, 2023. The Accountants shall prepare the certification with respect to satisfaction of the 10% test set forth in the preceding sentence and shall provide such certification (and documentation supporting the costs stated to have been incurred) to the Investor Limited Partner for its review and comment at least 10 calendar days before such certification is provided to the Agency. The General Partner shall, within 10 days of its receipt, provide to the Investor Limited Partner a copy of (i) the Valid Carryover, the Extended Use Agreement and any Forms 8609 issued to the Partnership, and (ii) any temporary or permanent certificates or permits of occupancy. The Apartment Complex is located in a “qualified census tract” or “difficult development area” as defined in Code Section 42(d)(5)(C) or is otherwise entitled to a 30% basis increase pursuant to the Agency’s rules or regulations.

(h) The General Partner has disclosed all material actions with respect to the Partnership taken by the General Partner prior to the date hereof.

(i) A copy of all material documents relating to the Partnership and the Apartment Complex have been delivered to the Investor Limited Partner, including, without limitation, the timely delivery of all reports required under Article 12.

(j) The Partnership has good and marketable leasehold title to the Apartment Complex free and clear of all material Liens (other than the Deeds of Trust and Permitted Liens), except for (A) those easements, reservations, restrictions or other matters that (i) would not materially adversely affect the Apartment Complex or its contemplated use or (ii) have been bonded against in such a manner as to preclude the holder of the Lien or claimant from having any recourse to the Partnership or the Partnership’s property or are disclosed on the Title Policy and (B) Liens for taxes and assessments that are not yet due and payable.

(k) Except for the HACLA CNI Loan, there are no outstanding loans or advances to the Partnership from the General Partner, Class A Limited Partner or their respective Affiliates (excluding, for this purpose, any loans pursuant to Section 6.12 and development advances with respect to the Apartment Complex) or from any other Person (other than the Lenders), and the Partnership has no unsatisfied obligation to make any payments of any kind to the General Partner, Class A Limited Partner or their respective Affiliates, except as set forth in Article 7 hereof.
(l) The General Partner is not, to its Best Knowledge, in default in the observance or performance of any provision of this Agreement to be observed or performed by the General Partner.

(m) The Parent holds 100% of the member interests in the General Partner. The Parent has received a determination letter from the Service that it is a qualified organization under Code Section 501(c)(3) and is exempt from tax under Code Section 501(a) (with one of the organization’s exempt purposes being the fostering of low-income housing), has conducted itself at all times in a manner consistent with such tax-exempt classification, has received no notice or other correspondence from the Service pertaining to a challenge or potential challenge of its tax-exempt status, and is aware of no reason why such tax-exempt status (now or with the passage of time) should not continue in full force and effect. The Parent is not affiliated with or controlled by a for-profit organization and has received no notice or correspondence from the Agency asserting that Parent is so affiliated or controlled.

(n) [Intentionally Omitted].

(o) To its Best Knowledge, no event has occurred which has caused, and the General Partner has not acted in any manner which will cause (i) the Partnership to be treated for federal income tax purposes as an association taxable as a corporation, (ii) the Partnership to fail to qualify as a limited partnership under the Uniform Act, or (iii) any Limited Partner to be liable for Partnership obligations in excess of its agreed-to Capital Contributions.

(p) The Land is zoned in a manner that provides for operation of the Apartment Complex as a permitted use, and neither the Partnership nor the General Partner has received any notice of any violation with respect to the Apartment Complex of any law, rule, regulation, order or judgment of any governmental authority having jurisdiction over the Apartment Complex which would have a material adverse effect on the Apartment Complex or the use, operation or occupancy thereof.

(q) The Apartment Complex is being or has been constructed in a timely manner in conformity with the Project Documents. There is no violation by the Partnership or the General Partner of Laws or any zoning, environmental or similar regulation applicable to the Apartment Complex which could have a material adverse effect thereon, and the Partnership has complied with all applicable municipal and other laws, ordinances and regulations relating to such construction and use of the Apartment Complex and has obtained (or will obtain when necessary) all permits and licenses necessary for the construction, use, occupancy and operation of the Apartment Complex. All appropriate public roadways, public utilities, including sanitary and storm sewers, water, gas and electricity are or will be available and operating properly for each unit in the Apartment Complex at the time of the first occupancy of such unit.

(r) Except for the Deed of Trust Loan Documents for the Construction Loan, and except for the standard nonrecourse carveouts required under the Deed of Trust Loan Documents, there is and shall be no personal liability of any Limited Partner for the
repayment of the principal of or payment of interest on any Deed of Trust Loan during its term.

(s) Except as previously disclosed in the Environmental Reports or by the General Partner in writing to the Investor Limited Partner, neither the Partnership nor the Apartment Complex is in violation of any Environmental Law. Neither the General Partner nor the Partnership has received any notice from any governmental agency that the Partnership, the Apartment Complex or the Land is in violation of any Environmental Law.

(t) All payments and expenses required to be made or incurred to the date of this representation in order to complete construction of the Apartment Complex in conformity with the Project Documents, to fund any reserves hereunder or under any other Project Document and/or to satisfy all requirements under the Project Documents have been paid or incurred. In addition, no failure or refusal of a Lender or other party to make any advance under the Partnership’s loan documents has occurred and is continuing.

(u) The Apartment Complex will not contain more than fourteen (14) market rate units.

(v) The Partnership owns no property other than the Apartment Complex.

(w) The General Partner owns no property (and in no event shall it own any other property) other than its Interest in the Partnership.

(x) The General Partner shall at no time develop the Apartment Complex or manage the Partnership in a manner which is not consistent with the award of points assigned by the Agency to the Partnership’s Tax Credit Application, except with the prior approval of the Agency and the Investor Limited Partner.

(y) To the General Partner’s knowledge, the land underlying the Apartment Complex contains no wetlands, tidelands, swamp, flood plain, or similarly regulated water features (collectively “Wetlands”). The General Partner has made all inquiries and conducted all investigations as are customary in the Apartment Complex jurisdiction to confirm such representation. If the General Partner becomes aware of any Wetlands located on the land underlying the Apartment Complex, or receives written notice from any applicable authority claiming a violation of Wetlands laws or regulations, the General Partner shall immediately notify the Investor Limited Partner of the same and make any necessary modifications to the Plans (subject to the Consent of the Investor Limited Partner) necessary to accommodate such Wetlands. If the Investor Limited Partner at any time becomes aware that Wetlands are, or may be, located on the land underlying the Apartment Complex, the General Partner shall conduct all investigations as may be necessary and/or required by the Investor Limited Partner to confirm whether Wetlands are present (which may include a wetlands delineation) and diligently pursue any necessary permits or approvals and take any other action required by applicable authorities. The development of the Apartment Complex will not require the Ground Lessor or the Partnership to obtain a federal, State, or other municipal wetlands permit.
(z) The Investor Limited Partner will not be required to file a HUD Form 2530 (or its equivalent) in connection with the acquisition of its Interest.

(aa) Throughout the term of the HAP Contract, the General Partner shall: (a) comply with, and shall cause the Partnership and the Management Agent to comply with the applicable HUD requirements; (b) timely submit and update and/or cause the Management Agent to timely submit and update all filings, certifications, financial information, disclosures and other instruments and documentation as required pursuant to the HUD requirements (and in the form and manner specified in the HUD requirements) including, without limitation: (i) if required, all previous participation clearance filings (2530/APPS filings) pertaining to the General Partner and/or the Management Agent, (ii) all audited financial statements pertaining to the Partnership, (iii) all owner/management certifications and other HUD required certifications of the Partnership, the General Partner and/or the Management Agent; and (iv) all disclosures of identity–of–interest relationships pertaining to the Partnership, the General Partner and/or the Management Agent; and (c) comply with, and cause the Management Agent to comply with, all HUD requirements relating to the maintenance of records relating to the Apartment Complex, the payment and reasonableness of fees and expenses incurred by the Apartment Complex, and the maintenance of accounts relating to the Apartment Complex.

(bb) The total amount of real property transfer tax, recordation tax, documentary tax, or similar tax or fee assessed by the State or any other state or local government authority upon the transfer of an interest in the Partnership to the Investor Limited Partner and Class A Limited Partner and the admission of the Investor Limited Partner and Class A Limited Partner as Partners on or before the date of the Partnership’s execution of the Ground Lease (collectively, the “Transfer Taxes”) is estimated to be $0. In consideration for the Investor Limited Partner and Class A Limited Partner executing this Agreement and agreeing to make the Capital Contributions set forth herein, the Partnership and the General Partner shall pay the Transfer Taxes and the Partnership and the General Partner hereby agree jointly and severally to indemnify the Investor Limited Partner and Class A Limited Partner against all liabilities, including court costs and reasonable attorneys’ fees and expenses, for any Transfer Taxes.

(cc) All Deed of Trust Loans have closed and all conditions precedent to the making of the loan advances under the Deed of Trust Loans have been satisfied.

(dd) Each Deed of Trust Loan has a fixed maturity date that is prior to the anticipated economic life of the Apartment Complex and the Partnership will be able to repay each Deed of Trust Loan as it matures.

(ee) The General Partner meets, and covenants that it will meet for the duration of the Partnership, the definition of “managing general partner” under the Property Tax Rules. The Parent has received an organizational clearance certificate from the BOE. The officers and directors of the Investor Limited Partner do not, individually or collectively, have a controlling or majority interest in the General Partner.
(ff) No portion of the cost of the acquisition, construction or operation of the Apartment Complex has been (or will be) funded with (i) any loan, funded in whole or in part, directly or indirectly, with proceeds of obligations the interest on which is exempt from federal income tax under Code Section 103, or (ii) federal grants within the meaning of Code Section 42(d)(5)(A) and not described in Code Section 42(i)(9).

(gg) The Ground Lease is in full force and effect. The Ground Lessor has received payment of all required rent and other sums due (if any) under the Ground Lease through the Closing Date. The Ground Lessor has not issued any notice of default under the Ground Lease that remain uncured and, to the Best Knowledge of the General Partner, the Partnership is not in default under the Ground Lease. The General Partner is not aware of the occurrence or non-occurrence of any event that, with the giving of notice, the passage of time, or both, would constitute such a default. To the Best Knowledge of the General Partner, Ground Lessor is not in default under the Ground Lease and Ground Lessor has no setoffs, defenses, or claims against the Partnership. There are no mortgages, deeds of trust or other Liens encumbering the Ground Lessor’s fee interest in the Land, except the RAD Use Agreement, the HUD CNI Restriction and the IIG Covenant.

(hh) Neither the Partnership nor the Apartment Complex shall be subject to any homeowner or community association (or similar) fees as of the Closing Date.

(i) Neither the Partnership nor the Apartment Complex is in violation of any applicable Relocation Laws. Neither the General Partner nor the Partnership has received any notice from any governmental agency that the Partnership or the Apartment Complex is in violation of any applicable Relocation Laws.

(ii) The General Partner has provided (and shall be responsible for providing in the future, as the case may be) the services relating to such matters as the syndication and sale of limited partner Interests in the Partnership, obtaining permanent financing for the Apartment Complex, negotiating the Ground Lease of the land on which the Apartment Complex is located, and all other similar matters; provided, however, if any other provision of this Agreement grants authority for any of the above actions to another Partner, such provisions shall control.

(ii) There has been no change to the information provided in the Owner’s Certification.

**Section 6.10 Covenants Relating to the Apartment Complex and the Partnership.**
The General Partner shall have the following duties and obligations with respect to the Apartment Complex and the Partnership, and covenants that:

(a) The General Partner shall cause the completion of the construction of the Apartment Complex substantially in accordance with the Plans approved by the Lenders and the Investor Limited Partner and all requirements necessary to obtain the required certificates of occupancy for the Apartment Complex units, or shall cause the same to be completed, in a good and workmanlike manner, free and clear of all mechanics’, materialmen’s or similar Liens (other than Liens that have been bonded or insured against
in such a manner as to preclude the holder of the Lien or claimant from having any recourse to the Partnership or the Partnership’s property) and shall equip the Apartment Complex or cause the same to be equipped with all necessary and appropriate fixtures, equipment and articles of personal property, including refrigerators and ranges, and shall cause all necessary certificates of occupancy for all Apartment Complex units to be obtained, all in accordance with the Project Documents. If the available debt, equity, rental income (provided that rental income may only be used for this purpose if and to the extent of Net Operating Income) or other proceeds are insufficient to (i) acquire and complete the construction of the Apartment Complex and satisfy all other Construction Completion obligations as provided in this Section 6.10(a), and (ii) provide for all other payments and expenses required to be made or incurred, including for this purpose the payment in full of (A) all change orders and Budget increases (regardless of amounts and regardless of whether they have been approved by the Lenders or the Investor Limited Partner), to the extent that available Partnership funds are insufficient to pay for such change orders or Budget increases, (B) that portion of the Developer Fee scheduled to be paid prior to or in connection with Construction Completion as indicated in Section 7.02 (if any), (C) property taxes, (D) any expenses and payments for relocation of tenants, and (E) the funding of any reserves required hereunder or under any other Project Document on or prior to the funding of the Performance Installment, the General Partner shall pay, or shall cause the Guarantor to pay such deficiency, and any such payments shall be treated as an interest-free loan to the Partnership, provided that such payments do not cause or are not projected to cause an adverse reallocation of tax benefits from the Investor Limited Partner (in the reasonable determination of the Investor Limited Partner), and the Investor Limited Partner can obtain, if desired, an acceptable legal opinion to such effect from tax counsel.

In the event that the Partnership is responsible under the Ground Lease to act or undertake any obligation or covenant, the General Partner shall cause the Partnership to act or undertake such obligation or covenant. If debt and equity proceeds available to the Partnership exceed the amount necessary to (i) pay all Costs of Improvements, (ii) otherwise achieve Construction Completion, and (iii) pay all Developer Fees (the “Excess Proceeds”), Excess Proceeds may be used, subject to the requirements of any Lender, as approved by the General Partner with the Consent of the Investor Limited Partner.

Prior to the maturity of the Construction Loan, the Partnership shall satisfy on a timely basis all conditions and requirements for the satisfaction and repayment of all obligations under the terms of the documents evidencing the Construction Loan. The General Partner shall contribute to the Partnership such funds as are necessary to fully repay the Construction Loan and achieve Permanent Loan Conversion.

(b) The Apartment Complex will be developed and operated in a manner which satisfies and shall continue to satisfy all requirements and restrictions, including tenant income and rent restrictions, (i) applicable to projects generating Credits, (ii) imposed by any Project Document (including, without limitation, any rental preferences and requirements in the HAP Contract and under the RAD and CNI programs), and (iii) necessary to comply with, or generate the benefits, amenities and services described in, the Partnership’s Tax Credit Application. The General Partner shall cause the Apartment Complex to be placed in service within the meaning of the Code on or before
December 31, 2023. All requirements shall be met which are necessary to obtain or achieve (i) compliance with the “40-60 set-aside test” as defined in Code Section 42(g)(1)(B), the “rent restriction” test pursuant to the Consolidated Appropriated Act of 2018 for the Partnership’s satisfaction of the minimum set aside requirements under Section 42(g)(1)(C) of the Code, and any special set-aside requirements pertaining to handicapped, impaired, homeless, elderly or other special needs tenants, and; (ii) the Agency’s requirements, the Ground Lessor’s requirements and the Investor Limited Partner’s underwriting requirements for not less than 9 units at or below 30% area median income (“AMI”), 14 units at or below 40% AMI, 21 units at or below 50% AMI and 17 units at or below 60% AMI; (iii) any other requirements necessary for the Apartment Complex to initially qualify, and to continue to qualify, for Credits as to 100% of the residential rental units (excluding the 14 market rate units that will not be “low-income units” under Code Section 42(i)(3) and any manager’s unit), such 100% requirement to be met from and after the end of the first year of the Credit Period, including, without limitation, all requirements imposed by Code Section 42, and (iv) issuance of all necessary certificates of occupancy, including all governmental approvals required to permit occupancy of all of the units in the Apartment Complex. In no event shall the Partnership elect income averaging under Code Section 42(g)(1)(C). Prior to the end of the first year of the Credit Period, the Partnership shall execute and record an Extended Use Agreement that is binding on all successors of the Partnership and otherwise qualifies as a valid “extended low-income housing commitment” under Code Section 42(h)(6), and shall maintain the Extended Use Agreement in full force and effect for each year of the Compliance Period. To ensure the financial feasibility of the Apartment Complex, the Agency has determined under Code Section 42(m) that the Apartment Complex is entitled to an annual Credit of at least $2,500,000. No portion of the financing or operation of the Apartment Complex will be funded with a federally funded grant (within the meaning of Code Section 42(d)(5)(A)), other grants or federal subsidies (as defined in Code Section 42(i)(2)).

(c) While conducting the business of the Partnership, the General Partner shall not act in any manner which it knows or should have known after due inquiry would (i) cause the termination of the Partnership for federal income tax purposes without the Consent of the Investor Limited Partner, (ii) cause the Partnership to be treated for federal income tax purposes as an association taxable as a corporation, (iii) cause the Partnership to fail to qualify as a limited partnership under the Uniform Act or (iv) cause a Limited Partner to be liable for Partnership obligations in excess of its unpaid Capital Contributions plus any distributions required to be returned pursuant to the Uniform Act, provided that the General Partner shall not be in breach of this Section 6.10(c)(iv) if such liability is caused by an action or inaction of any Limited Partner. The Partnership will not (A) own or acquire any asset or property other than the Apartment Complex and incidental personal property necessary for the ownership or operation of the Apartment Complex or (B) engage in any business other than that related to acquiring, owning, constructing and operating the Apartment Complex.

(d) The General Partner shall own no property other than its Interest and shall engage in no business activity other than serving as general partner of the Partnership. It shall exercise good faith in all activities relating to the conduct of the business of the Partnership, including the acquisition, operation and maintenance of the Apartment
Complex, and shall take no action in its capacity as General Partner with respect to the business and property of the Partnership which is not reasonably related to the achievement of the purpose of the Partnership.

(e) The General Partner or Parent was exclusively responsible for negotiating and performing all services incident to (i) the Partnership’s acquisition of the leasehold estate pursuant to the Ground Lease, (ii) the arranging of appropriate zoning and equity and permanent financing with respect to the Apartment Complex (including, but not limited to, reviewing the State’s qualified allocation plan, applying for Credits and obtaining such marketing and feasibility studies and appraisals as it deems reasonably necessary) and (iii) the organization and formation of the Partnership. In addition, the General Partner is responsible for the management and operation of the Partnership, including the oversight of the rent-up and operational stages of the Apartment Complex, and it shall promptly take all action that may be necessary or appropriate for the proper development, maintenance and operation of the Apartment Complex in accordance with the provisions of this Agreement and the Project Documents. In this regard, among other things, it shall have the obligations to keep the Apartment Complex in good working order and condition, reasonable wear and tear excepted, to not commit waste with respect to the Apartment Complex and to promptly repair or replace any damage to the Apartment Complex.

(f) The General Partner covenants that it shall cause the Partnership to depreciate all of its applicable property under the Alternative Depreciation System (ADS), and shall make all necessary elections under Section 168(g)(7) of the Code on a timely basis in order to make the ADS election. The General Partner timely and properly shall cause the Partnership to make an election to be treated as an “electing real property trade or business” under Section 163(j)(7)(B) of the Code (the “ERPTOB Election”), with such election being made no later than with respect to the first taxable year in which the first building in the Apartment Complex is placed in service, and the Partnership shall use the straight line method of depreciation over a recovery period of 30 years for the residential rental property portion of the Apartment Complex under Code Section 168(g)(2). The General Partner shall provide to the Investor Limited Partner a draft of the Partnership’s 2022 tax return containing the ERPTOB Election for its review and approval prior to filing such tax return. Once made, the election will be irrevocable. The General Partner shall, on behalf of the Partnership, timely elect pursuant to Code Section 168(k)(7) to opt out of any available “bonus depreciation” under Code Section 168(k).

(g) The Apartment Complex and all of (i) the fixtures, maintenance supplies, tools, equipment and the like now and to be owned by the Partnership or to be appurtenant to, or to be used in the operation of, the Apartment Complex, as well as (ii) the rents, revenues and profits earned from the operation of the Apartment Complex, will be free and clear of all security interests and encumbrances except for the Deeds of Trust and any additional security agreements (including financing statements) executed in connection with the Deed of Trust Loans.

(h) The Partnership will make on a timely basis all tax return and other filings necessary to qualify for the Credits. In addition, the General Partner will execute on behalf of the Partnership all documents necessary to elect, pursuant to Sections 732, 734, 743 and
754 of the Code, to adjust the basis of the Partnership’s property upon the request of the Investor Limited Partner. In connection with its preparation of all tax returns and forms (including initial Forms 8609 for each Building) from the date hereof, the Partnership shall receive (and provide to the Investor Limited Partner) (i) from the Accountants, the Cost Certification, in form and substance acceptable to the Investor Limited Partner, to be used by the Partnership in applying to Agency for the issuance of (A) a Valid Carryover, including satisfaction of the “10% cost incurrence” requirement of Code Section 42(h)(1)(E) and (B) Form 8609 with respect to each Building, and (ii) from the Accountants, a written agreed-upon procedure report addressing, based upon a review of the applicable tenant certifications and documents with respect to all units performed by such entity, the Qualified Basis (as such term is defined in Section 42(c)(1) of the Code) of each Building. The General Partner covenants that it will provide or cause to be provided to the Accountants (and to the Investor Limited Partner upon request) all information requested by the Accountants to determine the Qualified Basis of each Building, including, but not limited to, a copy of all tenant files, leases, certifications and income verification documentation. The General Partner shall provide the initial Forms 8609 to the Investor Limited Partner at least 14 calendar days (but in all events within 10 days of receipt thereof by the General Partner) prior to the date such Forms are required to be filed with the Service and the Consent of the Investor Limited Partner shall be received for the content of the Form(s) 8609 prior to filing. **The General Partner shall, on a timely basis, elect to defer commencement of the Credit Period pursuant to Code Section 42(f)(1).**

(i) The General Partner will hire the Accountants and provide them with such information in its possession and sign such documents as are necessary for the Partnership to make timely, accurate and complete submissions of federal and state income tax returns (and in all events such returns shall be filed with respect to the year of the Investor Limited Partner’s admission to the Partnership and each year thereafter). The parties hereto covenant and agree that the Accountants identified in Section 2.01 shall be the accountants for the Partnership for the purposes of preparing such returns, the audit of the Partnership and the matters set forth in Section 6.10(h) from the date hereof and through at least the first three tax years commencing with the year in which the Apartment Complex is placed in service by the Partnership or, if later, the first year of the Credit Period. Thereafter, the General Partner may change Accountants with the Consent of the Investor Limited Partner. The General Partner and the Partnership hereby agree, authorize and direct the Accountants to contemporaneously provide to the Investor Limited Partner copies of all tax returns, audits and any other information described in this Article 6 or Section 12.06 that the Accountants deliver to the General Partner or to the Partnership. **The General Partner agrees and acknowledges that all Partnership Tax Returns shall be provided to the Investor Limited Partner for its review and approval at least ten (10) Business Days prior to the date such tax returns are required to be filed (and, for tax returns provided in connection with each year after the first year of the Credit Period, the approval of the Investor Limited Partner to such returns shall be deemed received if no objection is received by the General Partner prior to the due date for filing; provided, however, approval of tax returns by the Investor Limited Partner shall not be treated or construed as a waiver of any of its rights or remedies under any provisions of this Agreement).**
(j) The General Partner will take all actions necessary to keep in full force and effect the Project Documents and it will not intentionally take any action or intentionally fail to take an action which would result in (a) acceleration of payments owed under any Partnership loan or (b) an uncured default under any Project Document. The General Partner shall provide to the Investor Limited Partner fully executed copies of all construction and permanent loan documents (including, without limitation, the applicable construction or permanent loan note, loan agreement, mortgage, deed of trust and all other security agreements, assignments, financing statements, guarantees, agreements, certificates and instruments executed in connection with such loan) within 30 days of the applicable loan closing.

(k) The General Partner shall furnish to the Investor Limited Partner within five Business Days of receipt thereof, a copy of any notice of default or other material notice under the Deed of Trust or any of the Project Documents (including any loan commitment) given to the Partnership or to the General Partner by the Lender. It shall also furnish to the Investor Limited Partner within five Business Days of execution a copy of all amendments or changes to the articles, bylaws, certificate, partnership agreement, operating agreement or other organizational documents of the General Partner, Class A Limited Partner, Partnership or any Guarantor (without implying the consent of the Investor Limited Partner to any such amendment or change to any such organizational document). In addition, it shall promptly respond to any reasonable requests or inquiries made in writing by the Investor Limited Partner regarding matters affecting the Apartment Complex or the Partnership.

(l) The General Partner will use all reasonable efforts to cause the Apartment Complex to be (i) developed in compliance with all applicable Laws including, without limitation, laws pertaining to (A) wetlands and (B) endangered, threatened, or rare species, and (ii) kept in compliance with all applicable zoning regulations, ordinances, and subdivision laws, rules, and regulations.

(m) The General Partner shall use all reasonable efforts to maintain the Apartment Complex and the Land so that there is no discharge, release, spillage, uncontrolled loss or seepage of any Hazardous Material in violation of any Environmental Laws or which causes a genuine risk to the health or safety of the residents, visitors or employees of the Apartment Complex. The General Partner shall cause the Partnership promptly to remedy and correct any such violation or health or safety risk should one occur. If the Partnership becomes liable, or the Investor Limited Partner becomes personally liable, for any claim, loss, damage, penalty, injunction or violation with respect to the Apartment Complex under any Environmental Law or with respect to any Hazardous Material, the General Partner shall indemnify and hold harmless (i) the Partnership for any and all costs, expenses (including reasonable attorneys’ fees), damages, or liabilities resulting from, attributable to, or in any way arising out of any violation of Environmental Law, or any Hazardous Material, or environmental conditions, whether known or unknown, under or near the property underlying the Apartment Complex (regardless of whether such violation of Environmental Law, presence of Hazardous Materials or environmental condition occurred prior to, on the date of, or following the date the Partnership acquired such property) to the extent that the Partnership is required to
discharge such costs, expenses, damages, or liabilities; and (ii) the Investor Limited Partner (except to the extent attributable to direct actions of the Investor Limited Partner) for any and all costs, expenses (including reasonable attorneys’ fees), damages, or liabilities to the extent that the Investor Limited Partner is required to discharge such costs, expenses, damages, or liabilities in whole or in part from any source other than Partnership resources. The foregoing indemnifications (i) shall be recourse obligations of the General Partner; (ii) shall survive the dissolution of the Partnership with respect to any actions, omissions or violations which occurred prior to the death, retirement, incompetency, insolvency, bankruptcy, withdrawal or removal of the General Partner (“Prior Events”) against whom the indemnification provided in this paragraph is sought to be enforced (even though such Prior Events are discovered, or claims arising from such Prior Events are asserted, after the withdrawal or removal of the General Partner); (iii) shall continue to benefit the Investor Limited Partner after its transfer of its Interest; and (iv) shall benefit the Investor Limited Partner’s successors and assigns. In addition, the General Partner shall provide the Investor Limited Partner with prompt written notice (i) upon the General Partner or Affiliate thereof obtaining knowledge of any potential or known release, or threat of release, of any Hazardous Material at or from the Apartment Complex or any other property owned, occupied or operated by the General Partner, any Affiliate of the General Partner or any Person for whose conduct the General Partner or Affiliate of the General Partner is or was responsible and whose liability may result in a Lien on the Apartment Complex, (ii) upon the General Partner or Affiliate thereof receiving any notice to such effect from any person or federal, state, or other governmental authority, or (iii) upon the General Partner or Affiliate thereof obtaining knowledge of any damage, expense or loss by any person or governmental authority in connection with the presence, assessment, containment, or removal of any Hazardous Material, including any expense or loss for which a Lien may be imposed on the Apartment Complex.

(n) The General Partner shall provide the Investor Limited Partner with prompt written notice (and with copies of appropriate correspondence) within five calendar days in the event that the Partnership receives any writing from the Service or the Agency that the Apartment Complex or any portion thereof is not in compliance with the requirements of Section 42 or is subject to a Credit recapture event or any other event that could result in an adjustment to the Credits or losses allocable to the Investor Limited Partner. In addition, upon request, it shall promptly provide to the Investor Limited Partner a copy of the annual certification required to be submitted by the Partnership to the Agency pursuant to Treas. Reg. § 1.42-5, including a copy of all required reports with respect to building code violations and the certification with respect to compliance with the Fair Housing Act.

(o) If any of the low-income residential rental units in the Apartment Complex fail at any time during the Compliance Period to constitute eligible low-income units or if the Apartment Complex is not in compliance with the requirements contained in Code Section 42, the General Partner agrees to notify the Investor Limited Partner within five calendar days of its knowledge of such event or occurrence and the General Partner shall promptly commence and diligently prosecute to completion all actions reasonably necessary to bring the dwelling units or the Apartment Complex, as the case may be, into compliance with the requirements of Code Section 42, such that the Apartment Complex will qualify and continue to qualify for Credits during the Compliance Period as projected.
In addition, if at any time after attainment of Project Breakeven for 30 consecutive days, less than 90% of the units in the Apartment Complex are physically occupied by Qualified Tenants who are current in the payment of rent under their leases, then the General Partner shall within five (5) Business Days of such event provide written notification of same to the Investor Limited Partner.

(p) The General Partner shall establish and maintain reasonable reserves to provide for working capital needs, improvements, replacements and any other contingencies of the Partnership. At a minimum, the General Partner shall cause the Partnership to establish and maintain the following reserves:

(i) **Replacement Reserve**: A segregated, FDIC insured replacement reserve at a financial institution selected by the General Partner (or with another lender if required pursuant to any Deed of Trust Loan documents), to be funded with a monthly payment throughout the term of this Agreement, commencing at the earlier of the date required by any Lender pursuant to any applicable Deed of Trust Loan or November 1, 2024, at an annualized rate of $400 per dwelling unit, or such higher amount as is required by any Lender (the “Replacement Reserve”). Funds in the Replacement Reserve shall not be used for any purpose other than capital improvements and no disbursements shall be made from the Replacement Reserve in excess of $7,500 (or as otherwise approved in any Partnership budget approved by the Investor Limited Partner), per year, without the prior Consent of the Investor Limited Partner. Following the expiration of the Compliance Period for the Apartment Complex, if and to the extent permitted by the Lenders, the Agency and any other applicable governmental body having authority over the Apartment Complex and the distribution of Partnership reserves, funds remaining in the Replacement Reserve, if any, shall remain in place to be spent on capital expenditures and operating expenses of the Partnership in the reasonable discretion of the General Partner.

(ii) **Operating Reserve**: In addition, concurrently with the Performance Installment, the General Partner shall cause the Partnership to establish, and thereafter maintain, a segregated, FDIC insured operating reserve at a financial institution selected by the General Partner (or with another lender if required pursuant to any Deed of Trust Loan documents) (the “Operating Reserve”). The Operating Reserve account shall be fully funded in the amount of $683,020 from sources other than the Investor Limited Partner’s Capital Contribution. The Operating Reserve shall require the signatures of both the General Partner and the Investor Limited Partner before withdrawals therefrom can be made. Prior to the end of “Period 1” (as such term is defined in Section 6.12), Operating Deficits must be funded by Operating Deficit Loans, without any application of the Operating Deficit Loan Cap. The Operating Reserve may only be used to pay any operating expenses, debt service obligations or other expenses of the Partnership approved by the Partners and accrued or paid subsequent to the expiration of “Period 1”. Subsequent to Period 1, the Operating Reserve may be used to pay Operating Deficits prior to the General Partner’s obligation to fund Operating Deficits through Operating Deficit Loans. The Operating Reserve shall
be replenished from Cash Flow pursuant to Section 4.02(a) and/or from Net Proceeds pursuant to Section 4.02(b) to the extent necessary to maintain a balance of $683,020. Following the expiration of the Compliance Period for the Apartment Complex, if and to the extent permitted by the Lenders, the Agency and any other applicable governmental body having authority over the Apartment Complex and the distribution of Partnership reserves, funds remaining in the Operating Reserve, if any, shall remain in place to be spent on capital expenditures and operating expenses of the Partnership in the reasonable discretion of the General Partner, or used to pay any outstanding Developer Loan. No use of funds in the Operating Reserve shall constitute the making of an Operating Deficit Loan or be applied against the Operating Deficit Loan Cap.

(iii) Following the expiration of the initial Compliance Period for the Apartment Complex, all Partnership reserves shall remain in place, to be spent on capital expenditures and operating expenses of the Partnership in the reasonable discretion of the General Partner. No sooner than eighteen (18) months and no later than twelve (12) months before the end of the Compliance Period, the General Partner shall submit to the Investor Limited Partner, for the Investor Limited Partner’s review and approval, a plan (the “Spend-Down Plan”) for the use, during the remainder of the Compliance Period, of the remaining funds in the Operating Reserve and the Replacement Reserve (the “Remaining Reserve Funds”). Such Spend-Down Plan may include acceptable uses that will benefit the Apartment Complex or its residents, including capital improvements to the Apartment Complex. The Investor Limited Partner shall approve the proposed Spend-Down Plan so long as the Investor Limited Partner determines, in its sole discretion, that (a) there are no outstanding defaults under this Agreement or any Project Document, (b) the proposed uses described in the Spend-Down Plan are acceptable Apartment Complex uses, (c) the amount of Remaining Reserve Funds is sufficient to pay the costs contemplated by the Spend-Down Plan, (d) the Spend-Down Plan is otherwise acceptable to the Investor Limited Partner, and (e) the Spend-Down Plan complies with HUD requirements. The determination by the Investor Limited Partner as to the appropriate amount of Remaining Reserve Funds will be based on the then-current cash balances in each of the Operating Reserve and the Replacement Reserve, reduced by (1) the portion of the Remaining Reserve Funds already earmarked for specific expenditures, (2) a determination made by the Investor Limited Partner of the amount, if any, of the Remaining Reserve Funds that will be needed to pay for Operating Deficits that may occur prior to the end of the Compliance Period, and (3) a calculation of any outstanding obligations owed to the Investor Limited Partner pursuant to this Agreement or any Project Document.

Funds from accounts referenced in this Section 6.10(p) which are held at Wells Fargo Bank, N.A. shall only be disbursed in accordance with the DIA.

(q) Notwithstanding any language to the contrary in the Agreement, for the full term of the Extended Use Agreement, the California Tax Credit Allocation Committee (“CTCAC”) requires that all funds in project reserve accounts described in the Agreement
shall remain with the Apartment Complex to be used for the benefit of the Apartment Complex and/or its residents. CTCAC’s only exception to the foregoing is the release of Operating Reserves to pay deferred developer fees following the achievement of a minimum annual debt service ratio of 1.15 for three (3) consecutive years following stabilized occupancy. Any more restrictive requirement set forth in this Agreement governing the release of any reserves shall not be superseded by any less restrictive standard imposed by CTCAC.

(r) The General Partner shall cause the Partnership to maintain in full force and effect with reputable licensed insurers (each insurer must have a Standard & Poor’s rating of “A-VI” or better or a rating from A. M. Best Co. of A-VI or better) as follows:

(i) General liability coverage listing the Partnership and Investor Limited Partner as “additional insureds” or “named insureds” in the amount of $5,000,000;

(ii) Contractor’s general liability coverage including “completed operations” listing the Contractor as a “named insured” and the Partnership and Investor Limited Partner as “additional insureds” in the amount of $1,000,000 for each occurrence;

(iii) Builder’s Risk or property coverage in special form/“all risk” listing the Partnership and Investor Limited Partner as “lender’s loss payee,” “loss payee” or “named insured” in an amount equal to the Apartment Complex’s insurable replacement value as determined by the Investor Limited Partner;

(iv) Business interruption insurance in an amount equal to the greater of (i) aggregate projected rental income assuming each unit in the Apartment Complex is rented at (A) the then-maximum permitted rent under Code Section 42 (adjusted annually) or (B) rental income for the prior twelve (12) months (adjusted annually), commencing on or before the date of Construction Completion;

(v) Terrorism coverage (both property and liability);

(vi) If the Investor Limited Partner or any Lender determines that the Apartment Complex (or any portion thereof) is in a Special Flood Hazard Area, flood insurance coverage equal to the lesser of (i) the outstanding principal balance of the loans on the project; (ii) the sum of the maximum coverage amount available under the National Flood Insurance Program for each Building and, if applicable, each Building’s contents (currently $500,000 per building and $100,000 for each Building’s contents) or (iii) the sum of the building’s insurable value as determined by the Investor Limited Partner and, if applicable, its contents; and

(vii) Additional coverage as may be required by the Investor Limited Partner and/or Lenders.

The maximum deductible for all types of coverage shall be $25,000 except with respect to flood coverage, for which the deductible shall be the maximum deductible
allowed under The National Flood Insurance Program ($25,000 for participating communities and $50,000 for non-participating communities).

Title to the Apartment Complex shall be insured at all times by a reputable title insurance company in an amount equal to at least the sum of the then outstanding debt secured by the Apartment Complex plus the amount of the Investor Limited Partner’s Capital Contribution commitment reflected on Exhibit B hereto. All required insurance will be and shall be in effect and will be kept in full force and effect during the Partnership’s ownership of the Apartment Complex and each policy will include a provision requiring the insurance company to notify the Limited Partners in writing 30 days (10 days for cancellation due to nonpayment of premium) prior to the cancellation of any such policy. The Partnership shall not suspend, cancel, terminate or reduce the coverage or limits of each insurance policy required by this Section without in each case receipt of the prior written consent of the Investor Limited Partner not less than thirty (30) days prior to the effective date of such suspension, cancellation, termination or reduction, as applicable. The General Partner shall provide to the Investor Limited Partner a copy of any notice of cancellation regarding any insurance policy required hereunder (with the exception of the annual notice of cancellation of any such insurance policy delivered to the Partnership in the ordinary course of business) within five (5) days of receipt thereof. The General Partner shall deliver to the Investor Limited Partner evidence that all insurance required hereunder has been obtained, continued or replaced with a policy meeting the conditions of this Agreement on or before 15 calendar days prior to any expiration or cancellation of a policy. The General Partner shall cause the Partnership to comply with the insurance provisions of all Project Documents. Subject to the rights of Deed of Trust Lenders, the General Partner shall cause the proceeds of property insurance required by this Agreement shall be used to restore or rebuild the building, including the Apartment Complex, unless the Partners mutually agree otherwise.

(s) The Investor Limited Partner may obtain, on behalf of the Partnership and at the Partnership’s expense, any insurance required pursuant to this Agreement if the General Partner fails to do so. The Investor Limited Partner also may, at its sole option and sole cost, require that the Partnership obtain types and amounts of insurance in addition to those described in Section 6.10(q). In such event, the General Partner shall cooperate with the Investor Limited Partner in coordinating the various policies such that each insurer is aware of the other policies and shall ensure that the Partnership’s policies obtained pursuant to Section 6.10(q) (i) constitute primary coverage, and (ii) do not contain provisions that reduce the obligations under such policies due to the existence of the additional policies required by the Investor Limited Partner under this Section 6.10(r).

(t) Subject to applicable zoning laws, the General Partner shall cause the Partnership to display such financing signs at the Apartment Complex as reasonably requested by the Investor Limited Partner and shall cause the Partnership to comply with any signage requirements set forth in the Ground Lease. In addition, except as otherwise required by applicable governmental agencies or regulations, the General Partner shall not discuss or otherwise disclose any of the terms or conditions of the Investor Limited Partner’s investment in the Partnership without the Consent of the Investor Limited Partner.
(u) The General Partner will notify the Partners of any “reportable transaction” under Regulation Section 1.6011-4 in which the Partnership or the General Partner shall engage.

(v) The General Partner shall provide to the Investor Limited Partner at least thirty (30) days’ advance written notice of any ribbon cutting, groundbreaking, project opening or similar ceremony relating to the Apartment Complex and the Investor Limited Partner shall be entitled to attend any such ceremony and be publicly recognized. Further, the General Partner shall provide the Investor Limited Partner at least thirty (30) days’ advance written notice of any press release or other scheduled public relations event featuring the Apartment Complex, and shall include reference to Wells Fargo’s financing in such press release/at such event if so requested by the Investor Limited Partner.

(w) The General Partner acknowledges that the Investor Limited Partner is required, pursuant to federal law and the applicable sections of the “Patriot Act,” to obtain, verify, and record certain financial and personal information in the fight to stop the funding of terrorism and money laundering activities in the United States. With respect to the Investor Limited Partner’s compliance with such laws, the General Partner agrees that it shall assist, cooperate and, to the extent reasonably requested to do so, supply such information to the Investor Limited Partner.

(x) Unless not permitted by the Extended Use Agreement, the Valid Carryover or the Tax Credit Application and subject to the Right of First Refusal, Purchase Option and Put Right Agreement, if requested to do so by the Investor Limited Partner at any time after the completion of the 14th year of the Compliance Period, the General Partner shall submit a written request to the Agency in accordance with Code Section 42(h)(6)(E)(II) to find a Person (which may include the General Partner or an Affiliate) to acquire the Partnership’s interest in the low-income portion of the Apartment Complex and/or take such other action permitted or required by the Code as the Investor Limited Partner may reasonably request to effect a sale of the Apartment Complex or to terminate the Extended Use Agreement.

(y) No portion of the cost of the acquisition, construction or operation of the Apartment Complex has been (or will be) funded with federal grants within the meaning of Code Section 42(d)(5)(A) and not described in Code Section 42(i)(9).

(z) It is reasonable to expect that the fair market value of the Apartment Complex upon Construction Completion and, throughout the terms of the Deed of Trust Loans, will exceed the aggregate principal amounts of, and all outstanding accrued but unpaid interest on, the Deed of Trust Loans. Each Deed of Trust Loan has a fixed maturity date which is prior to the anticipated economic life of the Apartment Complex and it is reasonable to expect that the Partnership will be able to repay the Deed of Trust Loans as they mature.

(aa) The General Partner shall cause itself and the Partnership to remain in good standing in accordance with the requirements of the State and shall, upon request, provide
to the Investor Limited Partner a current certificate of good standing for each entity at the same time it submits the Partnership Tax Returns pursuant to Section 6.10(i).

(bb) The General Partner shall cause Tenant Services to be provided to the tenants of the Apartment Complex, as the same may have been amended or modified, pursuant to the Tenant Services Agreement and other written agreements in form and substance acceptable to the Investor Limited Partner in its reasonable discretion for the term of the HAP Contract.

(cc) The General Partner shall cause the Partnership to obtain the Property Tax Exemption for the affordable housing and other exempt uses and maintain it throughout the Compliance Period. The General Partner or the Parent must at all times remain a qualified nonprofit organization meeting the requirements of the Property Tax Rules. The General Partner shall comply with all Property Tax Rules including, without limitation, the filing and certification requirements of Section 254.5 of the RTC, and shall take all steps necessary to obtain an organizational clearance certificate from the BOE and an exemption from the local assessor including, without limitation, filing forms 267-L1, 277, and 277-L1, or 236, if applicable.

(dd) [Intentionally Omitted].

(ee) If required, the General Partner shall cause the Partnership and the Contractor to pay Davis-Bacon prevailing wage rates in accordance with HUD requirements, as well as the requirements of State Prevailing Wage Laws with respect to all work performed under the General Contract, any subcontracts associated therewith, and any subsequent repairs or construction corrections to the Apartment Complex completed under the warranty provided by the Contractor (or subcontractor) or performed in connection with the General Contract and/or any subcontracts associated therewith. The applicable Davis-Bacon wage decision and the HUD 4010, Federal Labor Standards Provisions will be inserted into any construction contract for the Apartment Complex that is subject to Davis-Bacon requirements.

(ff) The General Partner shall cause the Partnership to (i) record a memorandum of lease with respect to the Ground Lease and (ii) fully comply with the Ground Lease. The Partnership may not amend or modify the Ground Lease, accept a voluntary termination or surrender of the Ground Lease, or take any material action with respect to the Ground Lease, without the Consent of the Investor Limited Partner.

(gg) The General Partner represents and warrants that it has taken, and covenants that it shall take, all actions necessary or required to cause the Partnership to timely satisfy the Agency’s “Readiness to Proceed” requirements in strict accordance with the requirements set forth in the Agency’s Preliminary Reservation Letter dated October 20, 2021 and in the Agency’s Regulations, California Code of Regulations Title 4, Division 17, Chapter 1, Section 10325 (the “Readiness to Proceed Requirement”). The General Partner shall provide the Investor Limited Partner with the package of documents required to be submitted to the Agency in connection with the Readiness to Proceed Requirement (the “Readiness to Proceed Package”), and the General Partner covenants that it will
provide the Investor Limited Partner with a copy of the Agency’s Approval of the Readiness to Proceed Package within ten (10) days of its receipt of such approval, which shall be subject to the Investor Limited Partner’s approval in its reasonable discretion.

(hh) General Partner shall cause the Partnership to continuously comply in all respects with all applicable Relocation Laws.

(ii) The General Partner shall cause the Partnership to use an interim closing of the books method upon the admission of the Investor Limited Partner to the Partnership.

(jj) If requested by the Investor Limited Partner, the General Partner shall deliver unredacted copies of the Major Subcontracts to the Investor Limited Partner within twenty (20) days of execution (or any time thereafter upon request).

(kk) The General Partner covenants that it will ensure the Partnership complies with all federal, state and local tax withholding and reporting obligations associated with (i) any payment made, directly or indirectly, from the proceeds of a Limited Partner capital contribution and (ii) any payment required by, or made on behalf of, the Investor Limited Partner, including but not limited to payments required in connection with any Consent.

(ll) At no time shall the Partnership own any motor vehicle.

Section 6.11 Construction of the Apartment Complex. Prior to Construction Completion, the General Partner shall have the following duties and obligations with respect to the Apartment Complex:

(a) The General Partner shall provide, at the Partnership’s expense, all manner of materials, labor, implements and cartage of every description for the proper and complete construction of the Apartment Complex in accordance with the Plans. In addition, the Partnership shall take all necessary steps to assure that construction and installation of the Apartment Complex improvements shall begin within 15 days following the date of receipt of a notice to proceed, and, in any event, not later than 15 days following the date of this Agreement, shall proceed continuously and diligently, and shall be completed in a timely manner in accordance with the Plans and the applicable construction documents. In addition, the General Partner shall provide the Investor Limited Partner with the construction development schedule for the Apartment Complex, and any amendments thereto, prior to the commencement of construction of the Apartment Complex.

(b) The General Partner agrees that it will correct or cause to be corrected any work performed and replace or cause to be replaced any materials that do not comply with the Plans, and correct or cause to be corrected any latent defects, regardless of when discovered. In the event of any dispute between the Partnership and any Lender or Investor Limited Partner with respect to the interpretation and meaning of the Plans, the same shall be determined by an independent architect selected by the Lenders and the Investor Limited Partner.
(c) All labor and materials contracted for and in connection with the construction of the Apartment Complex shall be used and employed solely on the Apartment Complex and in said construction, and only in accordance with the Plans. The moneys disbursed to or for the account of the Partnership under this Agreement shall constitute a trust fund in the hands of the Partnership or other payee and shall be used solely by such payee for the payment of the Costs of Improvements and for no other purpose unless another use is specifically provided for in this Agreement or Consented to by the Investor Limited Partner and the Lenders.

(d) The General Partner shall on behalf of the Partnership promptly pay and discharge or cause to be paid and discharged, as and when due, any and all income taxes (federal or otherwise) lawfully assessed and imposed upon the Partnership, and any and all lawful taxes, rates, levies and assessments whatsoever upon the Partnership’s properties and every part thereof, or upon the income or profits therefrom and all claims for labor, materials or supplies which, if unpaid, might be or become a Lien or charge upon any of the Partnership’s property; provided, however, that nothing herein contained shall be construed as prohibiting the Partnership from diligently contesting in good faith by appropriate proceedings the validity of any such taxes, rates, levies or assessments, provided the Partnership has established adequate reserves therefor in conformity with generally accepted accounting principles consistently applied on the books of the Partnership.

(e) The General Partner shall cause the construction and equipping of the Apartment Complex (including, without limitation, all tenant improvement work) to be performed in a timely and good and workmanlike manner in accordance with the construction schedule approved by Investor Limited Partner prior to the Admission Date (the “Construction Schedule”), and to be prosecuted with diligence and continuity and, in all respects, in accordance with the approved Plans and otherwise in accordance with this Agreement, the Project Documents (as applicable) and in compliance with all Laws.

(f) Subject to the requirements of any Deed of Trust Loan and the Ground Lease, the General Partner agrees to use all commercially reasonable means to cause the Lenders and the Ground Lessor to apply all insurance proceeds resulting from casualty or damage of the Apartment Complex (a “Casualty”) and all payments or awards resulting from a taking, for any public or quasi-public purpose, by any lawful power or authority by exercise of the power of condemnation or eminent domain (a “Taking”), promptly toward the restoration, replacement or rebuilding of the Apartment Complex, or any part thereof, as nearly as possible to its value, condition and operational character immediately prior to any such damage, destruction or taking (a “Restoration”), free and clear from any and all Liens and claims other than Permitted Liens; provided, however that nothing herein contained shall be construed as prohibiting the Partnership from diligently contesting in good faith by appropriate proceedings the validity of any Liens and claims.

(g) The General Partner shall not consent to the sale, assignment or transfer of any loan of any Lender or the Ground Lease by the Ground Lessor, or any portion thereof, without first obtaining the Consent of the Investor Limited Partner, which shall not be unreasonably withheld.
(h) Intentionally Omitted.

(i) The Partnership shall not accept or permit materials to be stored on the real property upon which the Apartment Complex is being constructed if such materials are not intended to be used in connection with the Apartment Complex. No Capital Contributions will be made or funds advanced for materials stored at the Apartment Complex unless the General Partner furnishes satisfactory evidence, as determined by the Investor Limited Partner in its sole discretion, that such materials are properly stored and secured at the Apartment Complex and subject to such terms and conditions as the Investor Limited Partner may determine, which may include proof of sufficient insurance against risk of loss for full replacement cost with a standard loss payee endorsement. The Investor Limited Partner may impose limitations on the aggregate cost of materials stored at the Apartment Complex. All stored materials must be incorporated into the Apartment Complex within sixty (60) days of the request for funding regarding such materials, and the Investor Limited Partner may impose such additional conditions and requirements as it deems appropriate in its sole discretion. In the event any materials stored at the Apartment Complex are stolen, lost or in any other manner misplaced, destroyed or rendered unusable prior to the making of a Capital Contribution with respect thereto, the Investor Limited Partner shall not be obligated to make any Capital Contribution with respect thereto or on account of the cost of replacement thereof. Capital Contributions may be made for deposits placed with suppliers or for materials in fabrication or for costs incurred by the Partnership with respect to materials stored offsite of the Apartment Complex in the sole discretion of the Investor Limited Partner, and if such Capital Contributions are so permitted by the Investor Limited Partner, they shall be made subject to such terms and conditions as the Investor Limited Partner may require.

(j) The General Partner shall disclose to the Investor Limited Partner any event that would prevent payment or reduce the amount of the Capital Contribution to be paid when due under this Agreement and, as a condition to the payment of each Installment, the General Partner shall furnish evidence satisfactory to Investor Limited Partner that the undisbursed proceeds of the Capital Contribution, plus the amount of the Deed of Trust Loans, and any additional sums deposited by General Partner, less any deferred fees due the General Partner or the Contractor, will be sufficient to pay the Costs of Improvements of the Apartment Complex.

(k) The General Partner shall furnish to the Investor Limited Partner such other approvals, opinions, certificates, documents or agreements as the Investor Limited Partner may reasonably request, in form and substance reasonably acceptable to the Investor Limited Partner.

(l) The General Partner agrees to provide notice to the Investor Limited Partner of any change in the financial condition of the General Partner or Guarantor that could have a material adverse effect on the ability of the General Partner or Guarantor to satisfy their respective obligations under the Project Documents or this Agreement.

(m) The General Partner agrees to obtain the Consent of the Investor Limited Partner for all monthly construction draw requests submitted to Lender along with copies
of any exhibits thereto and supporting documentation thereto, including without limitation, any Inspectors’ reports and AIA Forms.

(n) The General Partner agrees that (i) the General Partner shall obtain the prior Consent of the Investor Limited Partner, and, if required under the Deed of Trust Loan Documents, consent of the Lenders, prior to making any material change order or material increase or reduction in the Budget; (ii) the General Partner shall make Capital Contributions to the Partnership to pay for any change order or Budget increase if either (A) available Partnership funds are insufficient to pay for such change order or Budget increase (regardless of amount or receipt of prior Consent), as described in Section 6.10(a), or (B) the change order or Budget increase is material and the General Partner has failed to obtain the prior Consent of the Investor Limited Partner, and, if required under any Deed of Trust Loan Documents, the Consent of any Lender; and (iii) the General Partner shall, upon demand by the Investor Limited Partner, promptly make Capital Contributions to the Partnership to reimburse the Partnership for any previously paid material change order or Budget increase that has not received the required consent of the Limited Partners or any Lender. For purposes of this paragraph, a change order or a Budget increase or reduction shall be deemed to be a material amount if the same in any single instance equals or exceeds $200,000, or if the Budget increase or reduction or change order, together with all prior Budget increases or reductions or change orders, aggregates a sum exceeding $500,000. Furthermore, the General Partner shall provide to the Investor Limited Partner, within 30 days after making any change order or any Budget increase or reduction, a report of the nature, amount and source of payment of such change order or Budget increase or reduction.

Section 6.12 Operating Deficit Loans. If, at any time prior to the satisfaction of all conditions precedent to the making of the Final Installment (“Period 1”), an Operating Deficit exists, the General Partner shall fund the Operating Deficit without limitation as to amount through Operating Deficit Loans. The General Partner’s obligation to fund Operating Deficits through Operating Deficit Loans shall continue in an additional amount (i.e., not reduced by any Operating Deficit Loans made in Period 1) not to exceed $750,000 in the aggregate (the “Operating Deficit Loan Cap”). If, however, (i) the Accountants have certified to the Investor Limited Partner in writing (supported by the Partnership’s annual audited financial statements) that the Apartment Complex has maintained an average Debt Service Coverage Ratio of 1.15 or better for any period of 12 consecutive months commencing at least two (2) years after Period 1, (ii) the Construction Loan has been repaid in full and Permanent Loan Conversion has occurred, and (iii) the Partnership shall have received IRS Form 8609 for the Apartment Complex, (iv) any Downward Adjusters, including any amount that is solely attributable to a Change in Law, if any, owed to Investor Limited Partner pursuant to Section 3.05 of this Agreement, shall have been made, (v) the current amount in the Operating Reserve is not less than $683,020, (vi) no default by General Partner shall exist hereunder, (vii) [Intentionally Omitted], and (viii) no default shall exist under the Guaranty by the Guarantor, the General Partner’s obligations under this Section 6.12 shall be terminated. Prior to any release of the General Partner’s obligation to fund Operating Deficits through Operating Deficit Loans, the satisfaction of the criteria for such release must be attested to and documented by the Accountants in form and substance reasonably acceptable to the Investor Limited Partner, and such documentation must be delivered to the Investor Limited Partner. Notwithstanding anything to the contrary set forth in this Agreement, after Period 1, funds in the
Operating Reserve may be used to pay Operating Deficits before the General Partner will be obligated to fund Operating Deficits by making Operating Deficit Loans.

No use of funds in the Operating Reserve shall constitute the making of an Operating Deficit Loan or be applied against the Operating Deficit Loan Cap.

An Operating Deficit Loan shall not be treated as funded for purposes of determining application of the limits on the Operating Deficit Loan obligations set forth in the prior paragraph if and to the extent the principal amount of any Operating Deficit Loan has been repaid to the General Partner pursuant to Section 4.02 after Period 1.

All Operating Deficit Loans shall be unsecured, shall bear no interest and shall be repayable only from Cash Flow or Net Proceeds as provided in Article 4. No Person who is not a party to this Agreement (including, without limitation, any creditor of the Partnership) shall be entitled to rely on the General Partner’s undertaking to make Operating Deficit Loans as set forth in this Section 6.12.

The parties hereto agree that nothing in this Section 6.12 shall reduce, limit or otherwise affect the obligations of the General Partner to make General Partner Credit Adjuster Advances as set forth in Section 3.05 of this Agreement.

The General Partner shall have the right, but not the obligation, to make Operating Deficit Loans to cover any “Excess Deficit”, provided, however, the General Partner acknowledges and agrees that (i) its failure to pay any Excess Deficit within 180 days (or such shorter time period as needed to avoid a default under or violation of any Project Document), or the failure to pay any Excess Deficits that are incurred during such 180 day period that continue to exist following such 180 day period (or by such earlier period as needed to avoid a default under or violation of any Project Document), shall be grounds for automatic removal of the General Partner under Section 8.04 of this Agreement, and (ii) upon such failure to pay any such Excess Deficits, the General Partner shall remove the Management Agent and engage a replacement Management Agent satisfactory to the Investor Limited Partner. The term “Excess Deficit” shall mean an Operating Deficit (i) with respect to a period occurring after Period 1, (ii) with respect to a period occurring after the General Partner has fully met its obligations to make Operating Deficit Loans up to the maximum amount of $750,000 pursuant to this Section 6.12 or the obligation to make Operating Deficit Loans has terminated, and (iii) existing after using all available sums in the Operating Reserve to pay Operating Expenses.

Section 6.13 Obligation to Purchase Interest of Investor Limited Partner.

(a) Notwithstanding any other provision contained herein, if (i) the Apartment Complex is not placed in service on or before December 31, 2023, or, if earlier, the date required by any Lender or governmental agency; (ii) the Partnership’s basis in the Apartment Complex for federal income tax purposes as finally determined by the Accountants or pursuant to any audit by the Service, as of the date required by the Agency, is less than 10% of the Partnership’s reasonably expected basis in the Apartment Complex as required by Section 42(h)(1)(E) of the Code or the requirements of the Agency’s allocation of Credits are otherwise not satisfied; (iii) the Partnership fails to meet the
minimum set-aside test, the rent restriction test of Code Section 42(g) within 12 months of the date that the Apartment Complex is placed in service, or any other requirement necessary for the Apartment Complex to qualify for Credits; (iv) the Apartment Complex has not achieved occupancy by Qualified Tenants of at least 90% of its low-income set-aside units by **October 1, 2024** or the Partnership fails to qualify for at least 70% of the Projected Annual Credit Amount in any year after the first year in the Credit Period, unless such event is cured within the time periods afforded in this Agreement by the payment of an adjuster contribution; (v) the Partnership has not achieved Project Break-even for 90 consecutive days, the repayment of the Construction Loan in full, and Permanent Loan Conversion by **December 1, 2024** or, if earlier, the maturity date of the Construction Loan, or if prior thereto a commitment for any Partnership loan is cancelled, withdrawn or substantially modified without the Consent of the Investor Limited Partner and not replaced with a commitment or loan having comparable terms; (vi) prior to Construction Completion, any substantial damage to or destruction of the Apartment Complex shall occur and the applicable insurance proceeds shall not be made available by the Lender for the restoration of the Apartment Complex or shall not, in the reasonable opinion of the Investor Limited Partner, be sufficient to repair and restore the Apartment Complex in a manner that would qualify for the aggregate projected Credit allocable to the Investor Limited Partner or the Apartment Complex is not restored within 24 months following such casualty; (vii) prior to Construction Completion, there shall have occurred an Abandonment; (viii) prior to the making of the Final Installment, a foreclosure action is commenced against the Apartment Complex or a default occurs under the Ground Lease and (in either case) is not dismissed or cured, as applicable, within 45 days; (ix) the Partnership fails to receive Rental Subsidy for 61 units in the Apartment Complex on or before **May 1, 2024**; (x) the Partnership fails to meet the Agency’s so-called “readiness requirements” described in the Agency’s Regulation Section 10325(c)(8) by, among other things, failing to obtain all necessary building permits and issuing a Notice to Proceed on or before **April 18, 2022**, or such earlier date as may be required by the Agency, (xi) [Intentionally Omitted], or (xii) the General Partner’s Parent fails to maintain its status as a 501(c)(3) tax-exempt nonprofit corporations that meet the requirements of Section 42(h)(5) of the Code, and if it fails to meet such requirement, the General Partner fails to promptly cause itself to be acquired by a different parent entity affiliated with Guarantor that meets such requirements, then the General Partner shall be obligated to repurchase the Interest of the Investor Limited Partner (which shall include, for this purpose, the Interest of the Special Limited Partner) for an amount specified in Section 6.13(b). For purposes of this Agreement, “Abandonment” means the complete abandonment of the Apartment Complex such that all work by all contractors, subcontractors, materialmen, suppliers and any other tradespersons performing any work and supplying any materials or supplies for the Apartment Complex shall have ceased for at least 45 days.

(b) If the General Partner becomes obligated to purchase the Investor Limited Partner’s Interest as provided in Section 6.13(a), the General Partner shall immediately give written notice to the Investor Limited Partner of the occurrence of such event and of the General Partner’s obligation to purchase the Investor Limited Partner’s Interest. By written notice to the General Partner (regardless of receipt of the General Partner’s notice), the Investor Limited Partner may elect to require the General Partner to purchase the
Investor Limited Partner’s Interest upon the occurrence of an event specified in Section 6.13(a). The amount of the purchase price (the “Buyout Price”) shall equal, as of the actual date of purchase, the sum of (A) the aggregate amount of Capital Contributions and advances made by the Investor Limited Partner to the Partnership plus an amount of interest equal to 9% per annum thereon from the date of any Capital Contribution until the date of the Investor Limited Partner’s receipt of the Buyout Price plus (B) the reasonable legal, accounting and internal costs incurred by the Investor Limited Partner in connection with its investment in the Partnership, plus (C) the amount of any interest, penalties and recapture amounts imposed (or determined by the Accountants to likely be imposed) on the Investor Limited Partner as a result of such purchase or its prior claiming of Credits with respect to the Partnership, plus (D) an amount that, on an After-Tax Basis, equals all transfer taxes or similar assessments incurred by the Investor Limited Partner in connection with its investment in the Partnership or the sale of its Interest pursuant to this Agreement, such amount representing the parties’ good faith estimate of damages incurred by the Investor Limited Partner, less (E) Credits taken by the Investor Limited Partner through the date of repurchase that are not subject to recapture or as to which recapture amounts, interest and penalties have been paid in accordance with clause (C) of this sentence.

If the Investor Limited Partner elects to have its Interest purchased, the General Partner shall purchase such Interest for the Buyout Price in cash within 30 days after notice from the Investor Limited Partner of its election to have its Interest purchased. Upon receipt of the Buyout Price, the Investor Limited Partner shall then transfer (and shall, for no additional consideration, cause the Special Limited Partner to transfer) its Partnership Interest to the General Partner or its designee free and clear of any Liens or interests of any third party and shall execute or cause to be executed any documents reasonably required to fully transfer such Partnership Interest. As of the effective date of such transfer, the Investor Limited Partner shall withdraw from the Partnership and shall have no further interest in or obligation to the Partnership, and, if required by the Uniform Act, the General Partner shall promptly file an amendment to the Certificate in the Filing Office reflecting the withdrawal of the Investor Limited Partner (and the Special Limited Partner).

The Investor Limited Partner may waive in writing its right to require the General Partner to purchase its Interest by reason of the application of any of the provisions of Section 6.13(a) at any time. After such waiver the General Partner shall have no further obligation to purchase the Interest of the Investor Limited Partner by reason of the application of the provision to which such waiver relates.

Section 6.14 Tenant Services. The General Partner is obligated to cause the Partnership to provide Tenant Services to the HAP Contract units for the term of the HAP Contract and a resident services coordinator and Tenant Services to all units pursuant to the requirements of the Ground Lease. The Partners currently anticipate that the General Partner or one or more third party social services provider(s) engaged by the Partnership will provide Tenant Services required under the Tax Credit Application and/or the HAP Contract to all units for an aggregate cost to the Partnership of not more than $90,000 per year, increasing annually by 3.0% (collectively, the “Projected Tenant Services Expense”). If, the Partnership pays in excess of the Projected Tenant Services Expense in a given calendar year for Tenant Services, the General Partner shall pay the costs and expenses of providing Tenant Services in excess of the Projected Tenant Services Expense, but only to the extent the excess Projected Tenant Services Expense causes an Operating
Deficit to occur in such year or to increase an Operating Deficit as to such year. Neither the Partnership nor any Partner shall be obligated to reimburse the General Partner for any sums expended by the General Partner in paying for such Tenant Services. The General Partner’s obligations to pay the costs of Tenant Services is independent of and in addition to its obligations to make Operating Deficit Loans pursuant to Section 6.12, shall not be credited against the Operating Deficit Loan Cap, and shall survive any termination of such obligations to make Operating Deficit Loans.

Section 6.15 [HOA Expenses. The General Partner has advised that the Partnership intends to enter into a Home Owners Association or similar association for the management and operation of adjacent properties, including the Apartment Complex. The Partners currently anticipate that the annual fees assessed to the Partners pursuant to the HOA will not exceed $[______], increasing 3% annually following the first year in which the Partnership and the Apartment Complex is joined into the association (the “HOA Amount”). If the Partnership incurs expenses in excess of the HOA Amount due to the implementation of the HOA (the “HOA Excess”) and such HOA Excess results in an Operating Deficit, the General Partner shall be solely responsible for paying the amount of such Operating Deficit and such amounts shall be considered an Operating Deficit Loan solely for the purpose of repayment in accordance with Section 4.02; provided, however, that the foregoing is subject to the last sentence of this Section 6.15. Neither the Partnership nor any Partner shall be obligated to reimburse the General Partner for any sums expended by the General Partner to defray the HOA Excess. The General Partner’s obligation to pay the HOA Excess is independent of, and in addition to, its obligations to make Operating Deficit Loans pursuant to Section 6.12, shall not be credited against the Operating Deficit Loan Cap and shall survive any termination of such obligation to make Operating Deficit Loans.]

ARTICLE 7

PAYMENTS TO GENERAL PARTNERS AND AFFILIATES AND OTHERS

Section 7.01 Property Management Fee. Subject to any restrictions set forth in the Project Documents, the Partnership shall pay to the Management Agent, for its services in managing the Apartment Complex, a monthly property management fee in an amount equal to $69.41 per unit per month. If the Management Agent is an Affiliate of the General Partner, then the Management Agent shall defer up to one-half of its fee to the extent necessary to reduce the amount of or avoid the occurrence of an Operating Deficit (the “Deferred Management Fee”). Deferred Management Fees shall be deferred without interest and payable to the Management Agent solely from Cash Flow and Net Proceeds as provided in Section 4.02(a) and (b). Such deferral shall occur prior to the requirement that the General Partner make an Operating Deficit Loan and the use of the Operating Reserve.

Section 7.02 Developer Fee. For services rendered in connection with the Partnership’s development and construction of the Apartment Complex, the Partnership shall pay a Developer Fee (including overhead) to the Developer in an amount equal to $2,200,000 (subject to increase to any greater amount permitted under the State’s Qualified Allocation Plan with the express written consent of the Agency and the Consent of the Investor Limited Partner). The Developer Fee shall be the sole sum due the Developer, and the Developer shall not be reimbursed for internal overhead or expenses, third party expenses, or anything else. The Developer Fee shall be deemed
earned in its entirety as of the date of Construction Completion and otherwise in accordance with the terms of the Development Agreement; provided, however, that the amount and timing of payments of Developer Fee shall be governed by this Agreement. Notwithstanding anything to the contrary contained in this Agreement or in the Development Agreement, the Developer Fee, or any rights thereto, shall not be assigned or transferred to any third party without the Consent of the Investor Limited Partner. The Developer shall be paid such portion of its Developer Fee as possible from available debt and equity proceeds of the Partnership, to the extent such proceeds are not required for other Partnership purposes (e.g., offset of any Downward Adjuster owed pursuant to Section 3.05 hereunder). The remainder of the Developer Fee shall constitute a loan (the “Developer Loan”) from the Developer to the Partnership, bearing no interest, and payable to the Developer from Cash Flow and/or Net Proceeds as described in Article 4, but in all events the Developer Loan shall be repaid by the fifteenth (15th) year anniversary of Construction Completion and, to the extent that Cash Flow and/or Net Proceeds through such date (or, if earlier, the date of liquidation of the Partnership) are insufficient to repay the Developer Loan in full, the General Partner shall make a Capital Contribution to the Partnership in the amount necessary to pay the balance of the Developer Loan. If an Event of Bankruptcy occurs with respect to the Developer, the General Partner or the Guarantor, the General Partner shall be required to make a Capital Contribution to the Partnership in the amount necessary to pay the balance of the Developer Loan, if any. The Partnership shall use such Capital Contribution to repay the Developer Loan.

Subject to the provisions of this Agreement and to the extent funds are available as described above, it is anticipated (but not required) that the remainder of the Developer Fee will be paid as follows: (i) $850,000 on the Closing Date (from sources other than the Investor Limited Partner’s Capital Contributions); (ii) $1,100,000 upon satisfaction of all conditions of the Performance Installment; (iii) $250,000 upon satisfaction of all conditions of the Final Installment; and (iv) the balance shall be deferred and payable from Cash Flow and/or Net Proceeds pursuant to Section 4.02(a) and Section 4.02(b). In no event shall the Partnership pay Developer Fee or permit it to be paid except in these amounts upon these conditions without the Consent of the Investor Limited Partner.

Section 7.03 Fees to the General Partner. Subject to any restrictions or limitations of any Lender, in consideration for the efficient management of the Partnership and the business thereof as described in the GP Asset Management Fee Agreement, the General Partner shall be paid a GP Asset Management Fee from Cash Flow in the priority set forth in Section 4.02(a)-(b), in accordance with the GP Asset Management Fee Agreement. As additional compensation for the efficient management of the Partnership and the business thereof, the General Partner and, after the HACLA Loan Repayment, the Class A Limited Partner shall be paid a GP Incentive Management Fee from Cash Flow, in the priority set forth in Section 4.02(a). Notwithstanding anything to the contrary in this Agreement or the GP Asset Management Fee Agreement or the GP Incentive Management Fee Agreement, in no event may the combined amount of the fees payable to any Management Agent (including Deferred Management Fees), the GP Asset Management Fee and the GP Incentive Management Fee payable with respect to any year exceed 12% of the Partnership’s Effective Gross Income for such year. The General Partner and the Class A Limited
Partner hereby represent that the GP Asset Management Fee and GP Incentive Management Fee constitute reasonable compensation for their provision of the services described in the GP Asset Management Fee Agreement and the GP Incentive Management Fee Agreement.

Section 7.04 Grant of Security Interest. In order to secure the performance by the General Partner, the Class A Limited Partner and the Developer of their obligations under this Agreement, the Development Agreement and all other agreements or instruments delivered concurrently herewith, the General Partner, the Class A Limited Partner and the Developer hereby grant a security interest in, and assign to, the Investor Limited Partner all amounts now or hereafter payable to the General Partner, the Class A Limited Partner and the Developer under this Agreement and the Development Agreement (as fees, distributions or otherwise). Any exercise of rights or remedies with respect to such assignment and security interest will be made by Investor Limited Partner, for the benefit of all Limited Partners (if more than one), at the Investor Limited Partner’s sole election. The General Partner, the Class A Limited Partner and the Developer hereby represent and warrant to the Investor Limited Partner that the security interest granted hereunder is and shall remain a first priority security interest in the collateral herein described, subject to the rights, if any, of the Construction Lender. At the request of the Investor Limited Partner, the General Partner, the Class A Limited Partner and the Developer shall execute and deliver such documents and take such other actions as may be necessary or appropriate in the discretion of the Investor Limited Partner to further evidence and perfect the security interest granted hereby. To the extent permitted by applicable law, the General Partner, the Class A Limited Partner and the Developer hereby authorize the Investor Limited Partner to execute and file Uniform Commercial Code financing statements in the name of such Persons, as applicable, that the Investor Limited Partner in its sole discretion may deem necessary or appropriate.

Notwithstanding any of the foregoing, unless and until there occurs an event of default of an obligation of the General Partner, the Class A Limited Partner or Developer hereunder, which remains uncured after expiration of the applicable cure period, the Investor Limited Partner agrees to forebear exercising its right under this Section 7.04 to any Developer Fee payable to Developer or fees or distributions payable to the General Partner or the Class A Limited Partner under this Agreement, and the Developer, the General Partner or the Class A Limited Partner shall have the right to receive all Developer Fee or fees/distributions payable to them under this Agreement or the Development Agreement.

ARTICLE 8

RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

Section 8.01 Liability of Limited Partners. The Limited Partners shall be liable only to make its Capital Contributions as and when due hereunder. After its Capital Contribution is fully paid, no Limited Partner shall be required to make any further Capital Contribution or lend any funds to the Partnership, and no Limited Partner shall be liable for any debts, liabilities, contracts, or obligations of the Partnership, except as otherwise required by the Uniform Act.

Section 8.02 No Right To Manage, Partition or Dissolve. No Limited Partner shall take part in the management, control, conduct or operation of the Partnership (or the Apartment Complex), or have any right, power or authority to act for or bind the Partnership. Notwithstanding
the foregoing, the General Partner and the Partnership expressly agree that the Investor Limited Partner shall have the right, exercisable in its sole discretion, to contact at any time any Lender to ascertain the status of payment and/or performance by the Partnership under the applicable loan documents and the Accountants with respect to any financial or tax information with respect to the Partnership. No provision of this Agreement which makes the Consent of the Investor Limited Partner a condition for the effectiveness of an action taken by the General Partner is intended, and no such provision shall be construed, to give the Investor Limited Partner the right to participate in the control of the Partnership business. No Limited Partner shall have the right to bring an action for partition or dissolution against the Partnership as long as the Partnership is operated in accordance with Section 1.04, and each Limited Partner hereby waives, to the fullest extent permitted by law, the right to institute an action for partition or dissolution as long as the Partnership is operated in accordance with Section 1.04.

Section 8.03 Death or Disability of Limited Partner. The Partnership shall not be dissolved by the death, insanity, adjudication of incompetency, bankruptcy, insolvency or Withdrawal of any Limited Partner, by the assignment of the Interest of a Limited Partner, or by the admission of a Substituted Limited Partner.

Section 8.04 Removal of a General Partner or Class A Limited Partner.

(a) The Investor Limited Partner shall have all rights and remedies available at law, in equity, and/or under this Agreement and the other Project Documents including, without limitation, the right to remove a General Partner or Class A Limited Partner, as applicable, and elect or appoint a new General Partner or Class A Limited Partner, as applicable, upon the occurrence of any of the following events (a “Removal Event”):

(i) in the event of (A) fraud or any felony conviction of the General Partner, any partner or member of the General Partner, Class A Limited Partner, any Guarantor, or any Affiliates thereof (collectively, the “Principals”), or (B) any Principal’s other violation of laws that, in the case of this clause (B) only, would or could have a material adverse impact on the Partnership or the Investor Limited Partner;

(ii) the General Partner’s or Class A Limited Partner’s performance constituting bad faith, willful misconduct, gross negligence or breach of fiduciary duty;

(iii) the General Partner or Class A Limited Partner, or any Affiliate thereof, shall have violated any provisions of any Project Document or any document required in connection with any Deed of Trust and shall not have cured such violation within applicable grace periods, if any (but in no event less than ten (10) calendar days after its receipt of written notice of the violation);

(iv) the General Partner or Class A Limited Partner shall have violated, and not cured within 15 days after written notice from the Investor Limited Partner, any provision of this Agreement, including, but not limited to, any of its representations and covenants in Article 6, any obligation to provide funds under
Sections 3.05, 6.10 or 6.12, and such violation causes a material adverse effect on the Partnership or any of its Partners (provided that the parties hereto agree that any uncured violation to provide funds under Section 3.05, 6.10 or 6.12 shall be deemed to have a material adverse effect; similarly, any violation under Section 12.06 that has not been cured within 60 days of receipt by the General Partner or Class A Limited Partner of written notice of such violation shall be deemed to have a material adverse effect);

(v) any Deed of Trust or the Ground Lease shall have gone into default and not been cured within any applicable cure period provided therein;

(vi) an Event of Bankruptcy shall have occurred with respect to any General Partner, the Class A Limited Partner, the Partnership, or any Guarantor, or any Guarantor shall fail to comply with all material terms of the Guaranty, or any Guarantor that is an Entity shall have dissolved, liquidated or otherwise terminated;

(vii) without the Consent of the Investor Limited Partner, an event of Withdrawal shall have occurred with respect to the General Partner or Class A Limited Partner as a result of one or more sales, transfers or other assignments to other than an Affiliate of a controlling interest in a General Partner or Class A Limited Partner that is a corporation or limited liability company or of a general partner interest in a General Partner or Class A Limited Partner that is a partnership;

(viii) the General Partner either (A) fails to obtain the Property Tax Exemption or (B) permit the Property Tax Exemption to lapse for 90 days or more during the Compliance Period unless such lapse results from a change in Laws after the date of this Agreement;

(ix) There is a Final Determination that Parent is no longer a Section 501(c)(3) tax-exempt nonprofit corporation that meets the requirements of Code Section 42(h)(5), and within thirty (30) days following such Final Determination, a substitute Section 501(c)(3) tax-exempt nonprofit corporation that meets the requirements of Code Section 42(h)(5) and is otherwise acceptable to the Investor Limited Partner has not been admitted as the replacement General Partner or the sole member of the General Partner;

(x) the General Partner or Class A Limited Partner shall have conducted its own affairs or the affairs of the Partnership in such a manner as would (x) cause the termination of the Partnership for federal income tax purpose or (y) cause the Partnership to be treated for federal income tax purposes as an association taxable as a corporation; or

(xi) the General Partner’s failure to fund any Excess Operating Deficit as described in Section 6.12.

In the event the Investor Limited Partner has the right to remove the General Partner pursuant to clauses (i)-(xi) above, the Investor Limited Partner shall have the right, in its sole discretion and without limitation, to simultaneously remove the Class A Limited Partner.
Partner, and shall have no obligation to elect or appoint a substitute Class A Limited Partner to replace such removed Class A Limited Partner.

In the event the Investor Limited Partner has the right to remove the General Partner pursuant to clauses (i)-(xi) above, the Investor Limited Partner will consider appointing the Class A Limited Partner as a substitute General Partner, with such determination to be made in the Investor Limited Partner’s sole and absolute discretion.

(b) **Transfer of Interest and Payment.** Upon the removal of a General Partner, without any further action by any Partner, the Special Limited Partner or its designee shall automatically become a General Partner and the Partnership shall acquire the Interest of the removed General Partner for an amount equal to the greater of (i) $100 or (ii) the Capital Account balance of the removed General Partner on the date of removal, less any amounts owed by the General Partner for General Partner Credit Adjuster Advances, operating deficits, or other obligations under this Agreement which have not been paid. Amounts owed to the removed General Partner pursuant to the preceding sentence shall be payable by the Partnership, without interest, upon the earlier of fifteen years from the date of removal or the sale of all or substantially all of the Partnership’s assets. The economic Interest of the Special Limited Partner as the Special Limited Partner shall continue unaffected by the new status of the Special Limited Partner or its designee as a General Partner, and the new General Partner shall automatically be irrevocably delegated all of the powers and duties of the removed General Partner pursuant to this Agreement. Nothing in this Section 8.04(b) shall reduce or otherwise limit the rights, remedies or other actions available to the Investor Limited Partner against the removed General Partner.

(c) **Indemnification of Partnership and Limited Partners.** If the General Partner or Class A Limited Partner Withdraws or is removed from the Partnership for any reason whatsoever, then the Withdrawing General Partner or Class A Limited Partner, as applicable, shall be and shall remain liable for all damages to the Partnership and the Investor Limited Partner resulting from the General Partner’s or Class A Limited Partner’s, as applicable, breach of this Agreement and for all its obligations and liabilities under this Agreement, including, without limitation, all its liabilities and obligations under Article 6 (and including, without limitation, its obligation to make the payments required under Section 7.02 herein), and liabilities and obligations based on facts and circumstances that occur prior to its withdrawal or removal except that (i) the former General Partner or Class A Limited Partner shall not be liable for any liabilities and obligations directly arising from the gross negligence, intentional misconduct or breach of this Agreement by any successor General Partner or Class A Limited Partner, as applicable, and (ii) the former General Partner or Class A Limited Partner shall not have the obligation to continue to act as a General Partner or Class A Limited Partner, as applicable, of the Partnership.

(d) **Indemnification of Substitute General Partner.** A General Partner so removed or which has Withdrawn shall fully indemnify and hold harmless the Special Limited Partner (or its designee), as substitute General Partner, as well as any remaining Partners, against any and all losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained in connection with its capacity as a General Partner to
the extent that any such losses, judgments, liabilities, expenses and settlement payments relate to, arise from, or are attributable to claims, actions, omissions or events arising prior to the date of removal.

(e) Power of Attorney. The General Partner hereby grants to the Special Limited Partner and the substitute General Partner an irrevocable (to the extent permitted by applicable law) power of attorney coupled with an interest to execute and deliver any and all documents and instruments on behalf of the General Partner and the Partnership as the Special Limited Partner or the substitute General Partner may deem to be necessary or appropriate in order to effect the provisions of this Section 8.04 and to enable the new General Partner to manage the business of the Partnership.

(f) Offset. Nothing in this Section 8.04(b) shall limit or reduce the rights of the removed or Withdrawing General Partner or Class A Limited Partner or any Affiliate thereof to receive any fees for services previously performed or repayment of Operating Deficit Loans or Developer Loan, if any, in accordance with the terms thereof; provided, however, that the parties hereto agree that any cash distributions, fees, loans or other payments otherwise distributable or owed to the removed or Withdrawing General Partner or Class A Limited Partner or its Affiliates (including, without limitation, the amount of any Developer Loan or Operating Deficit Loan) shall, in the sole and absolute discretion of the substitute General Partner, be satisfied by applying all or any of such amounts to any unpaid obligation of the removed or Withdrawing General Partner or Class A Limited Partner pursuant to this Agreement (including, without limitation, any obligations of the removed or Withdrawing General Partner or Class A Limited Partner pursuant to Section 3.05, 6.05, 6.10, 6.12 or 7.02).

(g) Termination of Management Agent. In addition, notwithstanding any longer term of any Management Agreement or other contract, the Investor Limited Partner shall have the right in the event the General Partner is removed as the General Partner pursuant to this Agreement, to terminate without penalty the Management Agreement (if the Management Agent is an Affiliate of the General Partner) and every other contract between the Partnership and the removed General Partner and/or Affiliates of the removed or Withdrawing General Partner by notice, effective simultaneously with such removal.

Section 8.05 Outside Activities. Nothing herein contained shall be construed to constitute any Limited Partner hereof the agent of any other Partner hereof or to limit in any manner any Limited Partner in the carrying on of its own business or activities. Any Limited Partner may engage in and/or possess any interest in other business ventures (including partnerships of whatever kind) of every nature and description, independently or with others, whether existing as of the date hereof or hereafter coming into existence. Neither the Partnership nor any other Partner hereof shall have any rights in or to any such independent ventures or the income or profits derived therefrom and nothing shall be construed to render them partners in any such other business ventures.

Section 8.06 Multiple Roles of Investor Limited Partner Affiliates. The General Partner acknowledges that the Investor Limited Partner and one or more Affiliates of Investor Limited Partner (collectively, “LP Affiliate Provider”) now is or has, or in the future may be or
may have, one or more of the following relationships with respect to the Partnership or the Apartment Complex: construction lender, permanent lender, credit enhancer, or agency loan originator. Such relationships of the LP Affiliate Provider are or will be evidenced and, or, secured by, various instruments and documents, including, potentially, but not limited to: loan or other credit documents with or by the Partnership; mortgages, deeds of trust, or other security documents which could encumber all or a portion of the Apartment Complex or of the other assets of the Partnership (collectively, the “LP Affiliate Documents”).

(a) The General Partner hereby agrees and acknowledges as follows:

(i) Under no circumstances will any LP Affiliate Provider be considered to be acting on behalf or as an agent or the alter ego of the Investor Limited Partner.

(ii) The relationship of the Investor Limited Partner and of any LP Affiliate Provider to the Apartment Complex and the Partnership are separate and distinct legal relationships, and that the relationship between the Partnership and the Investor Limited Partner, and the relationship between the Partnership and each LP Affiliate Provider will be treated as separate independent transactions and neither the General Partner or the Partnership will attempt to recharacterize any such relationship or transaction.

(iii) Any LP Affiliate Provider may take any actions that such LP Affiliate Provider determines, in such LP Affiliate Provider’s discretion, to be advisable in connection with such LP Affiliate Provider’s relationship with the Partnership or the Apartment Complex, or may not take any action such LP Affiliate Provider has the legal right to take, all in such LP Affiliate Provider’s sole and absolute discretion, including, but not limited to, in connection with the enforcement of any right and, or, remedy available under any LP Affiliate Document, including foreclosure.

(iv) The Investor Limited Partner has no liability to the General Partner for any action or omission of any LP Affiliate Provider.

(v) No LP Affiliate Provider has any liability to the General Partner for any action or omission of the Investor Limited Partner.

(vi) No LP Affiliate Provider owes the Partnership nor any Partner any fiduciary duty or other duty or obligation whatsoever by virtue of such LP Affiliate Provider being an Affiliate of Investor Limited Partner.

(vii) The Investor Limited Partner does not owe the Partnership or any Partner any fiduciary duty or other duty or obligation whatsoever by virtue of the Investor Limited Partner being an Affiliate of any such LP Affiliate Provider.

(b) The General Partner agrees that neither the General Partner nor the Partnership (i) will make or assert any claim whatsoever against any LP Affiliate Provider or the Investor Limited Partner, or (ii) will allege any breach of any fiduciary duty, duty of
care, or other duty whatsoever against any LP Affiliate Provider or the Investor Limited Partner, or (iii) will assert in any action by any LP Affiliate Provider or the Investor Limited Partner any defense that, in the case of each of clauses (i), (ii), and (iii), is based in any way upon any affiliation or relationship between or among any LP Affiliate Provider and, or, the Investor Limited Partner.

(c) The General Partner represents and warrants that the General Partner has read and understands this Agreement and all of the LP Affiliate Documents, has obtained such legal and financial reviews of this Agreement and all of the LP Affiliate Documents as the General Partner deemed necessary or appropriate, and the General Partner agrees to the terms of this Agreement and all of the LP Affiliate Documents, including the remedies under this Agreement and all of the LP Affiliate Documents. The General Partner freely and knowingly forever waives any and all rights to raise the fact that the Investor Limited Partner and any LP Affiliate Provider are or may be Affiliates as a defense in any action by either Investor Limited Partner or any LP Affiliate Provider to enforce remedies under this Agreement or the LP Affiliate Documents, as applicable, or in equity or at law.

ARTICLE 9
TRANSFERABILITY OF LIMITED PARTNER INTERESTS

Section 9.01 Consent Not Required for Assignment. The Investor Limited Partner may sell, transfer, assign or otherwise Dispose of all or any part of its Interest (i) in the case of a transfer to an Affiliate of Wells Fargo Bank, N.A., without the prior written consent of the General Partner and (ii) in other cases, subject to the prior written consent of the General Partner, which shall not be unreasonably withheld or delayed. Each assignee shall automatically become a Substituted Limited Partner.

Section 9.02 Partner Cooperation. In conjunction with any sale, transfer, assignment or other Disposition by the Investor Limited Partner of all or any part of its Interest in accordance with the provisions of this Article 9, the Investor Limited Partner is authorized to obtain updated UCC, judgment and tax lien searches with respect to the General Partner, Class A Limited Partner and the Partnership and to disclose information concerning the Partnership, the General Partner, Class A Limited Partner, the Guarantor and any other Persons involved in the development and operation of the Apartment Complex and to initiate contact (and take any other actions needed to obtain required consents) with any Lender or other third-party whose consent to such Disposition may be required. The General Partner represents and agrees that it will take all actions reasonably necessary (or requested by the Investor Limited Partner) to cooperate with the Investor Limited Partner and facilitate the Investor Limited Partner’s Disposition of its Interest and/or the receipt of such consents, including, but not limited to, providing financial statements, information and reports with respect to the General Partner, Class A Limited Partnership, Guarantor and/or the Partnership and reaffirming the accuracy of the representations and covenants set forth in Sections 6.09 and 6.10 and the Investor Limited Partner shall reimburse the General Partner for all out-of-pocket third party costs reasonably incurred by it pursuant to this Section 9.02.
ARTICLE 10
WITHDRAWAL OF A GENERAL PARTNER; DISPOSITION OF A GENERAL PARTNER’S INTEREST

Section 10.01 Transfer and Withdrawal. No General Partner may voluntarily Withdraw from the Partnership or transfer all or any part of its Interest in the Partnership without the Consent of the Investor Limited Partner and all other General Partners, if any, except that if the Special Limited Partner or a designee thereof becomes a General Partner pursuant to this Agreement, it shall not require the consent of any other General Partner to transfer all or any portion of its Interest as a General Partner, other than as may be required under the Uniform Act. In the event of any Withdrawal by a General Partner in violation of this Section 10.01, the General Partner, in addition to being subject to any and all other legal remedies which may be pursued by the Partners, shall forfeit to the Special Limited Partner or the Investor Limited Partner’s designee, the General Partner’s Interest and all unpaid fees from (and any loans to) the Partnership and shall remain liable for all of the Withdrawing General Partner’s obligations under this Agreement. In addition, upon such Withdrawal, the Special Limited Partner or the Investor Limited Partner’s designee shall automatically become a General Partner without further action by the Withdrawing General Partner or any other Partner, and each Partner hereby consents to such transfer and to the admission of the Special Limited Partner or the Investor Limited Partner’s designee as a General Partner in such a situation. Such transfer shall occur automatically and without further action by such Withdrawing General Partner.

Section 10.02 Obligation To Continue. Upon the Withdrawal of a General Partner, the Partnership shall terminate except that any remaining General Partner shall have the right and obligation to elect to continue the business of the Partnership and shall, within 30 days, notify the Investor Limited Partner of such Withdrawal and such election.

Section 10.03 Withdrawal of All General Partners. If, following the Withdrawal of a General Partner, there is no remaining General Partner, all remaining Partners may unanimously, within 90 days from the date of Withdrawal, elect in writing to reconstitute the Partnership and continue the business of the Partnership for the balance of its term by selecting a successor General Partner. If the Investor Limited Partner elects and admits a successor General Partner, the relationship among the then Partners shall be governed by this Agreement.

Section 10.04 Interest of General Partner After Permitted Withdrawal. In the event of the Withdrawal of a General Partner not in violation of Section 10.01, the Withdrawing General Partner hereby covenants and agrees to transfer to any remaining General Partner(s) or to a successor General Partner selected in accordance with Section 10.03, as the case may be, such portion of the Withdrawing General Partner’s Interest as such remaining or successor General Partner(s) may designate. Such transfer shall be made in consideration of the payment by the transferee of the fair value of such Interest, which, in the absence of agreement between such parties, shall be determined by a committee of three appraisers, one selected by the Withdrawing General Partner, one selected by the transferee and a third selected by the other two appraisers. The proceedings of such committee shall conform to the rules of the American Arbitration Association, as far as appropriate, and its decision shall be final and binding. The portion of the Withdrawing General Partner’s Interest to be transferred in accordance with the provisions of this
Section 10.04 shall be sufficient to ensure the continued treatment of the Partnership as a partnership under the Code, and, for the purposes of Article 4, shall be deemed to be effective as of the date of Withdrawal, but the Partnership shall not make any distributions to the designated transferee until the transfer has been made. Any holder of any portion of the Interest of a Withdrawing General Partner which is not designated to be transferred to the remaining or successor General Partner(s) pursuant to the provisions of this Section 10.04 shall become a Special Limited Partner and shall be entitled to the same share of the Profits and Losses, Cash Flow and other distributions to which such Interest was entitled when held as a General Partner Interest.

Section 10.05 Additional General Partners. With the Consent of the Investor Limited Partner, the General Partner shall have the right to designate one or more Persons as additional General Partners. Notice of any such designation shall be promptly given to all the other Partners. The General Partner shall assign to such Persons such portion of its Interests as may be agreed upon by the General Partner and such Persons, provided such assignment does not cause a loss or recapture of the Credit to the Investor Limited Partner and does not jeopardize the classification of the Partnership as a partnership under the Code.

ARTICLE 11

MANAGEMENT AGENT AND MANAGEMENT FEE

(a) The General Partner shall have the responsibility for supervising the management of the Apartment Complex and the Management Agent. The Partnership shall not enter into any Management Agreement or modify, terminate or extend any Management Agreement unless (i) it shall have obtained the Consent of the Investor Limited Partner to the identity of the Management Agent and the terms of the Management Agreement or the modification, termination or extension thereof, (ii) such Management Agreement or modified or extended Management Agreement provides that it is terminable without penalty by the Partnership on 30 days’ notice by the Partnership and that it is terminable, immediately and without penalty, for fraud, willful misconduct or gross negligence, and (iii) the Lenders shall have consented, to the extent required under the Project Documents, to the new or modified Management Agreement. In no event shall any Management Agreement contain an indemnification of the Management Agent by the Partnership for negligence, gross negligence, willful misconduct or violation of law. The Consent of the Investor Limited Partner shall not be required with respect to any automatic renewal of the current Management Agreement for a term of one year or less. The General Partner shall cause each Management Agreement entered into by the Partnership to provide that the Management Agent shall take all actions reasonably necessary (or requested by the Investor Limited Partner or the General Partner) to cooperate with the Investor Limited Partner or the General Partner in monitoring the Management Agent’s compliance with the terms of the Management Agreement and this Agreement, including, but not limited to, maintaining tenant files and records in accordance with Section 12.01, verification of fees and expenses incurred by the Management Agent, verification of compliance with the tenant certification and other requirements of Code Section 42 and the Agency, and verification of compliance with the Fair Housing Act and other applicable laws (including, but not limited to, the Servicemembers Civil Relief Act). All Management Agreements
shall explicitly state that the Management Agent is not an employee of the Partnership, and must require the Management Agent to operate the Apartment Complex in accordance with all applicable Laws.

(b) The Management Agent shall receive a management fee, which fee shall be paid in accordance with the terms of Section 7.01 and the Management Agreement, which shall be executed by the Partnership. If (i) the Apartment Complex shall be subject to a substantial building code violation which shall not have been cured within two (2) months after notice from the applicable governmental agency or department, which two (2) month period shall be extended for a reasonable period in the event that the violation is caused by a casualty or other external event not caused by the Management Agent, (ii) an Event of Bankruptcy shall occur with respect to the Management Agent, (iii) the Management Agent shall commit misconduct or negligence in its conduct of its duties and obligations under the Management Agreement and/or any Lender-approved management plan for the Apartment Complex, (iv) the Apartment Complex has incurred Operating Deficits for any two (2) consecutive months occurring after the Apartment Complex has achieved Project Breakeven for 90 consecutive days (provided, however, that if the General Partner has made loans or Capital Contributions to the Partnership sufficient to cover such Operating Deficits, the termination and appointment rights of the Investor Limited Partner in this section shall not be exercised as a result of a violation of this subsection (iv)), (v) after the first year of the Credit Period, less than 95% of the low-income units are qualified “low-income units” under Code Section 42(i)(3), (vi) the Management Agent is cited by any Credit monitoring or compliance agency of the State or any other governmental agency for (and has not cured within a reasonable period of time the particular violation(s)) a material violation of any applicable rule, regulation or requirement, including, but not limited to, noncompliance with the minimum set-aside test, the rent restriction test or any other Credit-related provision, or (vii) the Management Agent fails to cooperate with the Investor Limited Partner or General Partner in monitoring the Management Agent’s compliance with the terms of the Management Agreement, then, upon request by the Investor Limited Partner and after providing the Management Agent with thirty (30) days’ notice and opportunity to cure (and the receipt of any required approval of the Lender), the General Partner shall cause the Partnership to promptly terminate the Management Agreement with the Management Agent and appoint a new Management Agent approved by the Investor Limited Partner. The General Partner hereby grants to the Special Limited Partner and the Investor Limited Partner’s designee an irrevocable (to the extent permitted by applicable law) power of attorney coupled with an interest to take any action and to execute and deliver any and all documents and instruments on behalf of the General Partner and the Partnership as the Special Limited Partner or the Investor Limited Partner’s designee may deem necessary or appropriate to effectuate the provisions of this Section 11.01(b) should the General Partner fail to enforce the terms of this Section 11.01(b). The Partnership shall not enter into any future management arrangement or renew or extend any existing management arrangement unless such arrangement is terminable without penalty upon the occurrence of the events described in this Article 11. During the pendency of any proceeding to remove the General Partner from the Partnership, the Investor Limited Partner shall have the right to control all Partnership decisions as to the Management Agent.
(c) The General Partner will have the duty to manage the Apartment Complex during any period when there is no Management Agent (until such time as a replacement Management Agent satisfactory to the General Partner and the Investor Limited Partner is found, and the parties hereto agree to use their best efforts to agree on an acceptable replacement Management Agent within 30 days) and the Partnership will pay the General Partner for such services a management fee equal to such amount as may be deemed to be reasonable by the Investor Limited Partner and no greater than the amount that would be paid to an unrelated party performing substantially similar services. If the Management Agent is not an Affiliate of the General Partner, the General Partner represents and agrees that it or its Affiliates shall not, directly or indirectly, receive any payment or other form of compensation from the Management Agent or any of its Affiliates.

ARTICLE 12

BOOKS AND RECORDS; ACCOUNTING; TAX ELECTIONS; ETC.

Section 12.01 Books and Records. The Partnership shall maintain all books and records which are required under the Uniform Act, the Code and Regulations, or by any governmental agencies having jurisdiction and may maintain such other books and records as the General Partner deems advisable. All records required to determine the Partnership’s ability to claim Credits (including, without limitation, records regarding Eligible Basis of the Apartment Complex and records pertaining to the qualification and recertification of tenants) shall be kept and maintained during the entire Compliance Period plus six years thereafter (provided that records with respect to tenants who are other than the initial occupants of a unit need be maintained only for a period of six years). All such records shall be turned over to the Investor Limited Partner upon any removal or withdrawal of the General Partner or upon any termination of a Management Agent appointed pursuant to Article 11. Upon the request of the Investor Limited Partner, the General Partner shall promptly provide to the Investor Limited Partner copies of all records and files with respect to initial and other tenants, income certifications and such other information as is necessary to establish at any time the number of units treated as occupied by Qualified Tenants (and the Investor Limited Partner agrees to reimburse the General Partner for all costs reasonably incurred by the General Partner in providing such information to the Investor Limited Partner). The Partnership will also maintain a list of the names and addresses of all Partners. The books and records and list of Partners shall be available for examination by any Partner, or its duly authorized representatives, at the principal office of the Partnership at any and all reasonable times. In addition, the Investor Limited Partner is authorized to conduct a physical inspection of the Apartment Complex at any and all reasonable times upon reasonable notice.

Section 12.02 Bank Accounts. The bank accounts of the Partnership shall be maintained in an FDIC insured account at a financial institution chosen by the General Partner, unless otherwise required by the lender of any Deed of Trust Loan. Withdrawals shall be made only in the regular course of Partnership business on such signature(s) as the General Partner may determine in accordance with the terms of the applicable Project Documents. All deposits and other funds not needed in the operation of the business in the discretion of the General Partner shall be deposited in Qualified Investments selected in the sole and absolute discretion of the General Partner in accordance with the terms of the applicable Project Documents.
Section 12.03 Accrual Basis. The books of the Partnership shall be kept on the accrual basis and the fiscal and tax year of the Partnership shall be the calendar year.

Section 12.04 Accountants. The Accountants shall prepare, for execution by the General Partner, all Partnership Tax Returns and shall prepare all annual financial reports to the Partners, which shall be in such detail as the Investor Limited Partner may reasonably require. If the Accountants provide any required returns, reports, calculations or other items that this Agreement requires them to provide more than 60 days late, or more than 30 days late in two consecutive calendar years, Investor Limited Partner shall have the absolute right to cause the Partnership to terminate the Accountants and engage substitute accountants selected by the General Partner that are acceptable to the Investor Limited Partner in its sole and absolute discretion.

Section 12.05 Federal Income Tax Elections. Subject to Article 4 and Sections 6.10(f) and (h), all elections made by the Partnership under the Code or applicable tax law of the State shall be made by the General Partner, and the General Partner shall provide notice to the Investor Limited Partner of such elections (provided that the Consent of the Investor Limited Partner shall be required for any election that could affect the timing and/or amount of Credits or losses allocable to the Investor Limited Partner. Notwithstanding any other notice requirements contained herein, furnishing copies of the Partnership Tax Returns shall constitute notice under this Section 12.05.

Section 12.06 Information to Investor Limited Partner.

(a) for each year of the Partnership’s existence, the Partnership shall deliver to the Investor Limited Partner, within 60 days after the end of the Partnership Taxable Year, (except as to (i) the items pertaining to the Guarantor, as described in Section 12.06(a)(ii) and audited financial statements for the Partnership, as described in Section 12.06(a)(iii), both which must be delivered within 120 days after the end of the Guarantor’s fiscal year, and (ii) the items pertaining to Schedule K-1 described in Section 12.06(a)(iv), which shall be delivered within 75 days after then end of the Partnership Taxable Year), the following:

(i) copies of all completed and executed forms that are required to be filed with the Internal Revenue Service. For the first year in which Credits are allocated to the Partners (and any year in which a termination of the Partnership occurs), a draft copy of the tax return shall be delivered to Investor Limited Partner at least ten (10) calendar days prior to the filing of the return, and the return shall not be filed prior to receiving the Consent of Investor Limited Partner;

(ii) [RESERVED]

(iii) audited financial statements for the Partnership prepared by the Accountants (in a format reasonably acceptable to the Investor Limited Partner) on or before March 31 of each year, with respect to the preceding Partnership Accounting Year, which statements shall include an exhibit with the Accountants’ calculation of cash owed to the Investor Limited Partner pursuant to Sections 3.05 and 4.02 of this Agreement for the applicable year (the “Accountants’ Exhibit”). For the avoidance of doubt, the requirement for the Accountants’ Exhibit is only applicable to payments of General Partner Credit Adjuster Advances and
Distributions of Cash Flow for Downward Adjusters (including Downward Adjusters resulting from a Change in Law) and is not applicable to Downward Adjusters offset by outstanding Investor Limited Partner Capital Contributions; and

(iv) all Schedules K-1 for the Partnership within seventy-five (75) days following the end of the Partnership Taxable Year.

(v) within forty-five (45) days of the end of the immediately preceding Partnership Taxable Year, the Partnership shall deliver to the Investor Limited Partner an estimate of (i) the balance in the Investor Limited Partner’s Capital Account as of the end of such Partnership Taxable Year; (ii) the sum of the Minimum Gain allocable to the Investor Limited Partner (determined in accordance with the provisions of § 1.704-2(g) of the Regulations) as of the end of such Partnership Taxable Year; and (iii) the amount of Partnership loss (if any) that will not be allocated to the Investor Limited Partner as a result of the application of Section 4.04(d) during such Partnership Taxable Year. Notwithstanding anything to the contrary in this Section 12.06, no later than forty-five (45) days after the end of each Partnership Taxable Year, the General Partner shall determine whether it is reasonably likely that any Partnership loss will be allocated away from the Investor Limited Partner as a result of the application of Section 4.04(d) during the immediately preceding Partnership Taxable Year and, if it the General Partner concludes that such reallocation is reasonably likely to occur, the General Partner shall cause the Partnership to provide the Investor Limited Partner with the information described in clauses (i)–(iii) of the preceding sentence no later than forty-five (45) days after the end of the Partnership Taxable Year.

(b) [RESERVED]

c) After the earlier to occur of (i) twelve months following Construction Completion and (ii) Permanent Loan Conversion, within 30 days after the end of the each quarter of a fiscal year of the Partnership (provided that the Investor Limited Partner shall, upon written notification to the General Partner, have the right to require the delivery of the information in this Section 12.06(c) to it within 30 days after the end of each month), the General Partner shall cause to be prepared and distributed to the Investor Limited Partner a report containing:

(i) a Partnership balance sheet, which may be unaudited;

(ii) a statement of Partnership income and expenses for the quarter then ended, which may be unaudited;

(iii) a statement of Partnership cash flows, reserves and capital proceeds for the quarter then ended, which may be unaudited;

(iv) [RESERVED]
(v) a copy of the rent roll for the Apartment Complex and an occupancy/rental report, all in the form specified by the Investor Limited Partner; and

(vi) [RESERVED]

(vii) all other information which is reasonably requested by the Investor Limited Partner regarding the Partnership and its activities during the time period covered by the report, including, but not limited to, copies of any filings and correspondence with the United States Treasury or the Agency (and its successors and assigns) regarding the Apartment Complex.

(d) commencing the month of initial occupancy by the first tenant of the Apartment Complex until twelve months following Construction Completion, within 20 days after the end of each month, the Partnership shall provide to the Investor Limited Partner the following:

(i) a statement of Partnership income and expenses for the month then ended, which may be unaudited; and

(ii) a copy of the rent roll for the Apartment Complex and an occupancy/rental report, all in the form specified by the Investor Limited Partner.

(e) within 30 days prior to the payment of insurance premiums, the Partnership shall provide the Investor Limited Partner with evidence of insurance renewal certificates evidencing all required coverage.

(f) within ten (10) calendar days of the receipt of any correspondence or notice from a taxing authority (state or federal) or housing agency, the Partnership shall supply a copy of the correspondence or notice to the Investor Limited Partner.

(g) [RESERVED]

(h) if the General Partner or Partnership shall fail to deliver any of the information required by this Section 12.06 within the specified time limits, and provided the Investor Limited Partner has provided notice of such failure to the General Partner and/or the Partnership, as applicable, the General Partner shall pay damages to the Investor Limited Partner in the sum of $150 per day commencing on the third (3rd) Business Day following receipt of such notice until such information is received by the Investor Limited Partner. Such damages shall be paid forthwith by the General Partner, which the Investor Limited Partner may waive in its reasonable discretion and failure to so pay shall constitute a material default of the General Partner under this Agreement. In addition, if the General Partner fails to so pay, the General Partner shall forthwith cease to be entitled to the payment or distribution of any Cash Flow or Net Proceeds to which it may otherwise be entitled under Article 4 hereof. Such payments or distributions of Cash Flow and Net Proceeds shall be restored and allowed only upon the payment of such damages in full, and any amount of such damages not so paid shall be deducted against payments of the Cash Flow or Net Proceeds otherwise due to the General Partner. In addition, if any delinquent
delivery of the information required by this Section 12.06 is not cured within 30 days of
the General Partner’s receipt of written notice specifying the delinquency, then the General
Partner, promptly upon the Investor Limited Partner’s written request, shall replace the
Accountants with a firm approved by the Investor Limited Partner.

(i)  [RESERVED]

(j) within one hundred twenty (120) days after the end of each Guarantor fiscal
year, updated information for the Guarantor identifying (i) direct or indirect interests in
real estate owned, (ii) contingent liabilities, and (iii) any material adverse change in the
Guarantor’s financial position.

(k) such other financial information regarding the Partnership, the General
Partner, the Guarantor or their Affiliates as may be reasonably requested by the Investor
Limited Partner.

(l) within five (5) Business Days of the receipt of any HUD Notice (as defined
herein), the General Partner shall provide the Investor Limited Partner with a copy of such
HUD Notice. “HUD Notice” includes any of the following items relating to the Apartment
Complex, the Partnership, the Management Agent and/or any “principal” (as defined in the
HUD regulations) of any of the foregoing: (i) management review; (ii) physical inspection
report; (iii) notice of violation; (iv) notice of default; (v) Inspector General report;
(vi) notice of any “flag” or other restriction relating to previous participation clearance
(2530/APPS); (vii) notice of any debarment, suspension or other similar restriction;
(viii) evidence that the General Partner, the Partnership and each of their respective
principals and/or Affiliates have completed their respective registrations and baseline
submissions through the HUD Active Participation Performance System (“APPS”) and
have received 2530 clearance, or the equivalent thereof from HUD for the Partnership’s
award of the HAP Contract, if required, and/or (ix) any other notice or communication
relating to any administrative action or proceeding taken or proposed to be taken by HUD
or any other governmental agency with respect to the Apartment Complex, the Partnership,
the General Partner and/or the Management Agent. The General Partner shall also provide
the Investor Limited Partner with a copy of any additional communications to and/or from
HUD relating to any HUD Notice within five (5) Business Days following the date any
such communication is received or sent by the Partnership, the General Partner and/or
Management Agent, as applicable.

(m) The Partnership shall deliver the following items to the Investor Limited
Partner within ten (10) business days of request:

(i) compiled financial statements for the General Partner and the Class A Limited
Partner (including an annual net worth statement) and financial statements for each
Guarantor (provided, however, that (A) financial statements for the most recent
taxable year utilized by the General Partner and the Class A Limited Partner shall
not be requested until 60 (sixty) days after the end of such taxable year and (B)
financial statements for the most recent taxable year utilized by any Guarantor shall
not be requested until ninety (90) days after the end of such taxable year.
Notwithstanding anything foregoing to the contrary, Guarantor will still be required to deliver annual certifications as required pursuant to the Guaranty Agreement.

(ii) copies of all information regarding the Property Tax Exemption submitted by the Partnership to the BOE and the Los Angeles County Assessor, or received by the Partnership from the BOE and the local tax assessor including, without limitation, forms 267-L1, 277 and 277-L1. Notwithstanding anything foregoing to the contrary, evidence of the Property Tax Exemption required by the Schedules to this Agreement as conditions precedent to release of the Investor Limited Partner’s Capital Contribution shall be required at the time so specified.

(iii) a certification of the General Partner that the Apartment Complex and its tenants are in compliance with all applicable federal, state and local requirements and regulations;

(iv) copies of any reports regarding the Apartment Complex/Partnership completed by the Management Agent and General Partner; and

(v) copies of insurance policy renewals and property tax bills along with proof of payment the same.

Section 12.07 [Intentionally Omitted].

Section 12.08 HUD 2530s. If HUD-2530s are required or will be required with respect to any current or future financing, from and after the date that HUD issues a public notice requiring electronic submission of such filings, the General Partner shall cause the Partnership and each of its principals and/or affiliates, (A) to promptly complete their respective registrations and baseline submissions through the HUD Active Participation Performance System (“APPS”) and (B) to submit any future HUD-2530 electronically through the APPS.

ARTICLE 13

MISCELLANEOUS

Section 13.01 Brokers. To the extent permitted by law, each Partner shall and does hereby covenant and agree, absolutely, unconditionally and irrevocably, to indemnify and hold harmless the Partnership and the other Partners from any damages, claims, expenses or losses incurred by the indemnitee by reason of any third-party brokerage or finder’s agreement made by the indemnifying Partner with respect to the transactions contemplated by this Agreement.

Section 13.02 Notice. All notices, demands, requests or other communications to be sent by one party to another hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of the same in person to the intended addressee, or by depositing the same with Federal Express or another reputable private courier service for next Business Day delivery, or by depositing the same in the United States mail, postage prepaid, registered or certified mail, return receipt requested, in any event addressed to the intended addressee and by electronic mail as follows:
If to the General Partner:

JD Housing 3, LLC  
c/o BRIDGE Housing Corporation  
600 California Street, Suite 900  
San Francisco, CA  94108  
Attn: Rebecca Hlebasko

with a copy to:

Heather Gould  
Goldfarb & Lipman LLP  
1300 Clay Street, 11th Floor  
Oakland, CA  94612

If to the Investor Limited Partner:

Wells Fargo Affordable Housing  
Community Development Corporation  
550 S. Tryon Street  
23rd Floor, D1086-239  
Charlotte, NC 28202-4200  
Attn: Director of Tax Credit Asset Management  
Bina.M.Galal@wellsfargo.com  
Michael.Loose@wellsfargo.com

with a copy to:

Timothy J. McCann, Managing Director  
tim.mccann@wellsfargo.com

with a copy to:

Philip Spahn  
Sidley Austin LLP  
One South Dearborn  
Chicago, IL 60603

If to the Class A Limited Partner:

La Cienega LOMOD, Inc.  
2600 Wilshire Boulevard  
Los Angeles, CA 90057  
Attn: Tina Smith-Booth

with a copy to:

Housing Authority of the City of Los Angeles
with a copy to:

Reno & Cavanaugh, PLLC  
455 Massachusetts Ave, NW, Suite 400  
Washington, DC 20001  
Attn: Megan Glasheen, Esq.

All notices, demands and requests shall be effective upon such personal delivery, or one (1) Business Day after being deposited with the private courier or three (3) Business Days after being deposited in the United States mail as required above. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given as herein required shall be deemed to be receipt of the notice, demand or request sent. By giving to the other parties hereto at least fifteen (15) days’ prior written notice thereof in accordance with the provisions hereof, the parties hereto shall have the right from time to time to change their respective addresses and each shall have the right to specify as its address any other address within the United States of America.

Whenever the terms Limited Partners or Partners are used in this Agreement in the context of requiring that notification, notice, or copies of materials be delivered to Limited Partners or Partners, the Class A Limited Partner shall be deemed included within such terms for such purposes.

Section 13.03 Amendments. This Agreement may not be amended, revised, waived, discharged, released or terminated orally but only by a written instrument or instruments executed by each of the parties hereto. Any alleged amendment, revision, waiver, discharge, release or termination which is not so documented shall not be effective as to any party.

Section 13.04 Meetings. Meetings of the Partnership may be called by the General Partner for any matter for which the Partners may vote as set forth in this Agreement or to obtain information concerning the Partnership. A list of names and addresses of all Partners shall be maintained as part of the books and records of the Partnership and shall be made available upon request to any Partner or its representative at cost. Upon receipt of a request by a Partner, either in person or by registered mail, stating the purposes of the meeting, the General Partner shall provide the Partners, within ten days after receipt of such request, written notice of a meeting and the purpose of such meeting to be held on a date not less than 15 nor more than 30 days after receipt of such request, at a time and place within or without the State convenient to the Partners.

Section 13.05 Entire Agreement. This Agreement and all other written agreements referred to herein constitute the entire agreement among the parties and supersede any prior agreements or understandings among them with respect to the subject matter hereof.

Section 13.06 Headings: References. All article and section headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any article or
Section 13.07 Separability Provisions. If the operation of any provision of this Agreement would contravene the provisions of the Uniform Act, or would result in the imposition of general liability on any Limited Partner, such provision only shall be void and ineffectual.

Section 13.08 Binding Agreement. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors and assigns, except as otherwise provided herein. Among other things, the parties specifically intend that this Agreement inure to the benefit of any transferee of the Investor Limited Partner in accordance with the terms of Article 9 hereof.

Section 13.09 Counterparts. This Agreement may be executed in several counterparts, and all so executed shall constitute one agreement, binding on all the parties hereto. Any counterpart of this Agreement, which has attached to it separate signature pages which together contain the signatures of all Partners or is executed by an attorney-in-fact on behalf of some or all of the Partners, shall for all purposes be deemed a fully executed instrument.

Section 13.10 Governing Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State, without regard to principles of conflicts of laws. The parties agree and consent that venue for purposes of resolving any dispute or controversy relating to this Agreement shall be in Los Angeles, California.

Section 13.11 Time of Admission. The Investor Limited Partner shall be deemed to have been admitted to the Partnership as of the day of the month in which it becomes a Limited Partner for all purposes of this Agreement, including Article 4.

Section 13.12 Special Limited Partner. The General Partner, the Class A Limited Partner and the Investor Limited Partner agree that (a) the Investor Limited Partner may, in its sole discretion, identify at any time in the future a Person who will become the Special Limited Partner and assign to such Person up to a 1% Interest from the Interest of the Investor Limited Partner in the Partnership as specified in writing by the Investor Limited Partner, (b) upon execution by such Person of this Agreement, the Special Limited Partner will be entitled to all of the rights and powers specified in this Agreement without any additional consents being required, (c) both prior to and after the admission of the Special Limited Partner, this Agreement shall be binding and in full force and effect and (d) prior to the admission of the Special Limited Partner, all rights, powers and obligations of the Special Limited Partner, including its rights under Article 4, shall be considered possessed and owned by the Investor Limited Partner.

Section 13.13 Judicial Reference.

(a) Each of the parties hereto agrees that any and all disputes, claims and controversies arising out of this Agreement or the transactions contemplated thereby (including, without limitation, actions arising in contract or tort and any claims by a party against a party hereto related in any way to this Agreement or the transactions contemplated hereunder) (a “Dispute”) shall be subject to the terms of this Section 13.13.
Any and all such Disputes shall be heard by a referee and resolved by judicial reference pursuant to California Code of Civil Procedure § 638 et seq. The parties shall use their respective commercially reasonable and good faith efforts to agree upon and select such referee, who shall be a retired California state or federal judge, provided, however, that the parties shall not appoint a referee that may be disqualified pursuant to California Code of Civil Procedures § 641 or § 641.2 without the prior written consent of all the parties. If the parties are unable to agree upon a referee within ten (10) calendar days after a party serves written notice of intent for judicial reference upon the other party or parties, then the referee shall be selected by the court in accordance with California Code of Civil Procedure § 640(b). The referee shall render a written statement of decision and shall conduct the proceedings in accordance with the California Code of Civil Procedure, the Rules of Court and the California Evidence Code, except as otherwise specifically agreed by the parties and approved by the referee. The referee’s statement of decision shall set forth findings of fact and conclusions of law. The referee’s decision shall be entered as a judgment in the court in accordance with the provisions of California Code of Civil Procedure §§ 644-645. The decision of the referee shall be appealable to the same extent and in the same manner that such decision would be appealable if rendered by a judge of the superior court.

If a Dispute includes multiple claims, some of which are found not subject to this Agreement, the parties shall stay the proceedings of the Disputes or part or parts thereof not subject to this Agreement until all other Disputes or parts thereof are resolved in accordance with this Agreement. If there are Disputes by or against multiple parties, some of which are not subject to this Agreement, the parties shall sever the Disputes subject to this Agreement and resolve them in accordance with this Agreement.

Nothing in this Section 13.13 shall be deemed to apply to or limit the rights of any party (i) to exercise self-help remedies, including, without limitation, setoff, or (ii) to foreclose judicially or nonjudicially against any real or personal property collateral, or to exercise judicial or nonjudicial power of sale rights, or (iii) to obtain from a court provisional or ancillary remedies, including, without limitation, injunctive relief, writ(s) of possession, prejudgment attachment, protective order(s) or the appointment of a receiver, or (iv) to pursue rights against a party in a third-party proceeding in any action brought against such party, including, without limitation, actions in bankruptcy court. Such party may exercise the foregoing rights before, during or after the pendency of any judicial reference proceeding. The failure to exercise any of the foregoing remedies shall not constitute a waiver of the right of any party, including, without limitation, the claimant in any such action, to require submission to judicial reference the merits of the Dispute giving rise to such remedies. No provision in this Agreement regarding submission to jurisdiction and/or venue in any court is intended or shall be construed to be in derogation of the provision in this Section 13.13 for judicial reference of any Dispute.

During the pendency of any Dispute which is submitted to judicial reference in accordance with this Section 13.13, each of the parties to such Dispute shall bear equal share of the fees charged and costs incurred by the referee in performing the services described herein. The compensation of the referee shall not exceed the prevailing rate for like services. The prevailing party shall be entitled to reasonable court costs and legal fees,
including customary attorneys’ fees, expert witness fees, the fees of the referee and other reasonable costs and disbursements charged to the party by its counsel, in such amounts as determined by the referee.

(f) Each party hereto acknowledges and agrees that the provisions of this Section 13.13 constitute a material inducement to enter into this Agreement and to consummate the transactions contemplated hereunder, and that the parties will continue to be bound by and rely on such provisions in the course of their dealings with regard to any Dispute governed by the provisions of this Section 13.13. Each party hereto further warrants and represents that it has reviewed these provisions with legal counsel of its own choosing, or has had the opportunity to do so, and that it knowingly and voluntarily agrees to abide by the provisions of this Section 13.13 having had the opportunity to consult with legal counsel.

(g) This Section 13.13 constitutes a “Reference Agreement” between or among the parties within the meaning of and for the purposes of California Code of Civil Procedure § 638. In the event of litigation, this Agreement may be filed as evidence of either or all parties’ consent and agreement to have any and all disputes heard and determined by a referee under California Code of Civil Procedure § 638. The parties acknowledge that judicial reference proceedings conducted in accordance with this Section 13.13 would be conducted by a private referee only, sitting without a jury.

Section 13.14 Anticipated Funding Schedule. A summary of the Installments to be made by the Investor Limited Partner is set forth on Exhibit G for the convenience of the Partners.

Section 13.15 Waiver of Certain Defenses. The parties hereto acknowledge that they were represented by competent counsel in connection with the negotiation, drafting and execution of this Agreement. The Investor Limited Partner shall not be subject to any limitation whatsoever in the exercise of any rights or remedies available to it under this Agreement or under any other documents evidencing or relating to the Apartment Complex described herein by virtue of the extension of a Deed of Trust Loan secured by the Apartment Complex by it, or any parent, subsidiary, or affiliate of the Investor Limited Partner, and the General Partner and Class A Limited Partner hereby irrevocably waive the right to raise any defense or take any action on the basis of the foregoing with respect to the Investor Limited Partner’s exercise of any such rights or remedies.

Section 13.16 Funds owed to the Investor Limited Partner. All funds owed to the Investor Limited Partner pursuant this Agreement (including, but not limited to, amounts owed pursuant to Sections 3.05 and 4.02) shall be sent via wire utilizing the following wire instructions:
The Investor Limited Partner shall have the right to revise the foregoing wire instructions at any time by providing written notice to the General Partner in accordance with the terms of Section 13.02 hereof.

ARTICLE 14

REQUIRED RAD PROVISIONS

Section 14.01 Required RAD Provisions. Notwithstanding any other clause or provision in this Agreement or the Certificate, 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) If any of the provisions of this Agreement conflict with the terms of the RAD Use Agreement, the provisions of the RAD Use Agreement shall control.

(b) The provisions in this Article 14 are required to be inserted into this Agreement by HUD and may not be amended without HUD’s prior written approval. If there is a conflict between this Article and any other provision of this Agreement, this Article shall control. If there is a conflict between any provisions of the Certificate and this Article, this Article shall control. If there is a conflict between the RAD Use Agreement or the required provisions of this Article 14 and any HUD-required provisions relating to mortgage insurance provided in connection with the National Housing Act, the more restrictive provisions shall control.

(c) The General Partner may be removed for cause by the Investor Limited Partner pursuant to Section 6.12 and Section 8.04 of this Agreement.

(d) The Partners acknowledge that provision of rental assistance to the Apartment Complex depends on the General Partner to be a Partner in the Partnership and to be controlled by BRIDGE Housing Corporation. The General Partner may not transfer all or part of its interest in the Partnership without the prior written consent of HUD. Failure of the General Partner to be controlled by BRIDGE Housing Corporation, except as provided above in Section 14.01(c), shall be a violation of this Agreement and may cause termination of such rental assistance.

(e) Neither the Partnership nor any Partner shall have any authority to take any action in violation of the RAD Use Agreement or fail to renew the 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.

(f) Without the consent of the General Partner (and provided that the General Partner has not been removed for cause by the Investor Limited Partner in accordance with Section 14.01(c) above), neither the Partnership nor any Partner shall have any authority to:

(i) Except to the extent permitted by the HAP Contract or RAD Use Agreement, neither the Partnership nor any of its Partners shall have any authority to transfer, convey assign, mortgage, pledge, sell, lease, sublease or otherwise dispose of, at any time, the Apartment Complex or any part thereof; or

(ii) Amend, renew or terminate the Management Agreement or enter into a new property management agreement.

ARTICLE 15

CHOICE NEIGHBORHOODS INITIATIVE PROVISIONS

Section 15.01 Required CNI Requirements. The Partnership acknowledges that HACLA has provided, and will provide, financial assistance it receives from HUD toward the development and operation of thirty-nine (39) units in the Apartment Complex that will be replacement units for public housing units demolished as part of HACLA’s CNI grant. HACLA will loan the Partnership the HACLA CNI Loan toward the construction of the Apartment Complex and has agreed, pursuant to the AHAP Contract and HAP Contract, to provide project based voucher assistance to 54 units in the Apartment Complex, such units to be referred to herein as “CNI Replacement Units.” In return for its receipt of such assistance, the Partnership agrees to maintain and operate the CNI Replacement Units as assisted rental or other income restricted housing, as specified in the HUD approved Development Proposal (“Development Proposal”), for the term of the HUD CNI Restriction, unless otherwise approved by HUD. Specifically, the Partnership will operate the CNI Replacement Units pursuant to, but not limited to, (a) the Consolidated and Further Continuing Appropriations Act, 2018, Pub. L. No. 115-41 (approved March 23, 2018), (b) the Consolidated Appropriations Act, 2019, Pub. L. No. 116-6 (enacted February 5, 2019), (c) Section 24 of the U.S. Housing Act of 1937, as amended, 42 USC 1437v, (d) the AHAP Contract and HAP Contract, and (e) all other Federal statutory, executive order and regulatory requirements applicable to the Choice Neighborhoods Initiative, as those requirements exist or as they may be amended from time to time, and the Choice Neighborhoods Grant Agreement Number CA9D004CNG119 (the “CNI Grant Agreement”) between HUD and HACLA (collectively, the “Applicable CNI Requirements”).

Section 15.02 Conflicts. Notwithstanding any provision to the contrary herein, in the event of a conflict or inconsistency between a provision contained in this Agreement, and a requirement set forth in (i) any of the Project Documents entered into between the Partnership and HACLA, or between the Partnership and any third party(ies), with respect to the development or
operation of the Apartment Complex; or (ii) the Applicable CNI Requirements, the Applicable CNI Requirements shall (except as such requirements may have been expressly waived in writing by HUD) in all instances be controlling. In all events, the provisions of the Project Documents shall be subordinate to the Applicable CNI Requirements.

Section 15.03 No Waiver. The approval by HUD of the Development Proposal for the Apartment Complex shall not be deemed to be HUD approval to amend, modify, or otherwise alter this Agreement, the Project Documents, or the Applicable CNI Requirements.

Section 15.04 Restrictions on Disposition of Apartment Complex and of Partnership Interests. The Partnership expressly acknowledges that, in return for its receipt of assistance pursuant to the CNI, the CNI Replacement Units are subject to, among other requirements, a low income use requirement, to restrictions on disposition (both with respect to the Apartment Complex and to transfers of the interests of the Partners under this Agreement), as more fully set forth in the HUD CNI Restriction.

Section 15.05 CNI Compliance Obligations. The Partnership agrees to ensure that every contract, or other legally binding agreement, entered into between the Partnership and any third party with respect to the development, management, operation or disposition of the Apartment Complex requires such third party to comply with the Applicable CNI Requirements in connection with the Apartment Complex. The Partnership further agrees to include in any such contract, or other legally binding agreement, with a third party, the disclaimers (as appropriately modified) set forth in Sections 15.06 and 15.07.

Section 15.06 Transfer of HUD Funds. The parties to this Agreement acknowledge that the transfer of development assistance made available through the CNI program to HACLA to lend to the Partnership shall not be deemed to be an assignment by HUD of such CNI assistance. Accordingly, the parties further acknowledge that the Partnership shall not succeed to any rights or benefits of HACLA under the AHAP Contract, HAP Contract or the CNI Grant Agreement, nor shall it attain any privileges, authorities, interests, or rights in or under the CNI Grant Agreement.

Section 15.07 Disclaimer of Relationships. The parties to this Agreement acknowledge that nothing in the CNI Grant Agreement, or any other agreement or contract between the parties or between the Partnership and HACLA, shall be deemed to create a relationship of third party beneficiary, principal and agent, limited or general partnership, joint venture, or any association or relationship involving HUD and the Partnership.

Section 15.08 No Amendment. This Agreement may not, without the prior written approval of HUD, be amended in any way that, in the opinion of HUD, may adversely affect the development and/or continued maintenance and operation of the Apartment Complex by the Partnership in accordance with the HUD CNI Restriction.
IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement as of the day and year first above written.

WITHDRAWING LIMITED PARTNER:

BRIDGE Regional Partners, Inc.
a California nonprofit public benefit corporation

By ______________________________________
Name: Kimberly McKay
Title: Executive Vice President

GENERAL PARTNER:

JD Housing 3, LLC,
a California limited liability company

By: BRIDGE Housing Corporation,
a California nonprofit public benefit corporation,
its sole and managing manager

By: ______________________________________
Name: Kimberly McKay
Title: Executive Vice President

INVESTOR LIMITED PARTNER:

Wells Fargo Affordable Housing Community Development Corporation, a North Carolina corporation

By: ______________________________________
Name: Timothy J. McCann
Title: Managing Director
CLASS A LIMITED PARTNER:

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

By: _______________________________________
   Tina Smith-Booth
   President
DEVELOPER CONSENT

The Developer acknowledges and agrees that, notwithstanding the terms of the Development Agreement, the payments of its Developer Fee may be delayed, reduced or offset in accordance with the provisions of this Agreement, including, without limitation, Sections 3.05, 4.02, 4.03, 6.10(a), 7.02, 7.04, and 8.04(f) hereof. Developer further acknowledges and agrees, (i) in the event of any conflict between the provisions of this Agreement and the Development Agreement, including, without limitation, a conflict regarding the timing or amount of payments, the terms of this Agreement shall prevail, (ii) apart from this Developer Consent, it is not a party to this Agreement and has no rights hereunder, (iii) it is not an intended third party beneficiary of the Partnership or of this Agreement and has no right to enforce any provisions hereunder, and (iv) to the security interest granted by it in Section 7.04 hereof (and hereby reaffirms the grant of such security interest).

BRIDGE Housing Corporation, a California nonprofit public benefit corporation

By: __________________________________________
Name:  Kimberly McKay
Title:  Executive Vice President
GUARANTOR/PARENT CONSENT

By its signature below, the undersigned, as the Guarantor and Parent, hereby agrees to make the loans and/or payments required by Sections 6.10(a) and 6.12 of this Agreement, and agrees to the requirements of Section 6.01(c), as well as the representations, warranties and covenants of Section 6.09(m), Section 6.09(n), Section 6.09(ff) and Section 6.10(cc) of this Agreement.

BRIDGE Housing Corporation, a California nonprofit public benefit corporation

By: ____________________________
Name: Kimberly McKay
Title: Executive Vice President
MANAGEMENT AGENT CONSENT

By its signature below, the Management Agent hereby agrees to the provisions of Section 7.01, Section 8.04, and Article 11 of this Agreement pertaining to, among other things, modification or termination of the Management Agreement and the provisions of Section 7.01, Section 8.04, and Article 11 shall control notwithstanding anything to the contrary in the Management Agreement.

The John Stewart Company, a California corporation

By: ________________________________
Name: ______________________________
Title: ______________________________

Signature Page 5
GENERAL CONDITIONS FOR ALL INSTALLMENTS

In addition to any other requirements and conditions set forth in this Agreement, the Investor Limited Partner shall not be required to make any further Capital Contribution to the Partnership unless the following requirements have been satisfied:

(A) All conditions to the attached Schedule applicable to the particular Installment and all prior Installments have been satisfied;

(B) Receipt by the Investor Limited Partner of (i) a Capital Contribution Request in the form of Exhibit C (other than with respect to the Initial Installment payable on the Closing Date) and (ii) a Partnership/General Partner Certification in the form of Exhibit D (other than with respect to the Initial Installment payable on the Closing Date). The Capital Contribution Request shall disclose all relevant facts, (including dates), regarding draw requests submitted with respect to, and advances made with respect to, the Construction Loan and the other Deed of Trust Loans;

(C) The Investor Limited Partner shall have independently verified the accuracy of all statements made in the Partnership/General Partner Certification if it so desires, including, without limitation, the absence of defaults under this Agreement and the Project Documents.

(D) No Lender shall have denied any request for advance under its respective Deed of Trust Loan.

(E) Investor Limited Partner shall have received copies of all Project Documents executed concurrently with or following the prior Installment (or construction draw portion thereof).

(F) No further Capital Contributions or portions thereof shall be made subsequent to the 60th day following the Closing Date unless the Investor Limited Partner shall have received and approved a duplicate original of the Title Policy.

(G) No further Capital Contributions or portions thereof shall be made subsequent to December 31, 2022, unless the Investor Limited Partner shall have received and approved (i) the Partnership’s 10% test submission prior to its submission to the Agency, including all supporting materials and information, and (ii) evidence that the Partnership has submitted the 10% test materials to the Agency on or prior to the earlier of the date required by the Agency or the date required by the Code.

(H) Intentionally Omitted.

(I) No further Capital Contributions or portions thereof shall be made subsequent to April 18, 2022, unless the Investor Limited Partner shall have received and approved evidence that the Agency’s “Readiness Requirements” have been met.
(J) [No further Capital Contributions or portions thereof shall be made subsequent to the date that is 45 dates from the Closing Date unless, in connection with the “Demolition and Remediation Work” (as defined in Section 14.3 of the Ground Lease) the Investor Limited Partner shall have received and approved (i) evidence that any soils from demolition and/or site clearance (by or on behalf of HACLA) were off-hauled properly and that the Asbestos and Lead-Based Paint Workplan (“Asbestos, Lead, and Miscellaneous Environmental-Regulated Abatement Work Plan Buildings 88, 89, & 90”) was adhered to during demolition; and (ii) evidence that demolition and site clearance is officially complete and has been accepted by the City of Los Angeles, and that the City of Los Angeles has closed-out the demolition permit for the land upon which the Apartment Complex will be located.]

(K) The Investor Limited Partner shall have received evidence satisfactory to the Investor Limited Partner that the HACLA Acquisition Loan has been fully funded.

(L) The Investor Limited Partner shall have received copies of the executed HCD-IIG Standard Agreement and the executed IIG Disbursement Agreement.
SCHEDULE A

INITIAL INSTALLMENT; “CONSTRUCTION DRAWS”

Pursuant to Section 3.03, the Investor Limited Partner’s Initial Installment is $2,449,755 which shall be made on a “construction draw” basis to pay to pay Developer Fee and other costs of construction and development approved by the Investor Limited Partner. The obligation of the Investor Limited Partner to fund any portion of the Initial Installment following the Closing Date, including the funding of any subsequent “construction draw” shall be further conditioned on the conditions set forth below.

(a) **Compliance With Representations and Warranties.** The General Partner and the Partnership shall have fully complied with all of General Partner’s and Partnership’s representations, covenants and warranties hereunder and in the Project Documents, as applicable and shall provide the Partnership/General Partner Certification to the Investor Limited Partner (in the form of Exhibit D hereto).

(b) **Receipts for Payment of Costs.** The General Partner has (i) procured and delivered copies to the Investor Limited Partner of any general contractor’s and mechanics’ lien waivers, releases, affidavits and accepted bills as may be required by the Investor Limited Partner (or a Lender, as the case may be), showing payment of all parties who have furnished materials or performed labor of any kind entering into the construction or installation of any of the improvements of the Apartment Complex for work performed and materials furnished prior to the date of the most recent preceding Capital Contribution hereunder, and (ii) delivered invoices for any soft costs that individually exceed $5,000.

(c) **Title Report/Endorsement.** The Investor Limited Partner has received a title search report conducted by Title Insurer with an endorsement to Partnership’s owner’s Title Policy dated as of the date of the Installment reflecting no new title exceptions (except as previously approved by Investor Limited Partner) have been filed or recorded affecting the Apartment Complex, with no survey exceptions (except as previously approved by Investor Limited Partner). If any Lender has received a current endorsement from Title Insurer insuring same and General Partner delivers a copy thereof to Investor Limited Partner, no such endorsement shall be required. In the event that any title search report provided to the Investor Limited Partner indicates any intervening claim, Lien or other encumbrance or impediment to title that has not been approved by the Investor Limited Partner, the Investor Limited Partner may require an endorsement to the Partnership’s owner’s Title Policy dated as of the date of the Capital Contribution in form and substance reasonably acceptable to the Investor Limited Partner.

(d) **Evidence of Payment of Costs.** The Partnership shall furnish, before each construction draw all receipted bills, certificates, affidavits, releases of lien and other documents which may be reasonably required by the Investor Limited Partner or the Title Insurer as evidence of full payment for all labor and materials incident to the construction of the Apartment Complex, and will promptly secure the release of the Apartment Complex from all Liens other than Permitted Liens and Liens securing the Deeds of Trust.
(e) **Contractor and Contractor’s Certificate.** Contractor shall have been paid all amounts properly due it to date (except amounts contained in the Capital Contribution Request under consideration) and all advances previously made, if any, with respect to the Capital Contribution and the Deed of Trust Loans, as applicable, have been properly applied. Contractor shall also have delivered to the Investor Limited Partner a certificate executed by Contractor and General Partner in the form attached hereto as **Exhibit H**, certifying that the improvements constituting the Apartment Complex have been constructed, as applicable, substantially in compliance with the Plans, the construction and materials used therein are substantially according to the Plans, all bills for labor, material and services then incurred and payable in connection with the Apartment Complex have been paid or will be paid from the Installment being requested, and such other matters as Investor Limited Partner may reasonably require.

(f) **Approval of Architect and Architect’s Certificate.** Architect shall have delivered to Investor Limited Partner a certificate executed by Architect and General Partner, in the form attached hereto as **Exhibit I**, certifying in part, that the improvements constituting the Apartment Complex have been constructed, as applicable, substantially in compliance with the Plans, the construction and materials used therein are substantially according to the Plans, the work has been accomplished to entitle Partnership to the Advance requested, the percentage of completion, and such other matters as the Investor Limited Partner may reasonably require.

(g) **Approval of Inspector Report.** The Investor Limited Partner shall have received an Inspector’s report (including a certificate certifying to such matters as Investor Limited Partner may require) from the Inspector, in form and substance satisfactory to Investor Limited Partner.

(h) **Deed of Trust Loan Closing.** The Investor Limited Partner shall have received executed copies of all documents executed in connection with the Construction Loan, the HACLA IIG Loan and HACLA Loans, all in form and substance satisfactory to the Investor Limited Partner, together with evidence reasonably satisfactory to the Investor Limited Partner that initial advances of the Deed of Trust Loans have been made to the Partnership as set forth in the final settlement or closing statement.

(i) **[Intentionally Omitted]**

(j) **Permits.** The Investor Limited Partner shall have received copies of all necessary permits or permit-ready letters for the Apartment Complex (expressly excluding, for the Initial Installment, Permit Addendum #1, which shall be required in accordance with Exhibit A hereof).

(k) **Notice to Proceed.** The Investor Limited Partner shall have received a copy of a Notice to Proceed issued by the Partnership to the Contractor.

(l) **Tenant Services.** The Investor Limited Partner shall have received an executed copy of the resident services agreement for the provision of Tenant Services to the Partnership, in form and substance reasonably satisfactory to the Investor Limited Partner.

(m) **Exhibit A Additional Conditions.** The Partnership shall have satisfied the conditions precedent to each Installment, as set forth on **Exhibit A** to this Agreement.
(n) **Rental Subsidy.** The General Partner has delivered to the Investor Limited Partner an executed copy of the AHAP Contract, each in form and substance reasonably acceptable to the Investor Limited Partner.
SCHEDULE B

CONSTRUCTION COMPLETION INSTALLMENT

Pursuant to the terms and conditions of Section 3.03, the obligation of the Investor Limited Partner to make the Construction Completion Installment (subject to adjustment as set forth in this Agreement) in the amount of $19,936,288 is conditioned upon satisfaction and/or delivery of the items set forth below. The General Partner agrees that the Construction Completion Installment shall be paid to the Construction Lender to pay down the Construction Loan or otherwise used in accordance with the terms of the Construction Loan. The General Partner consents to the Investor Limited Partner’s disbursement of the Construction Completion Installment directly to the Construction Lender and acknowledges that such payment shall be deemed to constitute the Investor Limited Partner’s contribution of the Construction Completion Installment to the Partnership.

(a) **Lien-free Completion.** The attainment of Construction Completion (as defined in Article 2).

(b) **Certificates of Occupancy.** The Investor Limited Partner shall have received the final, unconditional certificate of use and occupancy for each unit in the Apartment Complex or, if final, unconditional certificates of use and occupancy are unavailable, a temporary certificate of occupancy as described in the definition of “Construction Completion” (the **Certificate of Occupancy**).

(c) **As-Built Survey.** A final ALTA “as–built” survey, reasonably satisfactory to Investor Limited Partner and Title Insurer, showing the completed improvements of the Apartment Complex and all utility locations, set-backs and easements, together with an additional endorsement to Partnership’s owner’s Title Policy.

(d) **As-Built Plans.** The Investor Limited Partner shall have received and approved detailed as-built Plans.

(e) **[Intentionally Omitted].**

(f) **Architect’s, Contractor’s and Partnership/General Partner Certificates.** The Investor Limited Partner shall have received and approved an Architect’s Certificate in the form attached hereto as **Exhibit I** and a Contractor’s Certificate in the form attached hereto as **Exhibit H** each stating that the improvements of the Apartment Complex have been completed substantially in accordance with the Plans.

(g) **Partnership/Contractor No Lien Affidavit.** The Investor Limited Partner shall have received and approved an affidavit of General Partner and Contractor in the form attached hereto as **Exhibit F**, and such other evidence satisfactory to the Investor Limited Partner, stating that each person providing any material or performing any work in connection with the Construction Completion Installment has been (or will be, with the proceeds of and immediately following receipt by General Partner of such Construction Completion Installment) paid in full or bonded to the satisfaction of the Investor Limited Partner, and that all withholding taxes have been paid and lien waivers have been obtained from all contractors, subcontractors and suppliers who

Schedule B-1
have performed work or supplied materials in connection with the construction of the improvements of the Apartment Complex, and covering such other matters as Investor Limited Partner may require ("Partnership/Contractor No-Lien Affidavit").

(h) **Insurance.** The Investor Limited Partner shall have received evidence satisfactory to Investor Limited Partner that Partnership has obtained hazard, liability and such other insurance as required by any Lender and this Agreement ("Required Insurance").

(i) **Exhibit A Additional Conditions.** The Partnership shall have satisfied the conditions precedent to each Installment, as set forth on Exhibit A to this Agreement.

(j) **Other Evidences.** The Investor Limited Partner shall have received and approved copies of all documents, instruments and agreements and all insurance policies and certificates required to be delivered pursuant to any Project Document and any other evidence required by Investor Limited Partner that the improvements constituting the Apartment Complex have been substantially completed in accordance with the Plans in compliance with all applicable laws and requirements of any governmental agency and free of all Liens except Permitted Liens. Additionally, the General Partner shall have satisfied, or caused the Partnership to satisfy, all contractor certification and audit procedures required by the Agency, if any.

(k) **Eligible Basis and Lease-up Schedule.** The Investor Limited Partner and Accountants shall have received information with respect to sources and uses, the Eligible Basis of the Apartment Complex and current and projected lease-up of units therein to enable the Accountants to make a preliminary determination with respect to potential Credit adjusters, if any, as well as completed Form(s) 8609 for each building in the Apartment Complex, which shall be subject to the Consent of the Investor Limited Partner before filing (which Consent shall not be unreasonably withheld).

(l) **Draft Cost Certification.** The draft Cost Certification for the Apartment Complex prepared by the Accountants in form and substance has been approved by Investor Limited Partner, which approval shall not be unreasonably withheld, to be used by General Partner in applying to the Agency for the issuance of Internal Revenue Form 8609 with respect to the Apartment Complex and completed Form(s) 8609 for each building in the Apartment Complex, which shall be subject to the Consent of the Investor Limited Partner before filing (which Consent shall not be unreasonably withheld).

(m) **Receipt of Certificate of Completion.** The Partnership has received the Certificate of Completion pursuant to [Section 2.6] of the DDA.

(n) **[Intentionally Omitted]**

(o) **10% Cost Information.** The Investor Limited Partner shall be provided, in form and substance satisfactory to the Investor Limited Partner, the Accountants’ Cost Certification (and documentation) supporting the costs stated to have been incurred with respect to the Partnership’s satisfaction of the 10% test set forth in Code Section 42(h)(1)(E) at least 10 days before such certificate is provided (or required to be provided) to Agency. The Agency shall have approved the Partnership’s 10% test submission and acknowledged in writing that the Partnership has met the requirements of Code Section 42(h)(1)(E).
(p) **Environmental Remediation.** On or before Construction Completion, the Partnership shall, at its sole cost and expense: [(i) take all corrective actions or responses needed to remediate, clean up and otherwise remove the asbestos and lead-based paint identified in the Waste Soil Management Plan (CSS, 2017) and applicable regulations, and in the “Asbestos, Lead, and Miscellaneous Environmental- Regulated Abatement Work Plan Buildings 88, 89, & 90” all in accordance with all applicable federal, state and local laws governing such conditions] and (ii) take such actions as are necessary to prevent or mitigate any future release or reoccurrence of such matter. Documentation evidencing compliance with the foregoing including, without limitation, evidence of proper disposal and post-removal soil testing, shall be provided to the Investor Limited Partner and the parties agree that the conditions in this paragraph must be met to the reasonable satisfaction of the Investor Limited Partner prior to the date that Investor Limited Partner is otherwise required to make the Construction Completion Installment (the **Environmental Remediation Requirement**).

(q) **Rental Subsidy.** The Investor Limited Partner shall have received evidence satisfactory to Investor Limited Partner that the Partnership has received HAP Contract for 45 units at the Apartment Complex, with a minimum term of 15 years, which HAP Contract shall be in full force and effect as of the date of the Construction Completion Installment.

(r) **Property Tax Exemption Application.** The Investor Limited Partner shall have received evidence that the Partnership has applied for the Property Tax Exemption.

(s) **Tenant Services.** The Investor Limited Partner shall have received an executed copy of the Tenant Services Agreement in form and substance reasonably satisfactory to the Investor Limited Partner.

(t) **Threshold Date.** Notwithstanding any satisfaction of the conditions precedent set forth in this Schedule B, in no event shall the Construction Completion Installment be made earlier than May 1, 2024.

(u) **Title Report/Endorsement.** The Investor Limited Partner has received a title search report conducted by Title Insurer with an endorsement to Partnership’s owner’s Title Policy dated as of the date of the Installation reflecting no new title exceptions (except as previously approved by Investor Limited Partner) have been filed or recorded affecting the Apartment Complex, with no survey exceptions (except as previously approved by Investor Limited Partner). If any Lender has received a current endorsement from Title Insurer insuring same and General Partner delivers a copy thereof to Investor Limited Partner, no such endorsement shall be required. In the event that any title search report provided to the Investor Limited Partner indicates any intervening claim, Lien or other encumbrance or impediment to title that has not been approved by the Investor Limited Partner, the Investor Limited Partner may require an endorsement to the Partnership’s owner’s Title Policy dated as of the date of the Capital Contribution in form and substance reasonably acceptable to the Investor Limited Partner.

(V) **HACLA Loan Funding.** The Investor Limited Partner shall have received evidence satisfactory to the Investor Limited Partner that the HACLA Loans have been fully funded, with the exception of any required retention under the HACLA Loan Documents.
SCHEDULE C

PERFORMANCE INSTALLMENT

Pursuant to the terms and conditions of Section 3.03, the obligation of the Investor Limited Partner’s Partner to make the Performance Installment (subject to adjustment as set forth in this Agreement) in the amount of $1,861,507 is conditioned upon satisfaction and/or delivery of the items set forth below. The Performance Installment shall be used to fund the $683,020 Operating Reserve, to pay costs and fees, and to pay up to $1,100,000 of Developer Fee. Notwithstanding the foregoing, the General Partner agrees that, to the extent that the Construction Loan has not been repaid or paid-down as required pursuant to the terms of the documents for the Construction Loan, the Performance Installment shall be paid to the Construction Lender to pay down the Construction Loan or otherwise used in accordance with the terms of the Construction Loan, and General Partner consents to the Investor Limited Partner’s disbursement of the Performance Installment directly to the Construction Lender and acknowledges that such payment shall be deemed to constitute the Investor Limited Partner’s contribution of the Performance Installment to the Partnership.

(a) **Permanent Loan Conversion.** Permanent Loan Conversion shall have occurred, and the Deed of Trust Loans shall have been fully-funded (or will be fully funded concurrently with the contribution of the Performance Installment) on such terms and conditions satisfactory to Investor Limited Partner.

(b) **General Partner and Accountant’s DSCR Certificate.** The Investor Limited Partner shall have received evidence satisfactory to the Investor Limited Partner that the Apartment Complex has attained a Debt Service Coverage Ratio of 1.15 or better for 90 consecutive days (such period to be taken as a whole) and is projected to maintain a Debt Service Coverage Ratio of 1.15 or better for the Compliance Period ("General Partner and Accountant’s DSCR Certificate"). For purposes of the foregoing, the amount of required debt service payments for a period shall be computed assuming that permanent financing having the terms set forth in Section 5.04 is in effect. Notwithstanding the foregoing, Effective Gross Income from the Rental Subsidy shall only include subsidy actually received on a cash basis for the purpose of the foregoing paragraph.

(c) **95% Qualified Occupancy.** Evidence reasonably satisfactory in form and substance to the Investor Limited Partner indicating that, with respect to all set-aside units in the Apartment Complex, 95% of such units have been leased to and physically occupied by Qualified Tenants. Notwithstanding the foregoing, units that are vacant but have been previously occupied by a Qualified Tenant shall be included in the foregoing calculation for purposes of this clause.

(d) **Property Tax Exemption.** The Investor Limited Partner shall have received evidence that the Partnership has received the Property Tax Exemption (unless the Investor Limited Partner has, in its sole and absolute discretion, provided its Consent to permit the delivery of evidence that the Partnership has received the Property Tax Exemption as a condition to the Final Installment).
(e) **Title Report/Endorsement.** The Investor Limited Partner has received a title search report conducted by Title Insurer with an endorsement to Partnership’s owner’s Title Policy dated as of the date of the Installment reflecting no new title exceptions (except as previously approved by Investor Limited Partner) have been filed or recorded affecting the Apartment Complex, with no survey exceptions (except as previously approved by Investor Limited Partner). If any Lender has received a current endorsement from Title Insurer insuring same and General Partner delivers a copy thereof to Investor Limited Partner, no such endorsement shall be required. In the event that any title search report provided to the Investor Limited Partner indicates any intervening claim, Lien or other encumbrance or impediment to title that has not been approved by the Investor Limited Partner, the Investor Limited Partner may require an endorsement to the Partnership’s owner’s Title Policy dated as of the date of the Capital Contribution in form and substance reasonably acceptable to the Investor Limited Partner.

(f) **Certificates of Occupancy.** Final, unconditional certificates of use and occupancy for all units in the Apartment Complex, if not previously delivered.

(f) **Exhibit A Additional Conditions.** The Partnership shall have satisfied the conditions precedent to each Installment, as set forth on Exhibit A to this Agreement.

(g) **Other Evidences.** The Investor Limited Partner shall have received and approved copies of all documents, instruments and agreements and all insurance policies and certificates required to be delivered pursuant to any Project Document and any other evidence required by Investor Limited Partner that the improvements constituting the Apartment Complex have been substantially completed in accordance with the Plans in compliance with all applicable laws and requirements of any governmental agency and free of all Liens except Permitted Liens. Additionally, the General Partner shall have satisfied, or caused the Partnership to satisfy, all contractor certification and audit procedures required by the Agency, if any.

(h) **General Partner Credit Adjuster Advance.** Evidence of payment of General Partner Credit Adjuster Advances, if any, owed to the Investor Limited Partner pursuant to Section 3.05 of this Agreement.

(i) **OCC Certificate.** The Investor Limited Partner shall have received an Organizational Clearance Certificate from the California State Board of Equalization for the General Partner.

(j) **Threshold Date.** Notwithstanding any satisfaction of the conditions precedent set forth in this Schedule D, in no event shall the Performance Installment be made earlier than May 1, 2024.

(k) **HCD Special Conditions.** The Investor Limited Partner shall have received and approved evidence that (i) all “Special Terms and Conditions” to the California Department of Housing and Community Development Infill Infrastructure Grant Program (Contract No.: [___]-IIG-[_____] – Jordan Downs Area H2A) Standard Agreement (the “HCD-IIG Standard Agreement”), and (ii) the “Special Conditions” to the Infill Infrastructure Grant Program Disbursement Agreement by and between BRIDGE Housing Corporation and HCD, have been satisfied (the “IIG Disbursement Agreement”).

Schedule C-2
SCHEDULE D

FINAL INSTALLMENT

Pursuant to the terms and conditions of Section 3.03, the obligation of the Investor Limited Partner to make the Final Installment in the amount of $250,000 (subject to adjustment as set forth in this Agreement), which shall be used to pay up to $250,000 of the Developer Fee, is further conditioned upon the receipt by Investor Limited Partner of the following:

(a) **IRS Form 8609.** The Investor Limited Partner shall have received a copy of the IRS Form 8609 issued by the Agency with respect to the Apartment Complex (“IRS Form 8609”), fully executed by the Agency and the Partnership.

(b) **Final Cost Certification.** The Partnership shall have received a final Cost Certification for the Apartment Complex prepared by Accountants in form and substance as approved by the Investor Limited Partner, which approval shall not be unreasonably withheld, to be used by General Partner in applying to the Agency for the issuance of IRS Form 8609 with respect to the Apartment Complex and the Agency has reviewed, inspected and has approved the final Cost Certification for the Apartment Complex.

(c) **Qualified Tenant Certificate.** The Investor Limited Partner shall have received and approved a certification from the Accountants based on a review of the applicable tenant certifications and other documents with respect to all set-aside units in the Apartment Complex, 100% (or such percentage as approved by Investor Limited Partner) of the low-income set-aside residential units in the Apartment Complex have been leased to and physically occupied by Qualified Tenants (“Qualified Tenant Certificate”), as well as a copy of all tenant files, leases, certifications, income verification information and other documentation required to be provided to the Investor Limited Partner under Section 6.10(h). Notwithstanding the foregoing, units that are vacant but have been previously occupied by a Qualified Tenant shall be included in the foregoing calculation for purposes of this clause.

(d) **Tax Returns.** The Investor Limited Partner shall have received a copy of the Partnership’s federal and state income tax returns, and a Form K-1, regarding calendar year 2021.

(e) **General Partner Credit Adjustor Advance.** Evidence of payment of General Partner Credit Adjustor Advances, if any, owed to the Investor Limited Partner pursuant to Section 3.05 of this Agreement.

(f) **Title Report/Endorsement.** The Investor Limited Partner has received a title search report conducted by Title Insurer with an endorsement to Partnership’s owner’s Title Policy dated as of the date of the Installment reflecting no new title exceptions (except as previously approved by Investor Limited Partner) have been filed or recorded affecting the Apartment Complex, with no survey exceptions (except as previously approved by Investor Limited Partner). If any Lender has received a current endorsement from Title Insurer insuring same and General Partner delivers a copy thereof to Investor Limited Partner, no such endorsement shall be required. In the event that any title search report provided to the Investor Limited Partner indicates any intervening claim, Lien or other encumbrance or impediment to title that has not been approved by the Investor Limited Partner, the Investor Limited Partner may require an endorsement to the Partnership’s
owner’s Title Policy dated as of the date of the Capital Contribution in form and substance reasonably acceptable to the Investor Limited Partner.

(g) **Exhibit A Additional Conditions.** The Partnership shall have satisfied the conditions precedent to each Installment, as set forth on Exhibit A to this Agreement.

(h) **Other Evidences.** Copies of all documents, instruments and agreements and all insurance policies and certificates required to be delivered pursuant to any Project Document and any other evidence required by Investor Limited Partner that the improvements constituting the Apartment Complex have been substantially completed in accordance with the Plans in compliance with all requirements of any governmental agency and free of all Liens except Permitted Liens.

(i) **Threshold Date.** Notwithstanding any satisfaction of the conditions precedent set forth in this Schedule F, in no event shall the Final Installment be made earlier than September 1, 2024.

(j) **Extended Use Agreement.** The Investor Limited Partner shall have received a copy of the duly recorded Extended Use Agreement.

(k) **CTCAC Rider and Estoppel.** The Investor Limited Partner shall have received and reasonably approved the rider and estoppel agreement from CTCAC related to the Ground Lease.
# PARTNERSHIP INTERESTS

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<thead>
<tr>
<th>Partner and Address</th>
<th>Capital Contribution</th>
<th>Interest</th>
</tr>
</thead>
</table>

## General Partner:

JD Housing 3, LLC  
c/o BRIDGE Housing Corporation  
600 California Street, Suite 900  
San Francisco, CA 94108  

- Capital Contribution: $51  
- Interest: 0.0051%

## Investor Limited Partner:

Wells Fargo Affordable Housing  
Community Development Corporation  
550 S. Tryon Street  
Charlotte, NC 28202-4200  
Attention: Director of Tax Credit Asset Management  
550 S. Tryon Street  

- Capital Contribution: $24,497,550  
- Interest: 99.99%

## Class A Limited Partner:

La Cienega LOMOD, Inc.  
2600 Wilshire Boulevard  
Los Angeles, CA 90057  

- Capital Contribution: $49  
- Interest: 0.0049%
AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP OF JORDAN DOWNS 3, LP

EXHIBIT C

CAPITAL CONTRIBUTION REQUEST
[FORM]

[__________], 20[__]

Wells Fargo Affordable Housing Community Development Corporation
550 S. Tryon Street
Charlotte, NC 28202-4200
Attention: Director of Tax Credit Asset Management

Re: Capital Contribution Installment No. _____ as per the Amended and Restated Agreement of Limited Partnership dated _________ (the “Agreement”) of Jordan Downs 3, LP (the “Partnership”), by and among JD Housing 3, LLC (“General Partner”), Wells Fargo Affordable Housing Community Development Corporation (“Investor Limited Partner”) and La Cienega LOMOD, Inc. (“Class A Limited Partner”)

Ladies and Gentlemen:

We request, subject to the terms and conditions of the Agreement, that the Investor Limited Partner advance $[__________], which shall be used in accordance with the Budget, on ________________, 20__.

GENERAL PARTNER:

JD Housing 3, LLC,
a California limited liability company

By: BRIDGE Housing Corporation,
a California nonprofit public benefit corporation,
its sole and managing member

By: ______________________________
Name: Kimberly McKay
Title: Executive Vice President

Attachments include:

a) Partnership/General Partner Certificate
b) Architect’s Certificate
c) Contractor’s Certificate
d) Other required documents as set forth in the Partnership Agreement or as may be requested by Investor Limited Partner

Exhibit C-1
AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP OF JORDAN DOWNS 3, LP

EXHIBIT D

PARTNERSHIP/GENERAL PARTNER CERTIFICATION

[___________], 20[__]

Signatory is the [______________] of JD Housing 3, LLC, the general partner of Jordan Downs 3, LP (the “Partnership”), and has made due investigation as to the matters hereinafter set forth and does hereby certify the following to induce Wells Fargo Affordable Housing Community Development Corporation (the “Investor Limited Partner”) to make and contribute the aggregate sum of $[__________] (the “Installment”) to Partnership pursuant to the terms of the Partnership Agreement and Capital Contribution Request No. [___________], dated [___________], 20[__], which is being submitted to the Investor Limited Partner herewith. (Capitalized terms used and not otherwise defined herein shall have the respective meanings given to them in the Partnership Agreement.)

1. All of the representations and warranties contained in the Agreement and all of the Project Documents are true and correct in all material respects as of the date hereof.

2. No default and no event of default exist under any Deed of Trust Loan, the Rental Subsidy, the DDA, the CC&Rs or the Partnership Agreement. With respect to the [Performance Installment] [Final Installment], the Property Tax Exemption is in full force and effect and each Rental Subsidy is in full force and effect.

3. Construction of the Apartment Complex has been carried on with reasonable dispatch and has not been discontinued at any time in excess of that allowed under the Partnership Agreement. The Apartment Complex has not been damaged by fire or other casualty, and no part of the property underlying the Apartment Complex has been taken by eminent domain and no proceedings or negotiations therefor are pending or threatened.

4. Construction of the Apartment Complex is progressing in accordance with all applicable Laws and in good and workmanlike manner, in such manner so as to assure the completion thereof in accordance with the Plans, and there have been no changes in the Plans or substantial deviations from the Construction Schedule, except as approved by the Investor Limited Partner or as authorized by the Partnership Agreement. The construction of the Apartment Complex, as of the date hereof is [____]% complete. The unpaid portion of the Cost of the Improvements, whether complete or incomplete, will not exceed the undisbursed portion of the proceeds of the Loans, the Capital Contribution and any sums deposited by Partnership.

5. All funds previously received from the Investor Limited Partner as Capital Contributions under the Partnership Agreement have been expended or are being held in trust for the sole purpose of paying Costs of Improvements previously certified to the Investor Limited Partner in Capital Contribution Requests, and no part of such funds have been used, and the funds to be received pursuant to the Capital Contribution Request submitted herewith shall not be used,
for any other purpose. No item of Costs of Improvements previously covered in a Capital Contribution Request remains unpaid as of the date of this Certificate.

6. All of the statements and information set forth in the request for an Installment being submitted to Lender and/or the Capital Contribution Request being submitted to the Investor Limited Partner in connection herewith are true and correct in every material respect as of the date hereof. The Capital Contribution Request being submitted to the Investor Limited Partner accurately reflects the work accomplished to entitle the Partnership to the disbursement requested and the precise amounts due and payable during the period covered by such Capital Contribution Request. All of the funds to be received pursuant to such Capital Contribution Request shall be used solely for the purpose of reimbursing Partnership for such items previously paid by Partnership and paying the items of cost comprising the current Capital Contribution Request.

7. Nothing has occurred subsequent to the date of the Partnership Agreement which has or may result in the creation of any lien, charge or encumbrance upon the Apartment Complex or any part thereof, or anything affixed thereto or used in connection therewith, or which has or may substantially and adversely impair the ability of Partnership to make all payments of principal and interest on the Deed of Trust Note, the ability of General Partner to meet its obligations under the Partnership Agreement, or the ability of the Guarantor to meet its obligations under any guaranty delivered in connection with the Partnership Agreement.

8. None of the labor, materials, overhead or other items of expense covered by the Capital Contribution Request submitted herewith have previously been the basis of (i) any Capital Contribution Request; (ii) any request for an advance from Lender(s); or (iii) any payment by the Investor Limited Partner.

9. The Cost of Improvements has not increased since the date of the Partnership Agreement. The aggregate sum of direct and hard costs currently included in the Apartment Complex is $[__________], and the aggregate sum of indirect and soft costs currently included in the Apartment Complex is $[__________].

10. All required permits, certificates, licenses and other governmental approvals required to commence, continue and complete the work described in the Plans have been obtained and are in full force and effect.

11. All conditions to the Installment to be made in accordance with the Capital Contribution Request submitted herewith have been met in accordance with the terms of the Agreement.

[signature on next page]
JD Housing 3, LLC,
a California limited liability company

By: BRIDGE Housing Corporation,
a California nonprofit public benefit corporation,
its sole and managing member

By: _______________________________
Name: Kimberly McKay
Title: Executive Vice President

All representations, warranties, obligations and covenants contained in Sections 6.09, 6.10, 6.11 and 6.12 respectively, of the Partnership Agreement are true and correct in all material respects as of the date hereof. The General Partner, the Partnership and the Guarantor (as applicable) are in good standing and authorized to engage in the activities as set forth in the Partnership Agreement. In addition, there have been no changes or amendments to the articles, bylaws, certificates or other organizational documents, as appropriate, of the General Partner, the Partnership and the Guarantor (as applicable), except as provided to the Investor Limited Partner. All obligations of the General Partner set forth in the Partnership Agreement (including, without limitation, the delivery of all required financial and other reports pursuant to Article 12 of the Partnership Agreement) have been satisfied.

Jordan Downs 3, LP,
a California limited partnership

By: JD Housing 3, LLC, a California limited liability company, its general partner

By: BRIDGE Housing Corporation,
a California nonprofit public benefit corporation,
its sole and managing member

By: _______________________________
Name: Kimberly McKay
Title: Executive Vice President

Exhibit D-3
AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP OF JORDAN DOWNS 3, LP

EXHIBIT E

LEGAL DESCRIPTION OF APARTMENT COMPLEX

[to insert]
AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP OF JORDAN DOWNS 3, LP

EXHIBIT F

PARTNERSHIP/CONTRACTOR NO LIEN AFFIDAVIT

Property: Jordan Downs Area H2A
Advance at Construction Loan Pay-Down ("Construction Completion Installment").

I hereby certify the following:

☐ The General Partner certifies that each person providing any material or performing any work in connection with the Capital Contribution Installment ("Advance") at Construction Completion ("Construction Completion Installment") has been (or will be, with the proceeds of and immediately following receipt by General Partner of such Construction Completion Installment) paid in full or bonded. All withholding taxes have been paid and lien waivers have been obtained from all contractors, subcontractors and suppliers who have performed work or supplied materials in connection with the construction of the improvements of the Apartment Complex.

☐ The Contractor certifies that each person providing any material or performing any work in connection with the Construction Completion Installment ("Advance") at Construction Completion ("Construction Completion Installment") has been (or will be, with the proceeds of and immediately following receipt by Contractor of such Construction Completion Installment) paid in full or bonded. All withholding taxes have been paid and lien waivers have been obtained from all contractors, subcontractors and suppliers who have performed work or supplied materials in connection with the construction of the improvements of the Apartment Complex.

Legal Name of Owner: Jordan Downs 3, LP

CONTRACTOR: _______________________________
JD Housing 3, LLC, a California limited liability company

a __________________________
By: _____________________________
Name: ___________________________

Its: ______________________________

GENERAL PARTNER:

By: BRIDGE Housing Corporation, a California nonprofit public benefit corporation, its sole and managing member

By: _____________________________
Kimberly McKay
Executive Vice President

Exhibit F-1
Subject to the terms and provisions of this Agreement, including without limitation, the provisions set forth in Exhibit A and the Schedules thereto, the Investor Limited Partner shall be obligated to make Capital Contributions to the Partnership in four (4) installments (the “Installments”) in the aggregate amount of $24,497,550 which Installments shall be due and payable by the Investor Limited Partners as follows: (i) $2,449,755 (the “Initial Installment”) shall be disbursed on a “construction draw” basis and such construction draws shall commence pursuant to and upon receipt by the Investor Limited Partner of the items set forth on Schedule A hereto; (ii) $19,936,288 (the “Construction Completion Installment”) shall be disbursed pursuant to and upon the satisfaction of all of the items on Schedule B hereto; (iii) $1,861,507 (the “Performance Installment”) shall be disbursed pursuant to and upon satisfaction of all of the items on Schedule C hereto; and (iv) $250,000 (the “Final Installment”) shall be disbursed pursuant to and upon satisfaction of all of the items on Schedule D hereto.
AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP OF JORDAN DOWNS 3, LP

EXHIBIT H (CONTRACTOR’S CERTIFICATE)

The undersigned (“Contractor”) has made due investigation as to the matters hereinafter set forth and does hereby certify the following to induce Wells Fargo Affordable Housing Community Development Corporation (the “Investor Limited Partner”) to make and advance the aggregate sum of $[___________] (the “Advance”) to Partnership pursuant to the terms of that certain Partnership Agreement, dated as of ______________ between the Investor Limited Partner, General Partner and Class A Limited Partner (together with any amendments, modifications, supplements and replacements thereof, the “Agreement”) and the Advance Request No. [_____] dated [____], dated [_____]. 20[__], which is being submitted to the Investor Limited Partner herewith. (Capitalized terms used and not otherwise defined herein shall have the respective meanings given to them in the Agreement.) Contractor certifies as follows:

(i) The improvements constituting the Apartment Complex have been completed in a good and workmanlike manner, substantially in accordance with the Plans for the Apartment Complex, the construction and materials used therein are substantially according to the Plans, and the work has been accomplished to entitle the Partnership to the Advance requested.

(ii) All material permits, licenses, certificates and related governmental approvals required to construct the Apartment Complex were obtained. All permits, licenses, certificates and related governmental approvals required to occupy and operate the Apartment Complex for its intended purpose have been obtained and Partnership may commence or has commenced normal operation of the Apartment Complex as a multifamily dwelling.

(iii) The construction of the Apartment Complex complies in all material respects with the Davis-Bacon Act (40 U.S.C. 276a et. seq.), if applicable, and California Labor Code Sections 1720 et seq. and 1777.5.

(iv) Each person providing any material or performing any work in connection with the Advance has been (or will be, with the proceeds of and immediately following receipt by General Partner of such Advance) paid in full or bonded. All withholding taxes have been paid and lien waivers have been obtained from all contractors, subcontractors and suppliers who have performed work or supplied materials in connection with the construction of the improvements of the Apartment Complex through the Advance date request.

Dated ________________________, 20__.

PORTRAIT CONSTRUCTION, INC.

By: _____________________________
Printed Name _____________________

Exhibit H-1
Certified to the Investor Limited Partner to be true, correct and complete to the best of the undersigned’s knowledge.

**JD Housing 3, LLC,**
a California limited liability company

By: BRIDGE Housing Corporation,
a California nonprofit public benefit corporation,
its sole and managing member

By: ______________________________
Name: Kimberly McKay
Title: Executive Vice President
AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP OF JORDAN DOWNS 3, LP

EXHIBIT I

ARCHITECT’S CERTIFICATE

The undersigned (“Architect”) has made due observation as to the matters hereinafter set forth and does hereby state the following to Wells Fargo Affordable Housing Community Development Corporation (the “Investor Limited Partner”) in connection with its advance to the Partnership (the “Advance”) pursuant to the terms of that certain Amended and Restated Agreement of Limited Partnership, dated as of _________ between the Investor Limited Partner, General Partner and Class A Limited Partner, and the Advance Request No. [______], dated [______], 20[__], which shall be submitted to the Investor Limited Partner herewith. (Capitalized terms used and not otherwise defined herein shall have the respective meanings given to them in the Agreement.)

The Architect’s opinions and statements provided in this notice are limited to periodic visits to the site. The Architect has not been required to make, and have not made exhaustive or continuous on-site inspections. Architect agrees to the best of its knowledge as follows:

(i) The improvements completed as part of this request constituting the Apartment Complex have been completed in a good and workmanlike manner, substantially in accordance with the Plans for the Apartment Complex, the construction and materials used therein are substantially according to the Plans, and the work has been accomplished, based on what is observable from our periodic site visits.

(ii) To the best of our knowledge, all material permits, licenses, certificates and related governmental approvals required to construct the Apartment Complex were obtained. All Permits, licenses, certificates and related governmental approvals required to occupy the Apartment Complex have been obtained.

(iii) The Apartment Complex complies in material respects with applicable statutes, regulations, rules, ordinances, codes, licenses, permits, orders, and approvals of any governmental agencies, departments, commissions, bureaus, boards and instrumentalties of the United States having jurisdiction, the state in which the Apartment Complex is located, and the political subdivisions thereof including, without limitation, the Americans with Disabilities Act (P.L. 101-336; Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794)) and the Fair Housing Act (42 U.S.C. 3601 et. seq.). The Investor Limited Partner acknowledges that all of the previously noted codes and regulations (including the ADA) are subject to various and sometime contradictory interpretations. The Architect, therefore, will use its professional judgment and best efforts to interpret applicable ADA requirements and other federal, state and local laws, rules, codes, ordinances, and regulations as they apply to the Project. The Architect cannot and does not warrant or guarantee that the Project will comply with all interpretations of all these codes requirements.
Dated ___________________, 202_.

ARCHITECT:

KTGY Group, Inc.

By: ______________________________
Printed Name: _____________________

Certified to the Investor Limited Partner to be true, correct and complete to the best of the undersigned’s knowledge.

JD Housing 3, LLC,
a California limited liability company

By: BRIDGE Housing Corporation,
a California nonprofit public benefit corporation,
its sole and managing member

By: ______________________________
Name: Kimberly McKay
Title: Executive Vice President
JORDAN DOWNS 3, LP
AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP

Table of Contents

ARTICLE 1

NAME AND BUSINESS .................................................................1
   Section 1.01 Name; Formation; Filings .......................................1
   Section 1.02 Place of Business ..................................................2
   Section 1.03 Names and Addresses of Partners .........................2
   Section 1.04 Purposes ..............................................................2
   Section 1.05 Term and Dissolution ............................................2
   Section 1.06 Title to Apartment Complex .................................3
   Section 1.07 Property Tax Exemption .........................................3

ARTICLE 2

DEFINITIONS .............................................................................3
   Section 2.01 Meanings .............................................................3
   Section 2.02 Pronouns and Plurals ............................................29

ARTICLE 3

CAPITAL ..................................................................................29
   Section 3.01 Capital Contributions of General Partner.................29
   Section 3.02 Withdrawal of Withdrawing Limited Partner and Admission of Investor Limited Partner ..................................................30
   Section 3.03 Capital Contribution of Limited Partners ................30
   Section 3.04 Default ..................................................................32
   Section 3.05 Credit Adjuster Distributions to the Investor Limited Partner ....33
   Section 3.06 No Interest on Capital Contribution; Return of Capital ..........................................................36
   Section 3.07 No Third-party Beneficiary .....................................36
   Section 3.08 Intentionally Omitted .............................................38

ARTICLE 4

PROFITS AND LOSSES; DISTRIBUTIONS; CAPITAL ACCOUNTS..37
   Section 4.01 Profits, Losses and Credits ....................................37
   Section 4.02 Cash Distributions Prior to Dissolution ..................38
Section 4.03  Termination Distributions .................................................................42
Section 4.04  Special Allocations ..................................................................43
Section 4.05  Section 704(c) Allocations ..........................................................47
Section 4.06  Miscellaneous Allocations ..........................................................47

ARTICLE 5

PARTNERSHIP BORROWINGS .................................................................48

Section 5.01  Authorization to the General Partner ........................................48
Section 5.02  Right To Mortgage .................................................................48
Section 5.03  Loans ....................................................................................48
Section 5.04  Loan Amounts ......................................................................48

ARTICLE 6

RIGHTS, POWERS AND OBLIGATIONS OF GENERAL PARTNER 50

Section 6.01  Exercise of Management ......................................................50
Section 6.02  Powers ..................................................................................51
Section 6.03  Restrictions on Authority .......................................................57
Section 6.04  Other Activities ...................................................................59
Section 6.05  Liability to Partnership and Limited Partners and Indemnification of Limited Partners and Partnership .................................................................59
Section 6.06  Indemnification of General Partner ..........................................61
Section 6.07  Dealing With Affiliates ............................................................62
Section 6.08  No Salary Payable to General Partner ....................................62
Section 6.09  Representations and Warranties .............................................62
Section 6.10  Covenants Relating to the Apartment Complex and the Partnership ..................68
Section 6.11  Construction of the Apartment Complex ..................................81
Section 6.12  Operating Deficit Loans ........................................................84
Section 6.13  Obligation to Purchase Interest of Investor Limited Partner ..........85
Section 6.14  Tenant Services ..................................................................87

ARTICLE 7

PAYMENTS TO GENERAL PARTNERS AND AFFILIATES AND OTHERS ..........88

Section 7.01  Property Management Fee ....................................................88
Section 7.02  Developer Fee ....................................................................88
Section 7.03  Fees to the General Partner .................................................89
<table>
<thead>
<tr>
<th>Section 7.04</th>
<th>Grant of Security Interest</th>
<th>90</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARTICLE 8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Section 8.01</td>
<td>Liability of Limited Partners</td>
<td>90</td>
</tr>
<tr>
<td>Section 8.02</td>
<td>No Right To Manage, Partition or Dissolve</td>
<td>90</td>
</tr>
<tr>
<td>Section 8.03</td>
<td>Death or Disability of Limited Partner</td>
<td>91</td>
</tr>
<tr>
<td>Section 8.04</td>
<td>Removal of a General Partner</td>
<td>91</td>
</tr>
<tr>
<td>Section 8.05</td>
<td>Outside Activities</td>
<td>94</td>
</tr>
<tr>
<td>Section 8.06</td>
<td>Multiple Roles of Investor Limited Partner Affiliates</td>
<td>94</td>
</tr>
<tr>
<td>ARTICLE 9</td>
<td>TRANSFERABILITY OF LIMITED PARTNER INTERESTS</td>
<td>96</td>
</tr>
<tr>
<td>Section 9.01</td>
<td>Consent Not Required for Assignment</td>
<td>96</td>
</tr>
<tr>
<td>Section 9.02</td>
<td>Partner Cooperation</td>
<td>96</td>
</tr>
<tr>
<td>ARTICLE 10</td>
<td>WITHDRAWAL OF A GENERAL PARTNER; DISPOSITION OF A GENERAL PARTNER’S INTEREST</td>
<td>97</td>
</tr>
<tr>
<td>Section 10.01</td>
<td>Transfer and Withdrawal</td>
<td>97</td>
</tr>
<tr>
<td>Section 10.02</td>
<td>Obligation To Continue</td>
<td>97</td>
</tr>
<tr>
<td>Section 10.03</td>
<td>Withdrawal of All General Partners</td>
<td>97</td>
</tr>
<tr>
<td>Section 10.04</td>
<td>Interest of General Partner After Permitted Withdrawal</td>
<td>97</td>
</tr>
<tr>
<td>Section 10.05</td>
<td>Additional General Partners</td>
<td>98</td>
</tr>
<tr>
<td>ARTICLE 11</td>
<td>MANAGEMENT AGENT AND MANAGEMENT FEE</td>
<td>98</td>
</tr>
<tr>
<td>ARTICLE 12</td>
<td>BOOKS AND RECORDS; ACCOUNTING; TAX ELECTIONS; ETC.</td>
<td>100</td>
</tr>
<tr>
<td>Section 12.01</td>
<td>Books and Records</td>
<td>100</td>
</tr>
<tr>
<td>Section 12.02</td>
<td>Bank Accounts</td>
<td>100</td>
</tr>
<tr>
<td>Section 12.03</td>
<td>Accrual Basis</td>
<td>101</td>
</tr>
<tr>
<td>Section 12.04</td>
<td>Accountants</td>
<td>101</td>
</tr>
<tr>
<td>Section 12.05</td>
<td>Federal Income Tax Elections</td>
<td>101</td>
</tr>
<tr>
<td>Section 12.06</td>
<td>Information to Investor Limited Partner</td>
<td>101</td>
</tr>
</tbody>
</table>
Section 12.07 [Intentionally Omitted] ................................................................. 105
Section 12.08 HUD 2530s ................................................................................. 105

ARTICLE 13

MISCELLANEOUS ....................................................................................... 105

Section 13.01 Brokers .................................................................................. 105
Section 13.02 Notice ..................................................................................... 105
Section 13.03 Amendments ......................................................................... 107
Section 13.04 Meetings ............................................................................... 107
Section 13.05 Entire Agreement ................................................................. 107
Section 13.06 Headings: References ......................................................... 107
Section 13.07 Separability Provisions ....................................................... 108
Section 13.08 Binding Agreement ............................................................. 108
Section 13.09 Counterparts ....................................................................... 108
Section 13.10 Governing Law and Venue ................................................. 108
Section 13.11 Time of Admission .............................................................. 108
Section 13.12 Special Limited Partner ..................................................... 108
Section 13.13 Judicial Reference .............................................................. 108
Section 13.14 Anticipated Funding Schedule ......................................... 110
Section 13.15 Waiver of Certain Defenses .............................................. 110
Section 13.16 Funds owed to the Investor Limited Partner ...................... 110

ARTICLE 14

REQUIRED RAD PROVISIONS ................................................................. 111

Section 14.01 Required RAD Provisions .................................................. 111

EXHIBIT A—GENERAL CONDITIONS FOR ALL INSTALLMENTS

- SCHEDULE A - Initial Installment; “Construction Draws”
- SCHEDULE B – Construction Completion Installment
- SCHEDULE C - Performance Installment
- SCHEDULE D - Final Installment

EXHIBIT B - PARTNERSHIP INTERESTS
EXHIBIT C - CAPITAL CONTRIBUTION REQUEST [FORM]
EXHIBIT D - PARTNERSHIP/GENERAL PARTNER CERTIFICATION [FORM]
EXHIBIT E - LEGAL DESCRIPTION OF APARTMENT COMPLEX
EXHIBIT F - NO LIEN AFFIDAVIT
EXHIBIT G - ANTICIPATED FUNDING SCHEDULE
EXHIBIT H - CONTRACTOR CERTIFICATE
EXHIBIT I - ARCHITECT CERTIFICATE
b. Right of First Refusal, Purchase Option and Put Right Agreement
RIGHT OF FIRST REFUSAL, PURCHASE OPTION AND PUT RIGHT AGREEMENT

THIS RIGHT OF FIRST REFUSAL, PURCHASE OPTION AND PUT RIGHT AGREEMENT is made effective as of [_______], 2022, by and among Jordan Downs 3, LP, a California limited partnership (the “Partnership”), JD Housing 3, LLC, a California limited liability company (the “General Partner”), Housing Authority of the City of Los Angeles, a public body corporate and politic (“HACLA”), BRIDGE Housing Corporation, a California nonprofit public benefit corporation (“BRIDGE”), Wells Fargo Affordable Housing Community Development Corporation, a North Carolina corporation (“Wells Fargo”) and La Cienega LOMOD, Inc., a California nonprofit public benefit corporation (“La Cienega”) solely with respect to its acknowledgement of the General Partner’s rights contained herein.

WITNESSETH:

WHEREAS, the Partnership was formed for the purposes of constructing an affordable housing apartment complex containing 76 apartment units to be located in Los Angeles, California, which is intended to qualify for federal low income housing tax credits under Code Section 42 (the “Apartment Complex”), pursuant to the Amended and Restated Agreement of Limited Partnership of the Partnership of even date herewith (the “Partnership Agreement”).

WHEREAS, the partners of the Partnership include the General Partner and Wells Fargo as the Investor Limited Partner of the Partnership (the “Investor Limited Partner”).

WHEREAS, HACLA is the owner of the land upon which the Apartment Complex is located, and (concurrently herewith) is entering into a ground lease with the Partnership for a lease of the land by the Partnership.

WHEREAS, the Partnership desires to give, grant, bargain, sell and convey to the General Partner and to HACLA certain rights to purchase the Apartment Complex and/or the Interest of the Investor Limited Partner after the end of the Compliance Period, on the terms and subject to the conditions set forth herein.

WHEREAS, the consent of the Investor Limited Partner is required for any sale of the Apartment Complex under the Partnership Agreement and by executing this Agreement the Investor Limited Partner hereby consents to the sale of the Apartment Complex under the terms and conditions set forth below.

WHEREAS, by executing this Agreement, La Cienega, as Class A Limited Partner of the Partnership, hereby consents to the exercise of the rights granted to the General Partner under the terms and conditions set forth below.

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

1. **Put Option.** At any time beginning on the first day following the expiration of the Compliance Period of the Apartment Complex and continuing thereafter (the “Put Option Period”), the Investor Limited Partner shall have the right to require that the General Partner (or
its designee) purchase the entire Interest of the Investor Limited Partner (the “Put Option”), for a purchase price equal to $100 (the “Put Option Price”). The Investor Limited Partner may exercise the Put Option by giving written notice, as set forth in Section 13.02 of the Partnership Agreement, to the General Partner (the “Put Option Notice”). The Put Option Notice shall provide the Investor Limited Partner’s desired closing date for the closing of the purchase which date shall not be more than ninety (90) days after the date on which Investor Limited Partner has delivered said notice to the General Partner. On the date of closing of the sale of the Investor Limited Partner’s interest pursuant to the exercise of the Put Option, the General Partner shall pay to the Investor Limited Partner (i) the Put Option Price, in cash or immediately available funds, unless otherwise mutually agreed, and (ii) all Unpaid Obligations (as defined below). Upon receipt of the Put Option Price and Unpaid Obligations, the Investor Limited Partner (and the Special Limited Partner, if any) shall transfer its Interest to the General Partner, or designee of the General Partner, free and clear of any liens, charges, encumbrances or interests of any third party and shall execute or cause to be executed any documents required to fully transfer such Interest. If the Interest of the Investor Limited Partner is transferred pursuant to the exercise of the Put Option, (i) the General Partner shall remain liable to the Investor Limited Partner for all recapture liability, indemnities, guarantees, liabilities and other obligations owed to the Investor Limited Partner under the Partnership Agreement and (ii) the entire Interest of the Special Limited Partner, if any, shall be transferred simultaneously to the General Partner or its designee for the sale price of $100.

2. Right of First Refusal.

a. HACLA Grant of Refusal Right. From the first day after the end of the Compliance Period for the Apartment Complex and for twenty-four (24) months thereafter, the Partnership hereby grants to HACLA a right of first refusal in accordance with Code Section 42(i)(7) (the “HACLA Refusal Right”) for a period of sixty (60) days, if the General Partner is then serving as the general partner of the Partnership. If the Partnership receives such an offer to purchase the Apartment Complex, then within thirty (30) days of the Partnership’s receipt of such offer, the Partnership shall provide notice and a copy of such offer to the Investor Limited Partner, and after providing such notice and a copy of the offer to the Investor Limited Partner, the Partnership shall offer the Apartment Complex to HACLA at the Refusal Right Sale Price.

b. BRIDGE Grant of Refusal Right. From the first day after the end of the HACLA Refusal Right and for twenty-four (24) months thereafter, the Partnership hereby grants to BRIDGE a right of first refusal in accordance with Code Section 42(i)(7) (the “BRIDGE Refusal Right”) for a period of sixty (60) days, if the General Partner is then serving as the general partner of the Partnership. If the Partnership receives such an offer to purchase the Apartment Complex, then within thirty (30) days of the Partnership’s receipt of such offer, the Partnership shall provide notice and a copy of such offer to the Investor Limited Partner, and after providing such notice and a copy of the offer to the Investor Limited Partner, the Partnership shall offer the Apartment Complex to BRIDGE at the Refusal Right Sale Price.

c. Refusal Right Sale Price. The sale price for the Apartment Complex pursuant to the HACLA Refusal Right or the BRIDGE Refusal Right (the “Refusal Right
Sale Price") shall be equal to the greater of (A) $100, or (B) the sum of (i) the principal amount of all outstanding indebtedness secured by the Apartment Complex (including any accrued interest and any loans to the Partnership by the Investor Limited Partner); plus (ii) an amount sufficient to enable the Partnership to distribute cash to the Partners pursuant to the liquidation provisions of the Partnership Agreement in an amount equal to the sum of (a) all federal, state and local taxes of the Partnership and its Partners attributable to such sale; plus (b) the amount of any unpaid Downward Adjusters (plus interest thereon at the rate specified in Section 3.05 of the Partnership Agreement); plus (c) Asset Management Fees owed to the Investor Limited Partner, plus (d) any other amounts owed to the Investor Limited Partner under the Partnership Agreement and any associated documents including, without limitation, amounts payable pursuant to Sections 3.05, 6.05, 6.10(m) and 12.06 of the Partnership Agreement (but excluding Cash Flow or Net Proceeds from the final subsections of Section 4.02(a) and 4.02(b), as applicable), (collectively, the “Unpaid Obligations”), plus (e) any federal, state and local taxes owed by any Partner as a result of its receipt of such cash distribution relating to clauses (a), (b) or (e) of this clause (b)(ii) (calculated on the assumption that the Investor Limited Partner is subject to tax at the highest marginal rate applicable to a corporation). For purposes of the prior sentence (including the definition of “Unpaid Obligations”), Downward Adjusters attributable to a Change In Law and Asset Management Fees, both of which are payable from Cash Flow and Net Proceeds only pursuant to Section 4.02 of the Partnership Agreement, shall be considered as currently due and payable to the Investor Limited Partner, along with all other Unpaid Obligations.

d. Refusal Right Closing. The closing of a sale of the Apartment Complex pursuant to the Refusal Right shall occur within one hundred eighty (180) days after HACLA notifies the Partnership of its intent to exercise the HACLA Refusal Right, but in no event prior to the end of the Compliance Period or, in the event HACLA does not exercise the HACLA Refusal Right, within one hundred eighty (180) days after BRIDGE notifies the Partnership of its intent to exercise the BRIDGE Refusal Right. The entire Refusal Right Sale Price shall be paid to the Partnership at the closing by assumption of outstanding indebtedness and, otherwise in cash or immediately available funds.

e. Conditions. The rights set forth in this Section 2 shall be conditioned upon the agreement by HACLA that the Apartment Complex will be maintained for low income use for at least 15 years after the end of the Compliance Period under Section 42 of the Code, and that such restriction with regard to low income use shall be recorded as a restriction against the Apartment Complex. In addition, the rights set forth in this Section 2 shall apply and be available to HACLA and/or BRIDGE, as applicable, only at such time(s) as HACLA and/or BRIDGE, as applicable (or any assignee) qualifies as a tax exempt organization under Section 501(c)(3) or Section 501(c)(4) of the Code or is otherwise a permitted purchaser pursuant to Code Section 42(i)(7)(A).

f. Expiration of Refusal Right. If HACLA has failed to exercise the HACLA Refusal Right and thereafter BRIDGE fails to exercise the BRIDGE Refusal Right within the time period set forth above, or if the closing of the sale pursuant to the BRIDGE Refusal Right does not occur within the one hundred eighty (180) day period set forth in Section 2(d), then unless otherwise mutually agreed, the BRIDGE Refusal
Right shall expire. In the event the closing of the sale pursuant to the HACLA Refusal Right does not occur within the one hundred eighty day (180) period set forth in Section 2(d), the HACLA Refusal Right shall expire and the expiration date for the HACLA Refusal Right shall mark the beginning of the BRIDGE Refusal Right period.

3. **Purchase Option.**

   a. **HACLA Grant of Option.** In addition to the HACLA Refusal Right, commencing on the first day after the end of the Compliance Period for the Apartment Complex, and for twenty-four (24) months thereafter, HACLA shall have the right to purchase either (i) all of the assets owned by the Partnership at the time of purchase, including the real estate, fixtures, and personal property comprising the Apartment Complex or associated with the physical operation thereof, located at the Apartment Complex and owned by the Partnership at the time of purchase, and any cash assets of the Partnership (the “**HACLA Project Purchase Option**”), or (ii) the entire Interest of the Investor Limited Partner (and the Special Limited Partner, if any) (the “**HACLA LP Interest Purchase Option**” and, collectively with the HACLA Project Purchase Option, the “**HACLA Purchase Option**”). The HACLA Purchase Option may be exercised by HACLA giving written notice, as set forth in the Partnership Agreement, to the Investor Limited Partner. Once the purchase price is determined in accordance with the paragraphs below, HACLA shall have 15 days to notify the Partnership and the Investor Limited Partner of its exercise of the HACLA Purchase Option by providing an option notice. The notice shall provide HACLA’s desired closing date for the closing of the purchase pursuant to this Agreement, which closing shall occur not more than one hundred eighty (180) days after the date on which HACLA has delivered said notice to the Investor Limited Partner and shall specify whether HACLA is exercising the HACLA Project Purchase Option or the HACLA LP Interest Purchase Option.

   b. **BRIDGE Grant of Option.** In addition to the BRIDGE Refusal Right, commencing on the first day after the end of the HACLA Refusal Right, and for twenty-four (24) months thereafter and provided that HACLA has not exercised the HACLA Purchase Option, BRIDGE shall have the right to purchase either (i) all of the assets owned by the Partnership at the time of purchase, including the real estate, fixtures, and personal property comprising the Apartment Complex or associated with the physical operation thereof, located at the Apartment Complex and owned by the Partnership at the time of purchase, and any cash assets of the Partnership (the “**BRIDGE Project Purchase Option**”), or (ii) the entire Interest of the Investor Limited Partner (and the Special Limited Partner, if any) (the “**BRIDGE LP Interest Purchase Option**” and, collectively with the BRIDGE Project Purchase Option, the “**BRIDGE Purchase Option**”). The BRIDGE Purchase Option may be exercised by BRIDGE giving written notice, as set forth in the Partnership Agreement, to the Investor Limited Partner. Once the purchase price is determined in accordance with the paragraphs below, BRIDGE shall have 15 days to notify the Partnership and the Investor Limited Partner of its exercise of the BRIDGE Purchase Option by providing an option notice. The notice shall provide BRIDGE’s desired closing date for the closing of the purchase pursuant to this Agreement, which closing shall occur not more than one hundred eighty (180) days after the date on which BRIDGE has delivered said notice to the Investor Limited Partner and
shall specify whether BRIDGE is exercising the BRIDGE Project Purchase Option or the
BRIDGE LP Interest Purchase Option.

c. **Project Purchase Option Sale Price.** For a sale under the HACLA
Project Purchase Option or the BRIDGE Project Purchase Option, the sale price (the
“**Project Purchase Option Sale Price**”) shall, subject to Sections 3(d) below, be the
greater of:

(x) $100, plus (I) the amount of outstanding debt on any amounts owed by
the Partnership (including any loans made by a Partner), (II) the Unpaid
Obligations; or

(y) The Fair Market Value (as such term is defined in Section 3(g) of this
Agreement) of the Apartment Complex plus any cash assets of the
Partnership.

d. **LP Interest Purchase Option Sale Price.** For a sale under the HACLA
LP Interest Purchase Option or the BRIDGE LP Interest Purchase Option, the sale price
(the “**LP Interest Purchase Option Sale Price**”) shall be the Fair Market Value of the
Investor Limited Partner’s Partnership Interest plus all unpaid amounts owed to the
Investor Limited Partner under any provision of the Partnership Agreement and
associated documents. The Fair Market Value of the Investor Limited Partner’s Interest
in the Partnership shall be determined by the Partnership accountants based on a
theoretical sale of the Apartment Complex (including any cash assets of the Partnership)
for a price equal to the Project Purchase Option Sale Price described above (with Fair
Market Value being determined in accordance with the procedure set forth in Section
3(g) below), and assuming that the net proceeds were applied in accordance with Section
4.03 of the Partnership Agreement.

e. **Minimum Amount Distributed to Investor Limited Partner.** Notwithstanding anything to the contrary contained herein, in the event of a sale under
either the Project Purchase Option or the LP Interest Purchase Option, the sales price
shall be sufficient such that the Investor Limited Partner receives a distribution from the
Partnership in an amount equal to the Unpaid Obligations.

f. [Intentionally Omitted].

g. **Determination of Fair Market Value.** The Fair Market Value of the
Apartment Complex and cash assets shall be determined by mutual agreement of the
parties or, in the absence of such agreement, as follows: HACLA or BRIDGE, as
applicable, and the Investor Limited Partner shall select a mutually acceptable appraiser
who shall determine the Fair Market Value of the Apartment Complex and the cash
assets. In the event the parties are unable to agree upon an appraiser, the Investor
Limited Partner shall provide HACLA or BRIDGE, as applicable, with a list of not fewer
than three (3) acceptable appraisers, and HACLA or BRIDGE, as applicable shall then
select an appraiser from the list provided by the Investor Limited Partner, and HACLA or
BRIDGE shall then select an appraiser from the list provided by the Investor Limited


Partner. The value as determined by the mutual agreement of the parties or by the appraiser as described herein shall be the “\textit{Fair Market Value}” for the purposes of this Agreement. HACLA or BRIDGE, as applicable, shall pay the costs of the appraiser.

Any appraiser selected pursuant to this Section 3(g) shall be an MAI appraiser with at least five (5) years of experience in valuing income-restricted multifamily rental property. The appraisals shall take into account any title restrictions and the requirement that the Apartment Complex remain dedicated for the use of low income households pursuant to any restrictions under any loan agreements or regulatory agreements.

h. \textbf{Project Purchase Option Closing.} The entire Project Purchase Option Sale Price shall be paid to the Partnership at the closing in cash or immediately available funds, except for loans that are assigned and assumed by HACLA and/or BRIDGE, as applicable unless otherwise mutually agreed. HACLA or BRIDGE, as applicable, shall be responsible for the costs of all attorneys’ fees incurred in connection with the closing.

i. \textbf{LP Interest Project Purchase Option Closing.} The entire LP Interest Purchase Option Sale Price shall be paid to the Investor Limited Partner at the closing in cash or immediately available funds, unless otherwise mutually agreed. For a sale under the LP Interest Purchase Option, the Investor Limited Partner shall be responsible for the costs of its own attorneys’ fees incurred in connection with the closing. All other costs of the purchase of the Interest shall be paid by HACLA and/or BRIDGE, as applicable including, without limitation, any applicable transfer taxes. Upon receipt of the LP Interest Purchase Option Sale Price, the Investor Limited Partner (and the Special Limited Partner, if any) shall transfer its Interest to HACLA or BRIDGE, as applicable, or designee of HACLA or BRIDGE, free and clear of any liens, charges, encumbrances or interests of any third party and shall execute or cause to be executed any documents required to fully transfer such Interest. As of the effective date of such closing, the Investor Limited Partner (and the Special Limited Partner, if any) shall withdraw from the Partnership and shall have no further interest in or obligation to the Partnership, and, if required by the Uniform Act, HACLA or BRIDGE, as applicable shall promptly file an amendment to the Certificate of Limited Partnership in the Filing Office reflecting the withdrawal of the Investor Limited Partner (and the Special Limited Partner, if any).

j. \textbf{Expiration of Purchase Option.} If HACLA fails to exercise the HACLA Purchase Option within the time period set forth above, or if the closing of the sale pursuant to the HACLA Purchase Option does not occur within the one hundred eighty (180) day period set forth above, then HACLA’s Purchase Option shall expire. Following expiration of HACLA’s Purchase Option, if BRIDGE fails to exercise the BRIDGE Purchase Option within the time period set forth above, or if the closing of the sale pursuant to the BRIDGE Purchase Option does not occur within the one hundred eighty (180) day period set forth above, then unless otherwise mutually agreed, BRIDGE’s Purchase Option shall expire.

4. \textbf{Additional Obligations.} In addition to all other obligations set forth in this Agreement, concurrently with: (i) HACLA’s exercise of the HACLA Right of First Refusal or the HACLA Purchase Option, and as separate and independent conditions to HACLA’s exercise
of the HACLA Right of First Refusal or HACLA Purchase Option; or (ii) upon expiration of the 
HACLA Right of First Refusal or the HACLA Purchase Option, BRIDGE’s exercise of the 
BRIDGE Right of First Refusal or the BRIDGE Purchase Option, and as separate and 
independent conditions to BRIDGE’s exercise of the BRIDGE Right of First Refusal or 
BRIDGE Purchase Option, the General Partner shall (a) make a Capital Contribution to the 
Partnership to enable the Partnership to pay, in full, any unpaid Developer Loan pursuant to the 
requirements of Section 7.02 of the Partnership Agreement; and (b) cause the Guarantor to 
provide reaffirmations of all existing Guaranties (1) for events arising prior to the withdrawal of 
of the Investor Limited Partner (regardless of when discovered) that result in loss, liability, damage, 
cost or expense (including reasonable, actually incurred attorney fees) to the Investor Limited 
Partner and (2) until the expiration of all applicable audit periods that could result in a reduction, 
disallowance or reallocation of any Projected Annual Credit Amount allocable to the Investor 
Limited Partner pursuant to the Partnership Agreement.

5. **Termination.** Notwithstanding anything in this Agreement to the contrary, the 
HACLA Purchase Option, the BRIDGE Purchase Option, the HACLA Refusal Right and the 
BRIDGE Refusal Right shall be void and of no further force or effect upon (i) the removal or 
Withdrawal of the General Partner (or any Affiliate) from the Partnership as a General Partner, 
(ii) the admission of a party other than the current Partners into the Partnership without the 
Investor Limited Partner’s written consent, or (iii) subject to any applicable cure rights provided 
therein, any material violation of any representations, warranties or covenants by the General 
Partner under the Partnership Agreement or the Guarantor under the Guaranty.

6. **Binding Effects and Benefits.** This Agreement shall be binding upon and inure 
to the benefit of the parties hereto, and their heirs, executors, personal representatives, 
successors, and assigns. No party to this Agreement may assign the rights under this Agreement 
without the consent of each other party hereto; provided, however, that HACLA may assign its 
right hereunder to a qualified nonprofit organization as set forth in Code Section 42(h)(5)(C) or 
an entity that is otherwise a permitted purchaser pursuant to Code Section 42(i)(7)(A). Any 
amendment(s) to this Agreement shall be effective only if set forth in writing and signed by each 
party hereto.

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

8. **No Waiver.** No party hereto shall be deemed to have waived any rights 
hereunder unless such waiver shall be in writing and signed by such party. The waiver by any 
party of any breach of this Agreement shall not operate or be construed to be a waiver of any 
subsequent breach.

9. **Capitalized Terms.** Except as expressly provided herein, terms used in this 
Agreement with initial capital letters shall have the meanings set forth in the Partnership 
Agreement.
10. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to principles of conflicts of laws. The parties agree and consent that venue for purposes of resolving any dispute or controversy relating to this Agreement shall be Los Angeles, California.

11. **Headings.** All headings and captions in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any provision.

12. **Personal Pronouns.** As the context may require, all personal pronouns used in this Agreement, whether used in the masculine, feminine, or neuter gender, shall include all other genders, and the singular shall include the plural, and vice versa.

13. **Statutory References.** Any reference contained in this Agreement to specific statutory or regulatory provisions or to specific governmental agencies or entities shall include any successor statute or regulation, or agency or entity, as the case may be.

14. **Disputes.** Disputes arising with respect rights or obligations (i) under this Agreement, (ii) arising from the financial relationship between the parties existing in connection with this Agreement or (iii) arising from any course of dealing, course of conduct, statement (verbal or written) or action of the parties in connection with such financial relationship shall be submitted to arbitration as described in Section 13.13 of the Partnership Agreement as if such Section were fully set forth in this Agreement.

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

16. **Subordination.** This Agreement is subordinate to the lien of any deed of trust securing a Deed of Trust Loan against the Apartment Complex. The subordination pursuant to this Section shall not be amended, modified or terminated without the prior consent of the Construction Lender and its successors and assigns.

[Signatures begin on following page]
IN WITNESS WHEREOF, the parties have executed this Right of First Refusal, Purchase Option and Put Right Agreement under seal as of the date and year first written above.

GENERAL PARTNER:

JD HOUSING 3, LLC, a California limited liability company

By: BRIDGE Housing Corporation, a California nonprofit public benefit corporation, its sole and managing member

By: __________________________________________
Name: Kimberly McKay
Title: Executive Vice President

PARTNERSHIP:

JORDAN DOWNS 3, LP, a California limited partnership

By: JD Housing 3, LLC, a California limited liability company, its general partner

By: BRIDGE Housing Corporation, a California nonprofit public benefit corporation, its sole and managing member

By: __________________________________________
Name: Kimberly McKay
Title: Executive Vice President
WELLS FARGO:

WELLS FARGO AFFORDABLE HOUSING COMMUNITY DEVELOPMENT CORPORATION

By: ___________________
Name: Timothy J. McCann
Its: Managing Director

HACLA:

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

By: __________________________
Name: 
Title: 

BRIDGE:

BRIDGE Housing Corporation, a California nonprofit public benefit corporation

By: _______________________
Name: Kimberly McKay
Title: Executive Vice President

LA CIENEGA (solely with respect to its acknowledgement of the General Partner’s rights contained herein):

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

By: _______________________
Name: Tina Smith-Booth
Title: President
c. GP Incentive Management Fee Agreement
GP INCENTIVE MANAGEMENT FEE AGREEMENT

THIS GP INCENTIVE MANAGEMENT FEE AGREEMENT is made as of [__________], 2022, by and among JORDAN DOWNS 3, LP, a California limited partnership (the “Partnership”), LA CIENEGA LOMOD, INC., a California nonprofit public benefit corporation (the “Class A Limited Partner”), and JD HOUSING 3, LLC, a California limited liability company (the “General Partner”).

RECITALS

The Partnership has been formed for the purpose, of owning, developing, constructing, renting, maintaining and operating an affordable housing project containing 76 apartment units to be located in Los Angeles, California (the “Apartment Complex”).

The Partnership desires to obtain the administrative and management services of the General Partner and the Class A Limited Partner as set forth herein. The General Partner and the Class A Limited Partner are experienced in the administration of Partnership affairs and are willing to provide such administrative services during the time period and on such terms as set forth in this Agreement.

The capitalized terms used herein have the same meanings as set forth in the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of the date hereof (the “Partnership Agreement”) unless specifically defined herein.

NOW, THEREFORE, in consideration of the mutual promises of the parties hereto and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Section 1. Provision of Services. The General Partner and the Class A Limited Partner hereby agree to manage the affairs of the Partnership commencing on Construction Completion, which duties and responsibilities include, but are not limited to:

(a) The administration, management and direction of the business of the Partnership;

(b) The monitoring of the management and operations of the Apartment Complex and the making of recommendations with respect thereto;

(c) The supervision of the Management Agent and personnel of the Partnership and the Apartment Complex;

(d) The maintenance of books and records of the Partnership in accordance with sound federal income tax accounting principles upon the advice of the Accountants, including information relating to the sale by the General Partner, the Class A Limited Partner or any of their Affiliates of goods or services to the Partnership;

(e) The safekeeping and use of all funds and assets of the Partnership, including the maintenance of bank accounts;

(f) The furnishing of all financial and other reports required by the Partnership Agreement;
(g) Consultation with and coordination of the activities of attorneys, accountants and other professionals for the benefit of the Partnership and the Apartment Complex;

(h) The development and maintenance of favorable community relations between the Partnership and various social and community organizations; and

(i) The maintenance of effective communication and necessary coordination with all governmental bodies having jurisdiction over the Apartment Complex.

Section 2. Fee. In consideration of the obligations of the General Partner and the Class A Limited Partner under Paragraph 1 above, the Partnership shall pay an annual non-cumulative fee in an amount equal to 90% of Cash Flow after payment of prior items as set forth in Sections 4.02(a) and (b) (the “GP Incentive Management Fee”) on the following terms: (i) prior to the HACLA Loan Repayment (as defined in the Partnership Agreement), to the General Partner, and (ii) after the HACLA Loan Repayment, to the General Partner and the Class A Limited Partner, on a pro rata basis, with 65% of the GP Incentive Management Fee payable to the General Partner and 35% of the GP Incentive Management Fee payable to the Class A Limited Partner. Notwithstanding anything to the contrary herein or in the Partnership Agreement, in no event may the aggregate of (i) the amount of the GP Asset Management Fee paid in any year, (ii) the amount of the GP Incentive Management Fee paid in any year, and (iii) the amount of fees paid to the Management Agent (including any Deferred Management Fees as if paid) exceed a sum equal to 12% of the Partnership’s effective gross income for such year.

Section 3. Amendment. This Agreement may be amended by the parties hereto only with the Consent of the Investor Limited Partner; provided, however, no amendment to this Agreement shall be effected which is inconsistent with the Partnership Agreement unless the latter is simultaneously amended in accordance with the provisions thereof.

Section 4. Governing Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to principles of conflicts of law. The parties agree that venue for purposes of resolving any dispute or controversy relating to this Agreement shall be Los Angeles, California.

Section 5. Counterparts. This Agreement may be executed in several counterparts, and all so executed shall constitute one agreement, binding on all the parties hereto. Any counterpart of this Agreement, which has attached to it separate signature pages which together contain the signatures of all parties or is executed by an attorney-in-fact on behalf of some or all of the parties, shall for all purposes be deemed a fully executed instrument. This Agreement may be executed as facsimile originals and each copy of this Agreement bearing the facsimile transmitted signature of any party’s authorized representative shall be deemed to be an original. Notwithstanding the validity of the facsimile or pdf original, it is intended that this Agreement be manually executed and delivered to the Investor Limited Partner.

Section 6. Disputes. The parties agree that the provisions of Section 13.13 of the Partnership Agreement are incorporated herein by reference and shall apply to the parties and to this Agreement as though fully set forth herein.
COUNTERPART SIGNATURE PAGE TO GP INCENTIVE MANAGEMENT FEE AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

PARTNERSHIP:

JORDAN DOWNS 3, LP, a California limited partnership

By: JD Housing 3, LLC, a California limited liability company, its general partner

By: BRIDGE Housing Corporation, a California nonprofit public benefit corporation, its sole and managing member

By: ______________________
Name: Kimberly McKay
Title: Executive Vice President

GENERAL PARTNER:

JD HOUSING 3, LLC, a California limited liability company

By: BRIDGE Housing Corporation, a California nonprofit public benefit corporation, its sole and managing member

By: ______________________
Name: Kimberly McKay
Title: Executive Vice President
CLASS A LIMITED PARTNER:

LA CIENEGA LOMOD, INC.,
a California nonprofit public benefit corporation,

By: ______________________
Name: Tina Smith-Booth
Title: President