REPORT OF THE PRESIDENT AND CEO

June 23, 2022

RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR THEIR DESIGNEE, TO MAKE A LOAN IN THE AMOUNT OF $1,400,000 TO JORDAN DOWNS PHASE S3, LP FROM FUNDS AVAILABLE UNDER THE STATE OF CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT INFILL INFRASTRUCTURE GRANT PROGRAM; EXECUTE RELATED DOCUMENTS AND AGREEMENTS; AND UNDERTAKE VARIOUS ACTIONS IN CONNECTION THERewith TO COMPLETE THE CONSTRUCTION OF JORDAN DOWNS PHASE S3 AND RELATED INFRASTRUCTURE

Purpose:

To authorize the President and Chief Executive Officer, or their designee, to loan $1,400,000 to Jordan Downs Phase S3, LP (the “Partnership”) from the State of California Department of Housing and Community Development (“HCD”) under the Infill Infrastructure Grant (“IIG”) program for the development and construction of Jordan Downs Phase S3 (“Phase S3” or “Project”) and related offsite infrastructure, execute an Amendment to Authority Loan Agreement between the Housing Authority of the City of Los Angeles (“HACLA”) and the Partnership and all related documents in connection with such loan, and execute a Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing, as required by HCD.

Regarding:

On June 28, 2012, by Resolution No. 8969, HACLA’s Board of Commissioners (“BOC”) unanimously authorized the President and CEO to execute a Master Development Agreement with the joint venture entity comprised of BRIDGE Housing Corporation and the Michaels Development Company I, L.P. (together, “Master Developer”) for the redevelopment of Jordan Downs, which Master Development Agreement has been amended with the approval of the BOC.

On September 27, 2018, by Resolution No. 9457, the BOC approved the commitment of 48 project-based vouchers to Phase S3 for the Partnership to be competitive for an allocation of 9% low-income housing tax credit, which was successfully awarded.

On January 23, 2020, by Resolution No. 9572, the BOC authorized HACLA to submit an application to HCD in response to a Notice of Funding Availability (“NOFA”) for the Fiscal Year 2019-2020 IIG Program as a co-applicant with The Michaels Development Company I, L.P. (“Michaels” or “Developer”) for the Project, and to enter into, execute, and deliver a State of California Standard Agreement (“Standard Agreement”) with HCD if the application was approved and awarded.

On February 27, 2020, by Resolution No. 9580, the BOC unanimously authorized the President and CEO to enter into a disposition and development agreement, ground lease, HUD Rental Assistance Demonstration (RAD) documents, Section 8 Project Based Voucher Housing Assistance Payments Contracts, acquisition loan documents, and bridge loan
documents along with all related documents with the Partnership to effectuate the financial closing for the development and construction of Phase S3.

Issues:

Background

When completed Jordan Downs Phase S3 will be a newly constructed 92-unit development with ground floor commercial located approximately at 2101 E 101st Street. Construction commenced in April 2020 and is expected to be completed by approximately August 2022, with complete lease up targeted for October 2022.

On June 23, 2020, HACLA and the Developer were awarded IIG funds in the amount of $2,000,000, which award was after the Project achieved financial closing on March 18, 2020. As a result, the February 27, 2020 BOC Resolution No. 9580 authorizing the financial closing of Phase S3 did not include the IIG funds as a construction or development source. The IIG funds will be used for infrastructure related costs associated with Phase S3 ($1,400,000) and to reimburse HACLA for demolition costs incurred for Phase S3 ($600,000). This resolution will authorize a $1,400,000 loan of IIG funds (the “Authority IIG Loan”) from HACLA to the Partnership for infrastructure and development costs at Phase S3.

The previously approved funding sources for the projected $58,686,295 in total development costs included: a construction loan from CIT Bank, N.A. in the amount of $38,411,867; a permanent loan from Greystone Servicing Company LLC in the amount of $11,730,000; $7,500,000 in financing available from HCD under the Affordable Housing and Sustainable Communities program; and $33,142,460 in investor equity generated by the syndication of nine percent (9%) low-income housing tax credit ("LIHTC") by Berkadia as the equity investor. In addition, the Authority provided the Partnership with a bridge loan of up to $2,200,000 and an acquisition loan of $3,400,000 (paid as capitalized ground rent under the ground lease). The Authority IIG Loan will provide additional funding to cover unanticipated infrastructure costs associated with construction of the Phase S3, including concrete work, asphalt paving, storm water infrastructure, sewer and street lighting work, and landscaping. The development of Phase S3 requires the build out of Lou Dillon Street and rehabilitation of 101st Street. With the IIG Loan, the total development costs are now $60,086,295.

IIG Funds

The State of California, through HCD, issued a NOFA dated October 30, 2019 making available approximately $194 million in grant funding for projects located in large jurisdictions under the IIG Program for Fiscal Year 2019-2020. The IIG Program furthers the purposes of Assembly Bill 101 signed by Governor Newsom on July 31, 2019 which established the Infill Infrastructure Grant Program of 2019 as set forth in California Health and Safety Code sections 53559, 53559.1 and 53599.2 by investing in projects that provide funds for infrastructure improvements in support of higher-density affordable and mixed-income housing, and mixed-use infill development projects. Specific eligible improvements include development or reconstruction of parks or open space, water, sewer or other utility service improvements, streets, roads, parking structures, transit linkages, transit shelters, traffic mitigation features, sidewalks and streetscape improvements.
The Authority will provide the Partnership a $1,400,000 Authority IIG Loan with a 55-year term, bearing no interest which will be deferred and due on maturity, except in the event of a default by the Partnership. The Authority IIG Loan will be governed and evidenced by the Authority Loan Agreement between HACLA and the Partnership, as amended by a First Amendment to Authority Loan Agreement; an Authority IIG Note; an Authority IIG Leasehold Deed of Trust; and other customary loan documents executed by HACLA and the Partnership and secured by an Authority Leasehold Deed of Trust encumbering the Partnership’s leasehold interest in the Phase S3 site. In addition, HACLA and the Partnership will enter into a Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing for the benefit of HCD. The terms of the Restrictive Covenant are consistent with HACLA’s ground lease and affordability requirements for the units.

**Vision Plan:**

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

Phase S3 is part of the on-going, phased redevelopment of the Jordan Downs public housing site. Phase S3 will contribute to the increase of the housing stock consistent with Place Strategy 1 and the asset analysis completed in the Build HOPE Vision Plan. Conversion to a more financially stable subsidy, capital and financing platform will allow HACLA and the Partnership to leverage the necessary resources for the development and on-going maintenance and upkeep of the Project. The IIG Program funding will support construction of the Project and related infrastructure which includes 22 one-bedroom units, 41 two-bedroom units, 24 three-bedroom units and 5 four-bedroom units, a 5,816 square foot of ground floor commercial space and about an acre of new park space.

**Funding:**

The Chief Administrative Officer confirms the following:

*Source of Funds:* The source of funding will be the award of the HCD IIG funds to HACLA as the grantee. (ie concrete work, asphalt paving, storm water infrastructure, sewer and street lighting work, and landscaping).

*Budget and Program Impact:* The $2,000,000 of IIG Program funds will be allocated as follows: $600,000 to HACLA for reimbursement of Phase S3 site demolition costs and $1,400,000 as a loan from HACLA to the Partnership for infrastructure related expenses.

**Environmental Review:**

**CEQA**

The City of Los Angeles is the lead agency for the JD Redevelopment for purposes of the California Environmental Quality Act (CEQA). The City of Los Angeles, acting through its Planning Department, approved a larger project under the Jordan Downs Urban Village Specific Plan (1,800 residential units; up to 250,000 square feet of commercial/retail/office plus up to 20,000 square feet of community-service retail and services in mixed use buildings; a network of parks totaling 8.9 acres; and new community facilities), and its associated Environmental Impact Report ("EIR") and required findings on April 17, 2013 (ENV-2010-32-EIR). Two addendums to the FEIR were prepared on January 11, 2016 and April 4, 2016 respectively to address any additional impacts not
considered in the EIR as the result of a proposed Specific Plan Amendment. On April 14, 2016, the City Planning Commission found based on the whole of the administrative record that no subsequent or supplemental EIR or negative declaration was required. The Phase S3 redevelopment as contemplated in the Disposition and Development Agreement and Ground Lease is consistent with the Specific Plan and its Amendment (CPC-2015-3990-GPA-ZC-SP) and will be subject to the imposition of various measures contained in the Specific Plan’s conditions of approval, including Mitigation Monitoring. On November 29, 2016, the Department of City Planning, through the authority of its Planning Director, issued a Specific Plan Project Permit Adjustment, to allow for minor changes to setbacks, common open space and parking area shading for the Phase S3 development. This Specific Plan Project Permit Adjustment was approved in compliance with CEQA and did not find any additional environmental evaluation or mitigations required.

No further environmental review is required for HACLA’s recommended actions because based on the Project record, there has been no change to the JD Redevelopment or substantial changes in circumstances or new information that would warrant subsequent environmental analysis in accordance with CEQA, including but not limited to Public Resources Code section 21166 and State CEQA Guidelines sections 15162, 15163 and 15164.

**NEPA**

Pursuant to 24 CFR Part 58, the City of Los Angeles, through its Housing and Community Investment Department (“HCID/LA”) serves as the entity responsible for preparation of the Environmental Assessment and Finding of No Significant Impact (EA/FONSI) for the Jordan Downs Public Housing Community Project. The EA/FONSI 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 HUD’s Field Office Director issued approval of HACLA’s Request for Release of Funds and Environmental Certification.

**Section 3:**

The Developer and the Partnership will ensure that the residents of Jordan Downs public housing, other low-income Watts neighborhood residents, participants of Youth-Build, and qualifying residents in the City of Los Angeles have the opportunity to share in the economic benefits generated by the proposed development. Local Hire and Section 3 requirements for the Developer and their General Contractor will require the use of best efforts to set aside at least thirty percent (30%) of all new construction and post-construction jobs generated by the redevelopment, first for residents of Jordan Downs, second for residents of Watts, third to HUD’s Youth-Build Program in the City, and finally to residents of the City to the maximum extent feasible. Furthermore, the Developer and their General Contractor shall strive and use best efforts to set aside at least ten percent (10%) of their overall 30% Section 3 commitment for disadvantaged workers. Additionally, the Partnership 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. Summary of Documents

3. Attachments:
   a. First Amendment to Authority Loan Agreement
   b. Authority IIG Promissory Note
   c. Authority Subordinate Leasehold Deed of Trust (IIG)
   d. Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing
   e. Amended and Restated Subordination Agreement (HACLA Loans)
ATTACHMENT 1.

RESOLUTION
RESOLUTION NO. _________

RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR THEIR DESIGNEE, TO MAKE A LOAN IN THE AMOUNT OF $1,400,000 TO JORDAN DOWNS PHASE S3, LP FROM FUNDS AVAILABLE UNDER THE STATE OF CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT INFILL INFRASTRUCTURE GRANT PROGRAM; EXECUTE RELATED DOCUMENTS AND AGREEMENTS; AND UNDERTAKE VARIOUS ACTIONS IN CONNECTION THEREWITH TO COMPLETE THE CONSTRUCTION OF JORDAN DOWNS PHASE S3 AND RELATED INFRASTRUCTURE

WHEREAS, the Housing Authority of the City of Los Angeles (“HACLA” or the “Authority”) is authorized pursuant to the Housing Authorities Law (Sections 34200 et seq. of the California Health and Safety Code) (the “Act”) to conduct business for any of its corporate purposes;

WHEREAS, the Authority and The Michaels Development Company I, L.P. (“Developer”) are redeveloping the Jordan Downs Phase S3 site (“Project”) within the current Jordan Downs public housing project located within the larger Jordan Downs community on a 1.13-acre parcel at the intersection of 101st Street and Lou Dillion Avenue in the Watts neighborhood of Los Angeles, consisting of a newly constructed 92-unit development with 69 parking spaces and 5,816 square feet of ground floor commercial space with close proximity to the proposal “Central Park”;

WHEREAS, on February 27, 2020, the Authority’s Board of Commissioners unanimously authorized the construction and financial closing of Phase S3 which included approval of the funding necessary to finance the development by Jordan Downs Phase S3, LP (the “Partnership”) including: $38,411,867 million in construction financing, $11,730,000 in permanent financing, $7,500,000 in AHSC financing, $33.1 million in 9% Low Income Housing Tax Credit equity, and an allocation of 48 Section 8 Project-Based Vouchers (“PBV”) and 25 Rental Assistance Demonstration (“RAD”) Section 8 PBV, $2,200,000 as a HACLA bridge loan and $3,400,000 as a HACLA acquisition takeback loan as payment for the Partnership’s leasehold interest in the Project site, which financing provided for the vertical development of the Project and certain off-site improvements;

WHEREAS, the State of California, through the Department of Housing and Community Development (“HCD”) issued a Notice of Funding Availability dated October 30, 2019 (“NOFA”), under the Infill Infrastructure Grant (“IIG”) Program established under Assembly Bill 101 (Chapter 159, Statutes of 2019) and Part 12.5 (commencing with section 53559) of Division 31 of the Health and Safety Code, which authorizes HCD to approve funding allocations utilizing monies made available by the State Legislature, subject to the terms and conditions of the statute and the IIG Guidelines implemented on October 30, 2019;

WHEREAS, HACLA, in collaboration with the Developer, submitted an application in response to the NOFA and was awarded $2,000,000 in IIG Program funds for the Project post-financial closing;

WHEREAS, the total amount awarded to HACLA through the IIG Program is $2,000,000, of which $600,000 will be allocated to HACLA as reimbursement for site demolition costs and the remaining $1,400,000 will be loaned by HACLA to the Partnership, as a non-interest bearing loan with a 55-year term which will be deferred and due at maturity (the “Authority IIG Loan”);
WHEREAS, HACLA and the Partnership will be subject to the terms and conditions specified in the HCD Standard Agreement and an HCD Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing, and IIG funds will be used for eligible Project expenditures; and

WHEREAS, forms of the following primary HACLA transaction documents have been presented at this meeting:
  o First Amendment to Authority Loan Agreement
  o Authority IIG Promissory Note
  o Authority Subordinate Leasehold Deed of Trust (IIG)
  o Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing
  o Amended and Restated Subordination Agreement (HACLA Loans)

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners do hereby authorize and approve as follows:

1. The form and content of the First Amendment to Authority Loan Agreement, Authority IIG Note, Authority IIG Leasehold Deed of Trust, Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing, the various Authority Loan documents attached hereto, and all Authority ancillary transaction documents in connection therewith (collectively, the “Authority IIG Documents”) are hereby approved.

2. The commitment and expenditure of up to $2,000,000 of HCD IIG funds for the development of Phase S3, including $600,000 to reimburse HACLA for demolition costs and a $1,400,000 Authority IIG Loan to the Partnership for Phase S3 construction and infrastructure costs.

3. The President and Chief Executive Officer, or any Designated Officer, is hereby authorized and directed, for and on behalf of and in the name of the Authority, to execute and attest the Authority IIG Documents and any other documents, agreements and certificates necessary to accomplish the transaction contemplated by this Resolution, with such changes therein as approved by the Designated Officer with the advice of legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

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

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

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

APPROVED AS TO FORM: HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

BY: ___________________________    BY: ___________________________
JAMES JOHNSON, GENERAL COUNSEL    CIELO CASTRO, CHAIRPERSON

DATE ADOPTED: ________________________
ATTACHMENT 2.

Summary of Documents
## HOUSING AUTHORITY OF THE CITY OF LOS ANGELES
### JORDAN DOWNS S3 IIG FUND DOCUMENTS
#### REFERENCED IN BOARD REPORT

<table>
<thead>
<tr>
<th>DOCUMENT/ITEM</th>
<th>SIGNATORIES</th>
<th>RECORDABLE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I. LOAN DOCUMENTS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. First Amendment to Authority Loan Agreement</td>
<td>HACLA; Developer</td>
<td>NO</td>
<td>The Authority has agreed to provide the Borrower with an additional loan in the maximum principal amount of One Million Four Hundred Thousand Dollars ($1,400,000) made with funds available to the Authority pursuant to an Infill Infrastructure Grant from the State of California (the “Authority IIG Loan”).</td>
</tr>
<tr>
<td>2. Authority IIG Promissory Note</td>
<td>HACLA; Developer</td>
<td>YES</td>
<td>The “Borrower” promises to pay the principal sum of up to One Million Four Hundred Thousand Dollars ($1,400,000) (the “Authority IIG Loan”) at the end of the loan term unless otherwise found in default.</td>
</tr>
<tr>
<td><strong>II. SITE CONTROL DOCUMENTS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Authority to Subordinate Leasehold Deed of Trust (IIG)</td>
<td>HACLA; Developer</td>
<td>YES</td>
<td>Authority to Subordinate leasehold deed of trust with Assignment of Rents, Security Agreement, and Fixture Filing.</td>
</tr>
<tr>
<td><strong>III. REGULATORY DOCUMENTS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing</td>
<td>HACLA; Developer</td>
<td>YES</td>
<td>Provides for affordability requirements for 55-years from HCD by HACLA and Owner/Developer Jordan Downs S3, LP and compliance with all IIG program requirements.</td>
</tr>
<tr>
<td>5. Amended and Restated Subordination Agreement (HACLA Loans)</td>
<td>HACLA, Lender, Developer</td>
<td>YES</td>
<td>Agreement amends and restates in its entirety the Subordination Agreement dated as of March 1, 2020 and recorded in the Official Records of Los Angeles County, California (“Official Records”) on March 23, 2020 as Document No. 202000337198</td>
</tr>
</tbody>
</table>
ATTACHMENT 3.

- First Amendment to Authority Loan Agreement
- Authority IIG Promissory Note
- Authority Subordinate Leasehold Deed of Trust (IIG)
- Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing
- Amended and Restated Subordination Agreement (HACLA Loans)
FIRST AMENDMENT TO AUTHORITY LOAN AGREEMENT

Jordan Downs Phase S3

THIS FIRST AMENDMENT TO AUTHORITY LOAN AGREEMENT (this "Amendment") is made and entered into as of __________, 2022 (the “Effective Date”), by and between Jordan Down Phase S3, LP, a California limited partnership ("Borrower"), and the Housing Authority of the City of Los Angeles, a public body, corporate and politic, its successors, assigns or any subsequent holder of the subject Note (the “Authority”).

RECITALS

A. The Borrower and Authority executed that certain Authority Loan Agreement dated as of March 1, 2020 (the “Loan Agreement”) whereby the Authority agreed to provide Borrower the Loan (as defined in the Loan Agreement).

B. The Authority has agreed to provide the Borrower with an additional loan in the maximum principal amount of One Million Four Hundred Thousand Dollars ($1,400,000) made with funds available to the Authority pursuant to an Infill Infrastructure Grant from the State of California (the “Authority IIG Loan”).

C. The Borrower has executed and delivered on substantially even date herewith that certain Authority IIG Note (the “Authority IIG Note”) and that certain Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing – Authority IIG Loan (the “Authority IIG Deed of Trust”) for the benefit of the Authority, evidencing and securing the Authority IIG Loan.

D. The Borrower has requested that the Authority extend the date by which the Borrower is required to satisfy all Conversion Conditions (Construction) under the Loan Agreement to December 31, 2022 and the Authority has agreed to grant such extension.

E. The Borrower and Authority desire by this Amendment to amend the Loan Agreement to provide for the Authority IIG Loan and otherwise amend the Loan Agreement as set forth in this Amendment.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Borrower and Authority agree as follows:

1. Capitalized Terms. Any capitalized terms not defined herein shall have the meaning as set forth in the Loan Agreement.

2. Additional Definitions. The following definitions are hereby added to Section 1.1 of the Loan Agreement:
(c)(8) A loan from the Authority in the maximum principal amount of One Million Four Hundred Thousand Dollars ($1,400,000) made with funds available to the Authority pursuant to an Infill Infrastructure Grant from the State of California (the “Authority IIG Loan”).

“Authority Bridge Deed of Trust” shall mean that certain Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing – Authority Bridge Loan in the form provided by the Authority and encumbering the Borrower’s Leasehold Estate and the Improvements to secure repayment of the Authority Bridge Loan dated as of March 1, 2020 and recorded March 23, 2020 in the Recorder’s Office of Los Angeles County, California as document number 20200337196.

“Authority IIG Note” shall mean the Authority IIG Note of even date with this Amendment evidencing the Authority IIG Loan and secured by the Authority IIG Deed of Trust.

“Authority IIG Deed of Trust” shall mean that certain Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing – Authority IIG Loan in the form provided by the Authority that will encumber the Borrower’s Leasehold Estate and the Improvements to secure repayment of the Authority IIG Loan.

“IIG Requirements” shall mean the requirements of the Infill Infrastructure Grant Program established Part 12.5 of Division 31 of the California Health and Safety Code (commencing at Section 535599) and all guidelines, requirements and obligations imposed on recipients of grants pursuant to such program including, but not limited to, (i) the requirements of the Infill Infrastructure Grant Program 2019 Guidelines dated as of October 30, 2019; (ii) the Infill Infrastructure Grant Program Notice of Funding Availability issued by HCD, dated October 30, 2019; (iii) the requirements of that certain Standard Agreement, Agreement Number 19-IIG-14393, by and between HCD and the Authority, dated December 1, 2020 (the “IIG Standard Agreement”); (iv) the requirements of that certain Disbursement Agreement executed by and between HCD and the Authority in accordance with the IIG Standard Agreement; and (v) any other requirements now or from time to time implemented by HCD with regard to the Infill Infrastructure Grant Program.

3. **Amended Definitions.** The subsections of Section 1.1 of the Loan Agreement are hereby amended as follows:

   (u) is hereby amended to replace “December 31, 2021” with “December 31, 2022”.

   (w) is hereby deleted in its entirety and replaced as follows:

   “Deed of Trust” shall mean, collectively, the Authority IIG Deed of Trust and the Authority Bridge Deed of Trust.

   (ll) is hereby deleted in its entirety and replaced as follows:

   “Loan” shall mean the Authority Bridge Loan and the Authority IIG Loan.
“Loan Maturity Date” means, for the Authority Bridge Loan and the Authority IIG Loan, the earlier of (a) fifty-five (55) years from the date of Conversion, which shall be determined by the date of issuance of a certificate of occupancy for all Units in the Project, or (b) the date on which the principal amount of the Loan has been declared or automatically has become due and payable (whether by acceleration or otherwise).

“Note” shall mean the Authority Bridge Note and the Authority IIG Note.

4. Exhibits.

(a) Exhibit B to the Loan Agreement is hereby deleted and replaced with Exhibit B-1 attached hereto.

(b) The Exhibit G-1 attached hereto is hereby incorporated in the Loan Agreement, Exhibit G-1 is hereby incorporated in Section 7.20, and the following is hereby added to Section 1.2 of the Loan Agreement:

Exhibit G-1: Form of Authority IIG Note

5. Amendments to the Loan Agreement. The Loan Agreement is hereby amended as follows:

(a) Section 2.1 is hereby amended to insert the following as the second paragraph:

The Authority shall loan to the Borrower the Authority IIG Loan for the purposes set forth in Section 2.4(b) of this Agreement, and the Borrower shall repay principal and interest on the Authority IIG Loan pursuant to the Authority IIG Note. The Authority’s obligation to disburse the proceeds of the Authority IIG Loan to the Borrower shall be contingent on the Authority’s receipt of funds from HCD under the IIG Standard Agreement. The obligation to repay the Authority IIG Loan shall be evidenced by the Authority IIG Note in the form attached hereto as Exhibit G-1.

(b) Section 2.2 of is hereby deleted in its entirety and replaced as follows:

Section 2.2 Term. The Authority Bridge Loan shall mature on the date of closing of the AHP Loan or, if the proceeds of the AHP Loan are insufficient to repay the entire Authority Bridge Loan, on the Loan Maturity Date. The Authority IIG Loan shall mature on the Loan Maturity Date.

(c) Section 2.3 is hereby amended to insert subsection (c) as follows:
(c) Subject to the provisions of Section 2.3(b) below, the Authority IIG Loan shall not bear interest.

(d) Section 2.4 is hereby amended to insert subsection (c) as follows:

(c) The Borrower shall use the Authority IIG Loan proceeds to pay development costs of the Project during the construction phase, consistent with the Approved Development Budget and the IIG Requirements, and as part of the permanent financing of the Project.

(e) Section 2.7(a) is hereby deleted in its entirety and replaced as follows:

(a) Construction Financing. The maximum amount of funds to be disbursed pursuant to this Section 2.7 shall not exceed, (i) in the case of the Authority Bridge Loan, Two Million Two Hundred Thousand Dollars ($2,200,000.00), and (ii) in the case of the Authority IIG Loan, One Million Four Hundred Thousand Dollars ($1,400,000). The construction financing portion of this Loan shall be a non-revolving line of credit, such that once advances have been made and repaid, such amounts may not be re-borrowed. The Authority shall make disbursements in accordance with the Draw Schedule. The Authority shall not be obligated to make any disbursements of such proceeds or take any other action under the Loan Documents unless the following conditions are satisfied prior to each such disbursement of the Loan:

(f) Section 2.8(b) is hereby deleted in its entirety and replaced as follows:

(b) Payment in Full. All principal and accrued interest on the Authority Bridge Loan shall be due in full on the earlier to occur of (i) the date of closing of the AHP Loan, but only to the extent proceeds of the AHP Loan are available for repayment of the Authority Bridge Loan pursuant to Section 2.4(a), (ii) the date of any Transfer not authorized by the Authority, (iii) the date of any Default, and (iv) the Loan Maturity Date. All principal and accrued interest on the Authority IIG Loan shall be due in full on the earlier to occur of (i) the date of any Default, (ii) the Loan Maturity Date and (iii) the date of any Transfer not authorized by the Authority, except to the extent such authorization is not required under this Agreement.

(g) Section 3.6 is hereby amended to replace “December 31, 2021” with “December 31, 2022”.

(h) Section 4.6(b) is amended to insert the following:

(xv) Grant Funds. The requirements of the IIG Requirements.

(i) Section 4.7(a) – (b) is amended to replace all references to “Landlord” with “Authority”.
(j) **Section 5.1(a)** is hereby amended to replace “December 31, 2021” with “December 31, 2022”.

(k) The first paragraph of **Exhibit I** to the Loan Agreement is hereby amended to describe both the Authority Bridge Loan and the Authority IIG Loan as the “Loan”.

6. **Miscellaneous.**

   (a) The Loan Agreement is not amended in any other respect.

   (b) Borrower affirms its obligations under the Loan Agreement, as amended hereby, and Borrower agrees that such obligations are the valid and binding obligations of Borrower, enforceable in accordance with its terms, subject to no counterclaim, objection or defense.

   (c) This Amendment may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.

   [signature pages follows]
IN WITNESS WHEREOF, the parties hereto have executed this Amendment to Authority Loan Agreement as of the day and date first above written.

BORROWER:

JORDAN DOWNS PHASE S3, LP,
a California limited partnership

By: Jordan S3-Michaels, LLC,
a California limited liability company,
its administrative general partner

By: __________________________________________
Kenneth P. Crawford
Vice President

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

By: __________________________________________
Tina Smith-Booth
President

AUTHORITY:

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

By: __________________________________________
Douglas Guthrie
President and Chief Executive Officer
EXHIBIT B-1

Approved Development Budget

[attached]
EXHIBIT G-1

Form of Authority IIG Note

[attached]
AUTHORITY IIG NOTE
(Jordan Downs Phase S3)

$1,400,000.00 Los Angeles, California
As of ________, 2022

FOR VALUE RECEIVED, the undersigned (the “Borrower”) promises to pay the principal sum of up to One Million Four Hundred Thousand Dollars ($1,400,000) (the “Authority IIG Loan”), or so much thereof as may be advanced to the Borrower pursuant to this Authority IIG Note (this “Note”) and that certain Authority Loan Agreement by and between the Borrower and the Housing Authority of the City of Los Angeles, a public body, corporate and politic (the “Lender”), dated as of March 1, 2020, as amended by that certain First Amendment to Authority Loan Agreement, dated as of substantially even date herewith, and as may be further amended (the “Loan Agreement”), with interest as provided herein from the date above upon the unpaid balance of this Note, in lawful money of the United States.

(1) Capitalized terms used but not defined herein shall have the meaning set forth in the Loan Agreement.

(2) Funds shall be advanced during the term hereof in accordance with Section 2.7 of the Loan Agreement and the IIG Requirements.

(3) Payment Terms.

(a) All payments due under this Note shall be paid to the order of the Housing Authority of the City of Los Angeles at 2600 Wilshire Boulevard, Los Angeles, CA 90057 or at such other place as the Lender hereof may from time to time designate in writing.

(b) This Note shall not bear interest.

(c) All principal and interest owed under this Note is due in full on the earlier to occur of: (i) the date of any Default, following the expiration of all applicable notice and cure periods, (ii) the Loan Maturity Date, and (iii) any sale, transfer, assignment, or conveyance of the Property except to an affiliate of the Lender. The entire principal balance of and all interest accrued on the Authority IIG Loan may be prepaid at any time, without charge or penalty.

(4) Payment of this Note is secured by an Authority Subordinate Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing – Authority IIG Loan (the “Deed of Trust”) of even date herewith between the Borrower and the Lender, encumbering a leasehold interest in certain real property and fee interest in certain improvements located in the City of Los Angeles, County of Los Angeles, State of California, recorded in the official land records of the County of Los Angeles, as well as by other instruments defined in the Loan Agreement as the Loan Documents.

(5) Default.
(a) Subject to the notice and cure periods set forth in the Loan Agreement, any of the following shall constitute an “event of default” under this Note:

(i) Any failure to pay, in full, any payment required under this Note within ten (10) days of written notice that such payment is due;

(ii) The occurrence of any “Default” under the Loan Agreement as defined therein, “Event of Default” under the Deed of Trust, as defined therein, or breach or violation of any other instrument securing the obligations of the Borrower under this Note or under any other promissory notes hereafter issued by the Borrower to the Lender pursuant to the Loan Agreement or the Deed of Trust, following the expiration of notice and cure periods, if any, set forth therein.

(b) Upon the occurrence of such an event of default, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under this Note and the Deed of Trust shall at the option of the Lender become immediately due and payable upon written notice by the Lender to the Borrower without further demand.

(c) The failure to exercise the remedy set forth in Subsection 5(b) above or any other remedy provided by law upon the occurrence of one or more of the foregoing events of default shall not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other default. The acceptance by the Lender hereof of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of the Lender, except as and to the extent otherwise provided by law.

(6) Waivers.

(a) The Borrower hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, and notice of dishonor of this Note. The Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time, and that the Lender may accept further security or release any security for this Note, all without in any way affecting the liability of the Borrower.

(b) No extension of time for payment of this Note or any installment hereof made by agreement by the Lender with any person now or hereafter liable for payment of this Note shall operate to release, discharge, modify, change, or affect the original liability of the Borrower under this Note, either in whole or in part.

(c) The obligations of the Borrower under this Note shall be absolute and the Borrower waives any and all rights to offset, deduct, or withhold any payments or charges due under this Note for any reason whatsoever.

(7) Miscellaneous Provisions.
(a) All notices to the Lender or the Borrower shall be given in the manner and at the addresses set forth in the Loan Agreement, or to such addresses as the Lender and the Borrower may hereinafter designate. Copies of notices to the Borrower from the Lender shall also be provided by the Lender to any limited partner of the Borrower who requests such notice in writing and provides the Lender with written notice of its address.

(b) The Borrower promises to pay all costs and expenses, including reasonable attorney's fees, incurred by the Lender in the enforcement of the provision of this Note, regardless of whether suit is filed to seek enforcement.

(c) This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

(d) This Note shall be governed by and construed in accordance with the laws of the State of California.

(e) The times for the performance of any obligations hereunder shall be strictly construed, time being of the essence.

(f) This document, together with the Loan Documents, contains the entire agreement between the parties as to the Authority IIG Loan. It may not be modified except upon written consent of the parties.

(g) Except as provided below and subject to Section 1 of the Investor Rider attached to the Deed of Trust as Exhibit B, neither the Borrower nor any partner of the Borrower shall have any direct or indirect personal liability for payment of the principal of, or interest on, the Authority IIG Loan or the performance of the covenants of the Borrower under the Deed of Trust. The sole recourse of the Lender with respect to the principal of, or interest on, this Note and defaults by the Borrower in the performance of its covenants under the Deed of Trust shall be to the property described in the Deed of Trust; provided, however, that nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for this Note of all the rights and remedies of the Lender thereunder, or (b) be deemed in any way to impair the right of the Lender to assert the unpaid principal amount of this Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on this Note and the performance of the Borrower's obligations under the Deed of Trust, except as hereafter set forth; nothing contained herein is intended to relieve the Borrower of its obligation to indemnify the Lender under Sections 4.7 and 7.4 of the Loan Agreement, or for liability for: (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the Deed of Trust; and (iv) the misappropriation of any proceeds under any insurance policies or awards resulting from condemnation or the
exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Property.

(h) Notwithstanding any other provisions of this Note, all liens, claims, charges, and priorities related to the Authority IIG Loan contemplated by this Note shall be subordinate and junior to all liens, claims, charges, and priorities related to the Construction Loan and the Permanent Loan.

[signature page(s) to follow]
IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered on the date set forth above.

BORROWER:

JORDAN DOWNS PHASE S3, LP,
a California limited partnership

By: Jordan S3-Michaels, LLC,
a California limited liability company,
its administrative general partner

By: _______________________________
   Kenneth P. Crawford
   Vice President

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

By: _______________________________
   Tina Smith-Booth
   President
RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Housing Authority of the
City of Los Angeles
2600 Wilshire Blvd.
Los Angeles, CA 90057
Attn: President and Chief Executive Officer

No fee for recording pursuant to
Government Code Section 27383

AUTHORITY SUBORDINATE LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF
RENTS, SECURITY AGREEMENT, AND FIXTURE FILING
AUTHORITY IIG LOAN
(Jordan Downs Phase S3)

THIS AUTHORITY SUBORDINATE LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT, AND FIXTURE FILING (this “Deed of Trust”) is made as of ______________, 2022, by and among Jordan Downs Phase S3, LP, a California limited partnership ("Trustor"), Stewart Title Guaranty Company, a Texas corporation ("Trustee"), and the Housing Authority of the City of Los Angeles, a public body, corporate and politic ("Beneficiary").

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited and the trust herein created, the receipt of which is hereby acknowledged, Trustor hereby irrevocably grants, transfers, conveys, and assigns to Trustee, IN TRUST, WITH POWER OF SALE, for the benefit and security of Beneficiary, under and subject to the terms and conditions hereinafter set forth, Trustor's leasehold interest in the property, granted pursuant to the Ground Lease (as hereinafter defined), located in the City of Los Angeles, County of Los Angeles, State of California, that is described in the attached Exhibit A, incorporated herein by this reference, and the Trustor's fee interest in any improvements constructed thereon (collectively, the “Property”).

TOGETHER WITH all interest, estates, or other claims, both in law and in equity which Trustor now has or may hereafter acquire in the Property and the Rents (as defined in Section 2.3);

TOGETHER WITH all easements, rights-of-way, and rights used in connection therewith or as a means of access thereto, including (without limiting the generality of the foregoing) all tenements, hereditaments, and appurtenances thereof and thereto;

TOGETHER WITH any and all buildings and improvements of every kind and description now or hereafter erected thereon, and all property of Trustor now or hereafter affixed to or placed upon the Property;

TOGETHER WITH all building materials and equipment now or hereafter delivered to said property and intended to be installed therein;
TOGETHER WITH all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Property, and any and all sidewalks, alleys, and strips and areas of land adjacent to or used in connection with the Property;

TOGETHER WITH all estate, interest, right, title, other claim or demand, of every nature, in and to such property, including the Property, both in law and in equity, including, but not limited to, all deposits made with or other security given by Trustor to utility companies, the proceeds from any or all of such property, including the Property, claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Trustor now has or may hereafter acquire, any and all awards made for the taking by eminent domain or by any proceeding or purchase in lieu thereof of the whole or any part of such property, including without limitation, any awards resulting from a change of grade of streets and awards for severance damages to the extent Beneficiary has an interest in such awards for taking as provided in Paragraph 4.1 herein;

TOGETHER WITH all of Trustor's interest in all articles of personal property or fixtures now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the Property which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all other goods and chattels and personal property as are ever used or furnished in operating a building, or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or shall be attached to said building or buildings in any manner; and

TOGETHER WITH all of Trustor's interest in all building materials, fixtures, equipment, work in process, and other personal property to be incorporated into the Property; all goods, materials, supplies, fixtures, equipment, machinery, furniture and furnishings, signs, and other personal property now or hereafter appropriated for use on the Property, whether stored on the Property or elsewhere, and used or to be used in connection with the Property; all rents, issues, and profits, and all inventory, accounts, accounts receivable, contract rights, general intangibles, chattel paper, instruments, documents, notes drafts, letters of credit, insurance policies, insurance and condemnation awards and proceeds, trade names, trademarks, and service marks arising from or related to the Property and any business conducted thereon by Trustor; all replacements, additions, accessions, and proceeds; and all books, records, and files relating to any of the foregoing.

All of the foregoing, together with the Property, is herein referred to as the “Security.” To have and to hold the Security together with acquittances to Trustee, its successors and assigns forever.

FOR THE PURPOSE OF SECURING:

(a) Payment of just indebtedness of Trustor to Beneficiary as set forth in the Note (defined in Article 1 below) until paid or cancelled. Said principal and other payments shall be due and payable as provided in the Note. Said Note and all its terms are incorporated herein by reference, and this conveyance shall secure any and all extensions thereof, however evidenced; and

(b) Payment of any sums advanced by Beneficiary to protect the Security pursuant to the terms and provisions of this Deed of Trust following a breach of Trustor's obligation to advance said sums and the expiration of any applicable cure period, with interest thereon as provided herein; and
(c) Performance of every obligation, covenant, or agreement of Trustor contained herein and in the Loan Documents (defined in Section 1.1(b) below).

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

ARTICLE 1
DEFINITIONS

Section 1.1 Definitions. In addition to the terms defined elsewhere in this Deed of Trust, the following terms shall have the following meanings in this Deed of Trust:

(a) “Authority IIG Loan” shall mean the loan to the Borrower pursuant to the Loan Agreement in the maximum principal amount of One Million Four Hundred Thousand Dollars ($1,400,000), consisting of Infill Infrastructure Grant funds awarded to the Authority pursuant to the IIG Requirements (as defined in the Loan Agreement). The Authority IIG Loan shall be evidenced by the Authority IIG Note.

(b) “Authority IIG Note” shall mean the Authority IIG Note of even date herewith evidencing the Authority IIG Loan, executed by Trustor in favor of Beneficiary and secured by this Deed of Trust. Copies of the Authority IIG Note are on file with Beneficiary and terms and provisions of the Authority IIG Note are incorporated herein by reference.

(c) “Ground Lease” means that certain Ground Lease Agreement by and between Trustor and Beneficiary, dated as of March 1, 2020, pursuant to which Trustor holds a leasehold interest in the Property.

(d) “Loan” means the Authority IIG Loan.

(e) “Loan Agreement” means that certain Authority Loan Agreement between Trustor and Beneficiary dated as of March 1, 2020, as amended by that certain First Amendment to Authority Loan Agreement, dated as of substantially even date herewith, as may be further amended, providing for the Beneficiary to loan to Trustor the Authority IIG Loan and the Authority Bridge Loan (as defined in the Loan Agreement) for certain development costs and permanent financing related to the development of the Property.

(f) “Loan Documents” means this Deed of Trust, the Authority IIG Note, the Loan Agreement and any other debt, loan, or security instruments between Trustor and the Beneficiary relating to the Note.

(g) “Note” means the Authority IIG Note. (Copies of the Note are on file with Beneficiary and terms and provisions of the Note are incorporated herein by reference.)

(h) “Principal” means the principal amount required to be paid under the Note.

(i) “Senior Deed of Trust” means any deed of trust to which this deed of trust is
subordinated.

(j) “Senior Lender” means the beneficiary of a Senior Deed of Trust securing a Senior Loan.

(k) “Senior Loan” means that certain (1) construction loan from CIT Bank, N.A. in the approximate amount of Thirty-Seven Million Three Hundred Thousand Dollars ($37,300,000), and (2) Freddie Mac permanent loan from Greystone Servicing Company, LLC in the approximate amount of Eleven Million Seven Hundred Thirty Thousand Dollars ($11,730,000), and refinancings of such loans pursuant to Section 4.13(d) of the Loan Agreement.

ARTICLE 2
MAINTENANCE AND MODIFICATION OF THE PROPERTY AND SECURITY

Section 2.1 Maintenance and Modification of the Property by Trustor. Trustor agrees that at all times prior to full payment of the sum owed under the Note, Trustor will, at Trustor's own expense, maintain, preserve, and keep the Security or cause the Security to be maintained and preserved in good condition. Trustor will from time to time make or cause to be made all repairs, replacements, and renewals deemed proper and necessary by it. If there arises a condition in contravention of this requirement, and if the Trustor has not cured such condition within thirty (30) days after receiving a Beneficiary notice of such a condition, and the Trustor has not initiated diligent efforts to cure such condition within such period, then in addition to any other rights available to the Beneficiary, the Beneficiary shall have the right to perform all acts necessary to cure such condition, and to establish or enforce a lien or other encumbrance against the Security. Beneficiary shall have no responsibility in any of these matters or for the making of improvements or additions to the Security.

Trustor agrees to pay fully and discharge (or cause to be paid fully and discharged) all claims for labor done and for material and services furnished in connection with the Security, diligently to file or procure the filing of a valid notice of cessation upon the event of a cessation of labor on the work or construction on the Security for a continuous period of thirty (30) days or more, and to take all other reasonable steps to forestall the assertion of claims of lien against the Security or any part thereof. Trustor irrevocably appoints, designates, and authorizes Beneficiary as its agent (said agency being coupled with an interest) with the authority, but without any obligation, to file for record any notices of completion or cessation of labor or any other notice that Beneficiary deems necessary or desirable to protect its interest in and to the Security or the Loan Documents; provided, however, that Beneficiary shall exercise its rights as agent of Trustor only in the event that Trustor shall fail to take, or shall fail to diligently continue to take, those actions as hereinbefore provided.

Upon demand by Beneficiary, Trustor shall make or cause to be made such demands or claims as Beneficiary shall specify upon laborers, materialmen, subcontractors, or other persons who have furnished or claim to have furnished labor, services, or materials in connection with the Security. Nothing herein contained shall require Trustor to pay any claims for labor, materials, or services which Trustor in good faith disputes and is diligently contesting provided that Trustor shall, within thirty (30) days after the filing of any claim of lien, record in the Office of the Recorder of the County of Los Angeles, a surety bond in an amount one and a half times the amount of such claim item to protect against a claim of lien.
Section 2.2  **Granting of Easements.** Except as set forth in the Loan Documents, Trustor may not grant easements, licenses, rights-of-way, or other rights or privileges in the nature of easements with respect to any property or rights included in the Security except those required or desirable for installation and maintenance of public utilities including, without limitation, access, water, gas, electricity, sewer, telephone, and telegraph, or those required by law and as approved, in writing, by Beneficiary, which approval shall not be unreasonably withheld or delayed.

Section 2.3  **Assignment of Rents.** As part of the consideration for the indebtedness evidenced by the Note, Trustor hereby absolutely and unconditionally assigns and transfers to Beneficiary all the rents and revenues of the Property including those now due, past due, or to become due by virtue of any lease or other agreement for the occupancy or use of all or any part of the Property, regardless of to whom the rents and revenues of the Property are payable (collectively, the “Rents”). After the occurrence and during the continuation of an Event of Default (as defined in Section 7.1), Trustor hereby authorizes Beneficiary or Beneficiary's agents to collect the aforesaid rents and revenues and hereby directs each tenant of the Property to pay such Rents to Beneficiary or Beneficiary's agents. Prior to the occurrence of an Event of Default, Trustor shall collect and receive all Rents of the Property as trustee for the benefit of Beneficiary and Trustor shall apply the Rents so collected to the sums secured by this Deed of Trust with the balance, so long as no Event of Default has occurred, to the account of Trustor, it being intended by Trustor and Beneficiary that this assignment of rents constitutes an absolute assignment and not an assignment for additional security only. Upon delivery of written notice by Beneficiary to Trustor of an Event of Default, and without the necessity of Beneficiary entering upon and taking and maintaining full control of the Property in person, by agent, or by a court-appointed receiver, Beneficiary shall immediately be entitled to possession of all Rents of the Property as specified in this Section 2.3 as the same becomes due and payable, including but not limited to Rents then due and unpaid, and all such Rents shall immediately upon delivery of such notice be held by Trustor as trustee for the benefit of Beneficiary only; provided, however, that the written notice by Beneficiary to Trustor of an Event of Default shall contain a statement that Beneficiary exercises its rights to such Rents. Trustor agrees that commencing upon delivery of such written notice of an Event of Default, each tenant of the Property shall make such Rents payable to and pay such Rents to Beneficiary or Beneficiary's agents on Beneficiary's written demand to each tenant therefor, delivered to each tenant personally, by mail, or by delivering such demand to each rental unit, without any liability on the part of said tenant to inquire further as to the existence of a default by Trustor.

Except for the financing previously approved by the Beneficiary pursuant to the Loan Agreement, Trustor hereby covenants that Trustor has not executed any prior assignment of said Rents, that Trustor has not performed, and will not perform, any acts or has not executed and will not execute, any instrument which would prevent Beneficiary from exercising its rights under this Section 2.3, and that at the time of execution of this Deed of Trust, there has been no anticipation or prepayment of any of the Rents of the Property for more than two (2) months prior to the due dates of such rents. Trustor covenants that Trustor will not hereafter collect or accept payment of any Rents of the Property more than two (2) months prior to the due dates of such Rents. Trustor further covenants that Trustor will execute and deliver to Beneficiary such further assignments of rents and revenues of the Property as Beneficiary may from time to time request.

Upon and during the continuation of an Event of Default, Beneficiary may in person, by agent, or by a court-appointed receiver, regardless of the adequacy of Beneficiary's security, enter upon and take and maintain full control of the Property in order to perform all acts necessary and appropriate
for the operation and maintenance thereof including, but not limited to, the execution, cancellation, or modification of leases, the collection of all Rents of the Property, the making of repairs to the Property, and the execution or termination of contracts providing for the management or maintenance of the Property, all on such terms as are deemed best to protect the security of this Deed of Trust. In the event Beneficiary elects to seek the appointment of a receiver for the Property upon an Event of Default, Trustor hereby expressly consents to the appointment of such receiver. Beneficiary or the receiver shall be entitled to receive a reasonable fee for so managing the Property.

All Rents collected upon and during the continuation of an Event of Default shall be applied first to the costs, if any, of taking control of and managing the Property and collecting the Rents, including, but not limited to, attorney's fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the Property, premiums on insurance policies, taxes, assessments, and other charges on the Property, and the costs of discharging any obligation or liability of Trustor as lessor or landlord of the Property and then to the sums secured by this Deed of Trust. Beneficiary or the receiver shall have access to the books and records used in the operation and maintenance of the Property and shall be liable to account only for those Rents actually received. Beneficiary shall not be liable to Trustor, anyone claiming under or through Trustor, or anyone having an interest in the Property by reason of anything done or left undone by Beneficiary under this Section 2.3.

If the Rents of the Property are not sufficient to meet the costs, if any, of taking control of and managing the Property and collecting the Rents, any funds expended by Beneficiary for such purposes shall become indebtedness of Trustor to Beneficiary secured by this Deed of Trust pursuant to Section 3.3 hereof. Unless Beneficiary and Trustor agree in writing to other terms of payment, such amounts shall be payable upon notice from Beneficiary to Trustor requesting payment thereof and shall bear interest from the date of disbursement at the rate stated in Section 3.3.

Any entering upon and taking and maintaining of control of the Property by Beneficiary or the receiver and any application of Rents as provided herein shall not cure or waive any default hereunder or invalidate any other right or remedy of Beneficiary under applicable law or provided herein. This assignment of rents of the Property shall terminate at such time as this Deed of Trust ceases to secure indebtedness held by Beneficiary. The rights of the Beneficiary under this Section 2.3 are subject to the rights of the Senior Lender and any other senior lender.

ARTICLE 3
TAXES AND INSURANCE; ADVANCES

Section 3.1 Taxes, Other Governmental Charges and Utility Charges. Trustor shall pay, or cause to be paid prior to the date of delinquency, all taxes, assessments, charges, and levies imposed by any public authority or utility company which are or may become a lien affecting the Security or any part thereof; provided, however, that Trustor shall not be required to pay and discharge any such tax, assessment, charge, or levy so long as (a) the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings, and (b) Trustor maintains reserves adequate to pay any liabilities contested pursuant to this Section 3.1. With respect to taxes, special assessments, or other similar governmental charges, Trustor shall pay such amount in full prior to the attachment of any lien thereon on any part of the Security; provided, however, if such taxes, assessments, or charges may be paid in installments, Trustor may pay in such installments. Except as provided in clause (b) of the first sentence of this paragraph, the provisions of this Section 3.1 shall not be
construed to require that Trustor maintain a reserve account, escrow account, impound account, or other similar account for the payment of future taxes, assessments, charges, and levies.

In the event that Trustor shall fail to pay any of the foregoing items required by this Section to be paid by Trustor, Beneficiary may (but shall be under no obligation to) pay the same, after Beneficiary has notified Trustor of such failure to pay and Trustor fails to fully pay such items within seven (7) business days after receipt of such notice. Any amount so advanced therefor by Beneficiary, together with interest thereon from the date of such advance at the maximum rate permitted by law, shall become an additional obligation of Trustor to the Beneficiary and shall be secured hereby, and Trustor agrees to pay all such amounts.

Section 3.2 Provisions Respecting Insurance. Trustor agrees to provide insurance conforming in all respects to that required under the Loan Documents during the course of construction and following completion, and at all times until all amounts secured by this Deed of Trust have been paid and all other obligations secured hereunder fulfilled, and this Deed of Trust reconveyed.

All such insurance policies and coverages shall be maintained at Trustor's sole cost and expense. Certificates of insurance for all of the above insurance policies, showing the same to be in full force and effect, shall be delivered to Beneficiary upon demand therefor at any time prior to Beneficiary's receipt of the entire Principal and all amounts secured by this Deed of Trust.

Section 3.3 Advances. In the event Trustor shall fail to maintain the full insurance coverage required by this Deed of Trust or shall fail to keep the Security in accordance with the Loan Documents, Beneficiary, after at least seven (7) days prior notice to Beneficiary, may (but shall be under no obligation to) take out the required policies of insurance, pay the premiums on the same, make such repairs or replacements as are necessary and provide for payment thereof, or expend such funds as necessary to remedy such failure by Trustor; and all amounts so advanced therefor by Beneficiary shall become an additional obligation of Trustor to Beneficiary (together with interest as set forth below) and shall be secured hereby, which amounts Trustor agrees to pay on the demand of Beneficiary, and if not so paid, shall bear interest from the date of the advance at the lesser of ten percent (10%) per annum or the maximum rate permitted by law.

ARTICLE 4
DAMAGE, DESTRUCTION OR CONDEMNATION

Section 4.1 Awards and Damages. All judgments, awards of damages, settlements, and compensation made in connection with or in lieu of (1) taking of all or any part of or any interest in the Property by or under assertion of the power of eminent domain, (2) any damage to or destruction of the Property or in any part thereof by insured casualty, and (3) any other injury or damage to all or any part of the Property ("Funds") are hereby assigned to and shall be paid to Beneficiary by a check made payable to Beneficiary. Such Funds shall be applied to restoration or repair of the Property damaged, provided such restoration or repair is economically feasible and (after completion of the repair or restoration) the security of this Deed of Trust is not thereby impaired, as determined in Beneficiary's reasonable discretion. Such work or repair shall be in accordance with plans and specifications approved by the Beneficiary and commenced no later than the later of (a) one hundred twenty (120) days after the damage or loss occurs or (b) thirty (30) days following receipt of the Funds, and shall be complete within one (1) year thereafter. If such restoration or repair is not economically
feasible, or if Trustor fails to provide additional monies to fund any deficiency in connection with such restoration, or if the security of this Deed of Trust would be impaired, then the Funds will be used to repay any amounts due under this Deed of Trust with the excess, if any, paid to Trustor. Beneficiary must consent to the settlement and adjustment of all claims under insurance policies provided under this Deed of Trust. All or any part of the amounts so collected and recovered by Beneficiary may be released to Trustor upon such conditions as Beneficiary may impose for its disposition. Application of all or any part of the Funds collected and received by Beneficiary or the release thereof shall not cure or waive any default under this Deed of Trust. The rights of Beneficiary under this Section 4.1 are subject to the rights of the Senior Lender and any other senior lender.

ARTICLE 5
AGREEMENTS AFFECTING THE PROPERTY; FURTHER ASSURANCES; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.1 Other Agreements Affecting Property. Trustor shall duly and punctually perform all terms, covenants, conditions, and agreements binding upon it under the Loan Documents and any other agreement of any nature whatsoever now or hereafter involving or affecting the Security or any part thereof.

Section 5.2 Agreement to Pay Attorneys' Fees and Expenses. In the event of any Event of Default (as defined in Section 7.1) hereunder, and if Beneficiary should employ attorneys or incur other expenses for the collection of amounts due or the enforcement of performance or observance of an obligation or agreement on the part of Trustor in this Deed of Trust, Trustor agrees that it will, on demand therefor, pay to Beneficiary the reasonable fees of such attorneys and such other reasonable expenses so incurred by Beneficiary; and any such amounts paid by Beneficiary shall be added to the indebtedness secured by the lien of this Deed of Trust, and shall bear interest from the date such expenses are incurred at the lesser of ten percent (10%) per annum or the maximum rate permitted by law.

Section 5.3 Payment of the Principal. Trustor shall pay to Beneficiary the Principal and any other payments as set forth in the Note in the amounts and by the times set out therein.

Section 5.4 Personal Property; Fixture Filing. To the maximum extent permitted by law, the personal property subject to this Deed of Trust shall be deemed to be fixtures and part of the real property and this Deed of Trust shall constitute a fixtures filing under the California Commercial Code. As to any personal property not deemed or permitted to be fixtures, this Deed of Trust shall constitute a security agreement under the California Commercial Code. Trustor hereby grants Beneficiary a security interest in such items.

Section 5.5 Financing Statement. Trustor shall execute and deliver to Beneficiary such financing statements pursuant to the appropriate statutes, and any other documents or instruments as are required to convey to Beneficiary a valid perfected security interest in the Security. Trustor agrees to perform all acts which Beneficiary may reasonably request so as to enable Beneficiary to maintain such valid perfected security interest in the Security in order to secure the payment of the Note in accordance with their terms. Beneficiary is authorized to file a copy of any such financing statement in any jurisdiction(s) as it shall deem appropriate from time to time in order to protect the security interest established pursuant to this instrument. Trustor shall pay all costs of filing such financing statements and any extensions, renewals, amendments, and releases thereof, and shall pay all
reasonable costs and expenses of any record searches for financing statements, and releases thereof, as Beneficiary may reasonably require. Without the prior written consent of Beneficiary, Trustor shall not create or suffer to be created pursuant to the California Commercial Code any other security interest in the Security, including replacements and additions thereto.

Section 5.6 Operation of the Security. Trustor shall operate the Security (and, in case of a transfer of a portion of the Security subject to this Deed of Trust, the transferee shall operate such portion of the Security) in full compliance with the Loan Documents.

Section 5.7 Inspection of the Security. At any and all reasonable times upon seventy-two (72) hours' notice, Beneficiary and its duly authorized agents, attorneys, experts, engineers, accountants, and representatives, shall have the right, without payment of charges or fees, to inspect the Security.

Section 5.8 Nondiscrimination. Trustor herein covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, age, sex, sexual orientation, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Security, nor shall Trustor itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Security. The foregoing covenants shall run with the land.

ARTICLE 6 HAZARDOUS WASTE

Trustor shall keep and maintain the Property in compliance with, and shall not cause or permit the Property to be in violation of any federal, state, or local laws, ordinances, or regulations relating to industrial hygiene or to the environmental conditions on, under, or about the Property including, but not limited to, soil and ground water conditions; provided however, that if any condition causing non-compliance with this Section existed at the Property prior to the date of this Agreement or at other property within the vicinity of the Leased Premises, the Borrower shall not be in default hereunder. Trustor shall not use, generate, manufacture, store, or dispose of on, under, or about the Property or transport to or from the Property any flammable explosives, radioactive materials, hazardous wastes, toxic substances, or related materials, including without limitation, any substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” or “toxic substances” under any applicable federal or state laws or regulations (collectively referred to hereinafter as “Hazardous Materials”) except such of the foregoing as are used in construction of the improvements on the Property or as may be customarily kept and used in and about residential property.

Trustor shall immediately advise Beneficiary in writing if at any time it receives written notice of: (i) any and all enforcement, cleanup, removal, or other governmental or regulatory actions instituted, completed, or threatened against Trustor or the Property pursuant to any applicable federal, state, or local laws, ordinances, or regulations relating to any Hazardous Materials, (“Hazardous Materials Law”); (ii) all claims made or threatened by any third party against Trustor or the Property relating to damage, contribution, cost recovery compensation, loss, or injury resulting from any
Hazardous Materials (the matters set forth in clauses (i) and (ii) above are hereinafter referred to as “Hazardous Materials Claims”); and (iii) Trustor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be classified as “border-zone property” under the provision of California Health and Safety Code, Sections 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability, or use of the Property under any Hazardous Materials Law.

Beneficiary shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims. Trustor shall indemnify and hold harmless Beneficiary and its board members, supervisors, directors, officers, employees, agents, successors, and assigns from and against any loss, damage, cost, expense, or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal, or presence of Hazardous Materials on, under, or about the Property including without limitation: (a) all foreseeable consequential damages; (b) the costs of any required or necessary repair, cleanup, or detoxification of the Property and the preparation and implementation of any closure, remedial, or other required plans; and (c) all reasonable costs and expenses incurred by Beneficiary in connection with clauses (a) and (b), including but not limited to reasonable attorneys' fees; provided however that this indemnification shall not apply to any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to any condition that existed at the Property prior to the date of this Deed of Trust or at other property within the vicinity of the Property.

Without Beneficiary's prior written consent, which shall not be unreasonably withheld, Trustor shall not take any remedial action in response to the presence of any Hazardous Materials on, under, or about the Property, nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Material Claims, which remedial action, settlement, consent decree, or compromise might, in Beneficiary's reasonable judgment, impair the value of Beneficiary's security hereunder; provided, however, that Beneficiary's prior consent shall not be necessary in the event that the presence of Hazardous Materials on, under, or about the Property either poses an immediate threat to the health, safety, or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain Beneficiary's consent before taking such action, provided that in such event Trustor shall notify Beneficiary as soon as practicable of any action so taken. Beneficiary agrees not to withhold its consent, where such consent is required hereunder, if either: (i) a particular remedial action is ordered by a court of competent jurisdiction; (ii) Trustor will or may be subjected to civil or criminal sanctions or penalties if it fails to take a required action; (iii) Trustor establishes to the reasonable satisfaction of Beneficiary that there is no reasonable alternative to such remedial action which would result in less impairment of Beneficiary's security hereunder; or (iv) the action has been agreed to by Beneficiary.

Trustor hereby acknowledges and agrees that (i) this Article is intended as Beneficiary's written request for information (and the Trustor's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5, and (ii) each representation and warranty in this Deed of Trust or any of the other Loan Documents (together with any indemnity applicable to a breach of any such representation and warranty) with respect to the environmental condition of the property is intended by Beneficiary and Trustor to be an “environmental provision” for purposes of California Code of Civil Procedure Section 736.
In the event that any portion of the Property is determined to be “environmentally impaired” (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an “affected parcel” (as that term is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting Beneficiary's or Trustee's rights and remedies under this Deed of Trust, Beneficiary may elect to exercise its rights under California Code of Civil Procedure Section 726.5(a) to (1) waive its lien on such environmentally impaired or affected portion of the Property and (2) exercise (a) the rights and remedies of an unsecured creditor, including reduction of its claim against Trustor to judgment, and (b) any other rights and remedies permitted by law. For purposes of determining Beneficiary's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), Trustor shall be deemed to have willfully permitted or acquiesced in a release or threatened release of Hazardous Materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of Hazardous Materials was knowingly or negligently caused or contributed to by any lessee, occupant, or user of any portion of the Property and Trustor knew or should have known of the activity by such lessee, occupant, or user which caused or contributed to the release or threatened release. All costs and expenses, including (but not limited to) attorneys' fees, incurred by Beneficiary in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the lesser of ten percent (10%) or the maximum rate permitted by law, until paid, shall be added to the indebtedness secured by this Deed of Trust and shall be due and payable to Beneficiary upon its demand made at any time following the conclusion of such action.

Trustor is aware that California Civil Code Section 2955.5(a) provides as follows: “No lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.”

ARTICLE 7
EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default. Each of the following shall constitute an Event of Default following the expiration of any applicable notice and cure periods: (1) failure to make any payment to be paid by Trustor under the Loan Documents within ten (10) days after the date due; (2) failure to observe or perform any of Trustor's other covenants, agreements, or obligations under the Loan Documents (which failure has not been cured within the times and in the manner set forth in the Loan Agreement); or (3) failure to make any payment or perform any of Trustor's other covenants, agreements, or obligations under any other debt instruments or regulatory agreement secured by the Property, which default shall not be cured within the times and in the manner provided therein, provided, however, to the extent that the Trustor cures its failure to perform as described in this Section 7.1(3), Trustor shall be deemed to have cured the Event of Default arising from this Section 7.1(3).

Section 7.2 Acceleration of Maturity. If an Event of Default shall have occurred and be continuing, then at the option of Beneficiary, the amount of any payment related to the Event of Default and the unpaid Principal of the Note (including all interest thereon) shall immediately become due and payable, upon written notice by Beneficiary to Trustor (or automatically where so specified in the Loan Documents), and no omission on the part of Beneficiary to exercise such option when entitled to do so shall be construed as a waiver of such right.
Section 7.3 Beneficiary's Right to Enter and Take Possession. If an Event of Default shall have occurred and be continuing, Beneficiary may:

(a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, enter upon the Security and take possession thereof (or any part thereof) and of any of the Security, in its own name or in the name of Trustee, and do any acts which it deems necessary or desirable to preserve the value or marketability of the Property, or part thereof or interest therein, increase the income therefrom or protect the security thereof. The entering upon and taking possession of the Security shall not cure or waive any Event of Default or Notice of Default (as defined below) hereunder or invalidate any act done in response to such Default or pursuant to such Notice of Default and, notwithstanding the continuance in possession of the Security, Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust, or by law upon occurrence of any Event of Default, including the right to exercise the power of sale;

(b) Commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

(c) Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Security to be sold (“Notice of Default and Election to Sell”), which notice Trustee or Beneficiary shall cause to be duly filed for record in the Official Records of the County of Los Angeles; or

(d) Exercise all other rights and remedies provided herein, in the instruments by which Trustor acquires title to any Security, or in any other document or agreement now or hereafter evidencing, creating, or securing all or any portion of the obligations secured hereby, or provided by law.

Section 7.4 Foreclosure By Power of Sale. Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall give notice to Trustee (the “Notice of Sale”) and shall deposit with Trustee this Deed of Trust which is secured hereby (and the deposit of which shall be deemed to constitute evidence that the unpaid principal amount of the Note is immediately due and payable), and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

(a) Upon receipt of such notice from Beneficiary, Trustee shall cause to be recorded, published, and delivered to Trustor such Notice of Default and Election to Sell as then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Default and Election to Sell and after Notice of Sale having been given as required by law, sell the Security, at the time and place of sale fixed by it in said Notice of Sale, whether as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as it may determine unless specified otherwise by Trustor according to California Civil Code Section 2924g(b), at public auction to the highest bidder, for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed or any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including, without
limitation, Trustor, Trustee, or Beneficiary, may purchase at such sale, and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(b) After deducting all reasonable costs, fees, and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale to payment of: (i) the unpaid Principal amount of the Note; (ii) all other amounts owed to Beneficiary under the Loan Documents; (iii) all other sums then secured hereby; and (iv) the remainder, if any, to Trustor.

(c) Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new Notice of Sale.

Section 7.5 Receiver. If an Event of Default shall have occurred and be continuing, Beneficiary, as a matter of right and without further notice to Trustor or anyone claiming under the Security, and without regard to the then value of the Security or the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Security (or a part thereof), and Trustor hereby irrevocably consents to such appointment and waives further notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases, and all the powers and duties of Beneficiary in case of entry as provided herein, and shall continue as such and exercise all such powers until the date of confirmation of sale of the Security, unless such receivership is sooner terminated.

Section 7.6 Remedies Cumulative. No right, power, or remedy conferred upon or reserved to Beneficiary by this Deed of Trust is intended to be exclusive of any other right, power, or remedy, but each and every such right, power, and remedy shall be cumulative and concurrent and shall be in addition to any other right, power, and remedy given hereunder or now or hereafter existing at law or in equity.

Section 7.7 No Waiver.

(a) No delay or omission of Beneficiary to exercise any right, power, or remedy accruing upon any Event of Default shall exhaust or impair any such right, power, or remedy, or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every right, power, and remedy given by this Deed of Trust to Beneficiary may be exercised from time to time and as often as may be deemed expeditious by Beneficiary. Beneficiary's expressed or implied consent to a breach by Trustor, or a waiver of any obligation of Trustor hereunder, shall not be deemed or construed to be a consent to any subsequent breach, or further waiver, of such obligation or of any other obligations of Trustor hereunder. Failure on the part of Beneficiary to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by Beneficiary of its right hereunder or impair any rights, power, or remedies consequent on any Event of Default by Trustor.

(b) If Beneficiary (i) grants forbearance or an extension of time for the payment of any sums secured hereby, (ii) takes other or additional security or the payment of any sums secured hereby, (iii) waives or does not exercise any right granted in the Loan Documents, (iv) releases any part of the Security from the lien of this Deed of Trust, or otherwise changes any of the terms,
covenants, conditions, or agreements in the Loan Documents, (v) consents to the granting of any easement or other right affecting the Security, or (vi) makes or consents to any agreement subordinating the lien hereof, any such act or omission shall not release, discharge, modify, change, or affect the original liability under this Deed of Trust, or any other obligation of Trustor or any subsequent purchaser of the Security or any part thereof, or any maker, co-signer, endorser, surety, or guarantor (unless expressly released); nor shall any such act or omission preclude Beneficiary from exercising any right, power, or privilege herein granted or intended to be granted in any Event of Default then made or of any subsequent Event of Default, nor, except as otherwise expressly provided in an instrument or instruments executed by Beneficiary shall the lien of this Deed of Trust be altered thereby.

Section 7.8 Suits to Protect the Security. Beneficiary shall have power to (a) institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Security and the rights of Beneficiary as may be unlawful or any violation of this Deed of Trust, (b) preserve or protect its interest (as described in this Deed of Trust) in the Security, and (c) restrain the enforcement of or compliance with any legislation or other governmental enactment, rule, or order that may be unconstitutional or otherwise invalid, if the enforcement for compliance with such enactment, rule, or order would impair the Security thereunder or be prejudicial to the interest of Beneficiary.

Section 7.9 Beneficiary May File Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition, or other proceedings affecting Trustor, its creditors, or its property, Beneficiary, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of Beneficiary allowed in such proceedings and for any additional amount which may become due and payable by Trustor hereunder after such date.

Section 7.10 Waiver. Trustor waive presentment, demand for payment, notice of dishonor, notice of protest and nonpayment, protest, notice of interest on interest and late charges, and diligence in taking any action to collect any sums owing under the Note or in proceedings against the Security, in connection with the delivery, acceptance, performance, default, endorsement, or guaranty of this Deed of Trust.

ARTICLE 8
MISCELLANEOUS

Section 8.1 Amendments: Prior Agreements. This instrument cannot be waived, changed, discharged, or terminated orally, but only by an instrument in writing signed by Beneficiary and Trustor.

Section 8.2 Reconveyance by Trustee. Upon written request of Beneficiary stating that (i) all sums secured hereby have been paid or forgiven, and (ii) that all obligations of Trustor under the Loan Documents have been satisfied, and upon surrender of this Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee shall reconvey the Security to Trustor, or to the person or persons legally entitled thereto.

Section 8.3 Notices. If at any time after the execution of this Deed of Trust it shall become necessary or convenient for one of the parties hereto to serve any notice, demand, or communication...
upon the other party, such notice, demand, or communication shall be in writing and shall be served by depositing the same in the registered United States mail, return receipt requested, postage prepaid and:

If to Beneficiary: Housing Authority of City of Los Angeles  
2600 Wilshire Blvd.  
Los Angeles, CA 90057  
Attn: President and Chief Executive Officer  
Attn: General Counsel

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

If to Trustor: Jordan Downs Phase S3, LP  
c/o The Michaels Organization  
2 Cooper Street  
Camden, NJ 08102  
Attn: John J. O’Donnell

with copy to: Levine, Staller, Sklar, Chan & Brown, P.A.  
3030 Atlantic Avenue  
Atlantic City, NJ 08401  
Attn: Arthur M. Brown

Any notice, demand, or communication shall be deemed given, received, made, or communicated, if mailed in the manner herein specified, on the delivery date or date delivery is refused by the addressee, as shown on the return receipt. Either party may change its address at any time by giving written notice of such change to Beneficiary or Trustor as the case may be, in the manner provided herein, at least ten (10) days prior to the date such change is desired to be effective.

Section 8.4 Successors and Joint Trustors. Where an obligation is created herein binding upon Trustor, the obligation shall also apply to and bind any transferee or successors in interest. Where the terms of this Deed of Trust have the effect of creating an obligation of Trustor and a transferee, such obligation shall be deemed to be a joint and several obligation of Trustor and such transferee. Where Trustor is more than one entity or person, all obligations of Trustor shall be deemed to be a joint and several obligation of each and every entity and person comprising Trustor.

Section 8.5 Captions. The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Deed of Trust.

Section 8.6 Invalidity of Certain Provisions. Every provision of this Deed of Trust is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court or other body of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Security, the
unsecured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid or applied to the full payment of that portion of the debt which is not secured or partially secured by the lien of this Deed of Trust.

Section 8.7  Governing Law. This Deed of Trust shall be governed by and construed in accordance with the laws of the State of California.

Section 8.8  Gender and Number. In this Deed of Trust, the singular shall include the plural and the masculine shall include the feminine and neuter and vice versa, if the context so requires.

Section 8.9  Deed of Trust, Mortgage. Any reference in this Deed of Trust to a mortgage shall also refer to a deed of trust and any reference to a deed of trust shall also refer to a mortgage.

Section 8.10  Actions. Trustor agrees to appear in and defend any action or proceeding purporting to affect the Security.

Section 8.11  Substitution of Trustee. Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Deed of Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the Property is situated, shall be conclusive proof of proper appointment of the successor trustee.

Section 8.12  Statute of Limitations. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law.

Section 8.13  Acceptance by Trustee. Trustee accepts this Deed of Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law the Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action of proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

Section 8.14  Compliance with Internal Revenue Code Section 42. Beneficiary acknowledges that Trustor intends to enter into an extended use agreement, which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended (the “Code”). As of the date hereof, Code Section 42(h)(6)(E)(ii) does not permit the eviction or termination of tenancy (other than for good cause) of an existing tenant of any low-income unit or any increase in the gross rent with respect to such unit not otherwise permitted under Code Section 42 for a period of three (3) years after the date the building is acquired by foreclosure or by instrument in lieu of foreclosure. In the event the extended use agreement is recorded against the Property, Beneficiary agrees to comply with the provisions set forth in Code Section 42(h)(6)(E)(ii).

ARTICLE 9
SUBORDINATE DEED OF TRUST

This Deed of Trust is and shall at all times continue to be subordinate, subject, and inferior (in payment and priority) to the Senior Loan and the Senior Deed of Trust. Exhibit B and Exhibit C, attached hereto, are hereby incorporated into this Deed of Trust by this reference.

[remainder of this page intentionally left blank]
IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first above written.

TRUSTOR:

JORDAN DOWNS PHASE S3, LP,
a California limited partnership

By: Jordan S3-Michaels, LLC,
a California limited liability company,
its administrative general partner

By: _______________________________
    Kenneth P. Crawford
    Vice President

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

By: _______________________________
    Tina Smith-Booth
    President

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

State of New Jersey )
County of ______________________ )

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

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

WITNESS my hand and official seal.

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

State of California  
County of ______________________  

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

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

WITNESS my hand and official seal.

Signature___________________
EXHIBIT A

Legal Description

PARCEL 1:

THOSE PORTIONS OF lots 4 AND 5, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON THE MAP OF TRACT NO. 16154, AS PER MAP RECORDED IN BOOK 540, PAGES 48 THROUGH 50, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTERLINE INTERSECTION OF ONE HUNDRED FIRST STREET, 60.00 FEET WIDE, AND GRAPE STREET, 60.00 FEET WIDE, AS SHOWN ON SAID TRACT NO. 16154;

THENCE ALONG SAID CENTERLINE OF ONE HUNDRED FIRST STREET SOUTH 89°33′07″ EAST 403.04 FEET;

THENCE NORTH 00°26′53″ EAST 30.00 FEET TO A POINT ON THE NORTH LINE OF SAID ONE HUNDRED FIRST STREET, SAID POINT ALSO BEING THE TRUE POINT OF BEGINNING;

THENCE CONTINUING NORTH 00°26′53″ EAST 221.99 FEET; THENCE SOUTH 89°33′07″ EAST 238.26 FEET;

THENCE SOUTH 08°31′20″ WEST 211.19 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 15.00 FEET;

THENCE SOUTHWESTERLY ALONG SAID CURVE 21.45 FEET, THROUGH A CENTRAL ANGLE OF 81°55′33″ TO SAID NORTH LINE OF ONE HUNDRED FIRST STREET;

THENCE ALONG SAID NORTH LINE NORTH 89°33′07″ WEST 193.74 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 49,360 SQUARE FEET OR 1.133 ACRES MORE OR LESS.

ALSO EXCEPT FROM THAT PORTION OF SAID TRACT, NOT INCLUDED WITHIN NEVADA VILLA TRACT, AS PER MAP RECORDED IN BOOK 6 PAGE 190 OF MAPS, ALL URANIUM, THORIUM, AND ALL OTHER MATERIALS ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIAL CONTAINED IN WHATEVER CONCENTRATION IN DEPOSITS, AS RESERVED BY THE UNITED STATES OF AMERICA, IN DEED RECORDED DECEMBER 30, 1952 IN BOOK 40622 PAGE 378 OF OFFICIAL RECORDS.

PARCEL 2:

TOGETHER WITH EASEMENT RIGHTS AS CONTAINED IN THAT CERTAIN SHARED USE AGREEMENT BY JORDAN DOWNS PHASE S3, L, A CALIFORNIA LIMITED PARTNERS, AND THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, A PUBLIC BODY,
CORPORATE AND POLITIC, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THOSE PORTIONS OF LOTS 4 AND 5, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON THE MAP OF TRACT NO. 16154, AS PER MAP RECORDED IN BOOK 540, PAGES 48 THROUGH 50, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTERLINE INTERSECTION OF ONE HUNDRED FIRST STREET, 60.00 FEET WIDE, AND GRAPE STREET, 60.00 FEET WIDE, AS SHOWN ON SAID TRACT NO. 16154;

THENCE ALONG SAID CENTERLINE OF ONE HUNDRED FIRST STREET SOUTH 89°33’07” EAST 403.04 FEET;

THENCE NORTH 00°26’53” EAST 30.00 FEET TO A POINT ON THE NORTH LINE OF SAID ONE HUNDRED FIRST STREET, SAID POINT ALSO BEING THE TRUE POINT OF BEGINNING;

THENCE CONTINUING ALONG SAID NORTH LINE NORTH 89°33’07” WEST 26.00 FEET; THENCE DEPARTING SAID NORTHLINE NORTH 00°26’53” EAST 221.99 FEET;

THENCE SOUTH 89°33’07” EAST 26.00 FEET;

THENCE SOUTH 00°26’53” WEST 221.99 FEET TO THE TRUE POINT OF BEGINNING.
EXHIBIT B

Investor Rider

This Rider is attached to and made a part of the promissory note, the deed of trust, and loan agreement or other document(s) evidencing, securing, and governing a loan of Infill Infrastructure Grant funds in the approximate original amount of One Million Four Hundred Thousand Dollars ($1,400,000.00) (the “Authority IIG Loan” or the “Loan”) made by the Housing Authority of the City of Los Angeles (“Lender”) to Jordan Downs Phase S3, LP, a California limited partnership (“Borrower” or the “Partnership”) for the construction of approximately ninety-two (92) units of rental housing (including one (1) manager’s unit) and related improvements (the “Project”). The Amended and Restated Agreement of Limited Partnership forming or continuing the Borrower and previously approved by the Lender is referred to herein as the “Partnership Agreement”.

The parties hereto agree that the following covenants, terms, and conditions shall be part of and shall modify or supplement each of the documents evidencing, securing, or governing the disbursement of the Loan (the “Loan Documents”), and that in the event of any inconsistency or conflict between the covenants, terms, and conditions of the Loan Documents and this Rider, the following covenants, terms, and conditions shall control and prevail:

1. **Recourse/Non-recourse Obligation.** The Loan is (i) a recourse obligation of Borrower during the period the Construction Loan (as defined in the Loan Agreement) is outstanding and (ii) a non-recourse obligation of the Borrower following repayment of the Construction Loan. Neither the general partners nor the limited partners of Borrower shall have any personal liability for repayment of the Loan.

2. **General Partner and Limited Partner Change.** The withdrawal, removal, and/or replacement of a general partner of the Partnership pursuant to the terms of the Partnership Agreement shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan, provided that (i) the Borrower’s limited partner provides the Lender with prior written notice of removal and substitution of a general partner of Borrower, and (ii) with respect to Jordan S3-Michaels, LLC, the administrative general partner of Borrower, any substitute general partner is reasonably acceptable to Lender.

Additionally, the transfer of any limited partnership interests in Borrower or in any limited or special limited partner of Borrower pursuant to the terms of the Partnership Agreement shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan.

3. **Monetary Default.** If a monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder Lender shall give Borrower and each of the general and limited partners of the Partnership, as identified in the Partnership Agreement, simultaneous written notice of such default. Borrower shall have a period of seven (7) days after such notice is given within which to cure the default prior to exercise of remedies by Lender under the Loan Documents, or such longer period of time as may be specified in the Loan Documents. Borrower’s limited partners shall have the right, but not the obligation, to cure any default under the Loan Documents within the applicable cure periods provided to Borrower thereunder.
4. **Non-Monetary Default.** If a non-monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder Lender shall give Borrower and each of the general and limited partners of the Partnership, as identified in the Partnership Agreement, simultaneous written notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Borrower shall have such period to effect a cure prior to exercise of remedies by Lender under the Loan Documents, or such longer period of time as may be specified in the Loan Documents. If the default is such that it is not reasonably capable of being cured within thirty (30) days or such longer period if so specified, and if Borrower (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then Borrower shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Lender. If Borrower fails to take corrective action or to cure the default within a reasonable time, Lender shall give Borrower and each of the general and limited partners of the Partnership written notice thereof, whereupon the limited partner may remove and replace the general partner with a substitute general partner who shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions. In no event shall Lender be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within one hundred eighty (180) days after the first notice of default is given, or such longer period of time as may be specified in the Loan Documents. Borrower’s limited partners shall have the right, but not the obligation, to cure any default under the Loan Documents within the applicable cure periods provided to Borrower thereunder.

Additionally, notwithstanding the occurrence of any monetary or nonmonetary default under the terms of any of the Loan Documents, during the Compliance Period (as defined in the Partnership Agreement), Lender shall not (i) commence foreclosure proceedings with respect to the Property under the Loan Documents or exercise any other rights or remedies it may have under the Loan Documents, including, but not limited to, accelerating sums due under the Loan Documents, collecting rents, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies hereunder or (ii) join with any other creditor in commencing any bankruptcy reorganization arrangement, insolvency or liquidation proceedings with respect to Borrower.

5. **Casualty, Condemnation, Etc.** In the event of any fire or other casualty to the Project or eminent domain proceedings resulting in condemnation of the Project or any part thereof, Borrower shall have the right to rebuild the Project, and to use all available insurance or condemnation proceeds therefor, provided that (a) such proceeds are sufficient to rebuild the Project in a manner that provides adequate security to Lender for repayment of the Loan or if such proceeds are insufficient then Borrower shall have funded any deficiency, (b) Lender shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (c) no material default then exists under the Loan Documents (subject to any applicable cure periods thereunder). If the casualty or condemnation affects only part of the Project and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the Loan in a manner that provides adequate security to Lender for repayment of the remaining balance of the Loan.

6. **Force Majeure.** There shall be no default for delays by reason of Force Majeure as provided in Section 7.14 of the Loan Agreement, except as provided in said Section 7.14.

7. **Purchase Rights.** The execution and delivery of the purchase option and right of first refusal agreement described in the Partnership Agreement shall not constitute a default under the Loan
Documents or accelerate the maturity of the Loan thereunder. Any requisite consent of Lender to (a) the exercise of said purchase option and right of first refusal agreement by the project sponsor identified therein, and to (b) the assumption without penalty of Loan obligations by the project sponsor and the release of Borrower from such obligations, shall not be unreasonably withheld. Subject to any such consent requirement, the exercise of rights under such agreement shall not constitute a default or accelerate maturity of the Loan.

8. **Loan Assumption.** If the purchase option and right of first refusal agreement described in the Partnership Agreement is not exercised and the Project is sold subject to low-income housing use restrictions as contained in an existing regulatory agreement or other recorded covenant, any requisite consent of lender to said sale, and to the assumption without penalty of loan obligations by the purchaser and the release of Borrower from such obligations, shall not be unreasonably withheld, provided, however, that the principals of purchaser shall be comparable to the principals of Borrower in (a) experience and track record of developing, operating, maintaining, and, if applicable, managing, affordable housing financed with sources and restrictions comparable to the Approved Financing, (b) financial wherewithal, and (c) such other underwriting criteria as may be employed by lender at the time of any such proposed assumption.

9. **Lender Approvals, Etc.** In any approval, consent, or other determination by Lender required under any of the Loan Documents, Lender shall act reasonably and in good faith.

10. **Subordination.** Lender acknowledges that Borrower and the California Tax Credit Allocation Committee intend to enter into, or concurrently with the execution and delivery of the Loan Documents are entering into, an extended use agreement, which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended. Lender agrees to subordinate the Loan and Lender’s rights under the Loan Documents executed in conjunction therewith to the relevant provisions of said extended use agreement. This subordination is being made in consideration of the allocation of tax credits to the Project, absent which the development of the Project would not occur, and this mortgage loan would not be made.

Subject to the prior written approval of the Lender, which approval shall not be unreasonably withheld, conditioned or delayed, the Borrower may refinance the Approved Financing loans (as defined in the Loan Documents). Any refinancing of the Approved Financing loans shall be on commercially reasonable terms in an amount not to exceed the then outstanding principal balance of such Approved Financing loans plus reasonable costs. The Borrower shall reimburse the Lender for any costs it incurs related to the refinancing of the Approved Financing loans.

11. **Notice Address.**

The Notice Address of the limited partner is: Berkadia Jordan Downs S3 Investor, LP
Two Liberty Place
50 South 16th Street, Suite 2825
Philadelphia, PA 19102
Attn: Managing Director

with a copy to: Nixon Peabody LLP
Exchange Place
53 State Street
Boston, MA 02109
Attn: Roger W. Holmes

12. **Third Party Beneficiary Status.** Borrower’s limited partners shall be intended third party beneficiaries of this Rider for purposes of the rights granted to the limited partners hereunder.

[signatures page follows]
In Witness Whereof, the undersigned have caused this Rider to be executed this ____ day of ____________, 2022.

LENDER:

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

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

JORDAN DOWNS PHASE S3, LP,
a California limited partnership

By: Jordan S3-Michaels, LLC,
a California limited liability company
its administrative general partner

By: _______________________________
    Kenneth P. Crawford
    Vice President

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

By: _______________________________
    Tina Smith-Booth
    President
EXHIBIT C

HUD Rider to Loan Documents

This HUD Rider to Loan Documents (this “Rider”) modifies the deed of trust and related documents (collectively, the “Loan Documents”) entered into between the HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic, organized and existing under the laws of the State of California (the “Authority”) and JORDAN DOWNS PHASE S3, LP, a California limited partnership (the “Borrower”), in connection with a loan of One Million Four Hundred Thousand Dollars ($1,400,000.00) of Infill Infrastructure Grant funds by the Authority to the Borrower to be used in construction of a 92-unit apartment complex known as Jordan Downs Phase S3 (the “Project”) on the property described in Exhibit A attached to the aforementioned deed of trust (the “Property”).

1. **Inconsistent Provisions.** If the provisions of this Rider are inconsistent with the provisions of the Loan Documents, the provisions of this Rider shall be controlling.

2. **Defined Terms.** Capitalized terms not defined herein are as defined in the Loan Documents.

3. **HUD Regulatory Documents.** By the acceptance, execution and/or recording of this Rider, the Lender acknowledges that twenty-five (25) units to be constructed on the Property are subject to: (a) requirements applicable to the U.S. Department of Housing and Urban Development’s (“HUD”) Rental Assistance Demonstration (“RAD”) Program authorized by the Consolidated and Further Continuing Appropriations Act of 2012 as amended by the Consolidated Appropriations Act, 2014 (Pub. L. No. 113-76, approved January 17, 2014), the Consolidated and Further Continuing Appropriations Act, 2015 (Pub. L. No. 113-235, approved December 6, 2014), and Division L, Title II, Section 237 of the Consolidated Appropriations Act (Pub. L. No. 114-113, enacted December 18, 2015), (b) HUD Notice H-2019-09 PIH 2019-23 (HA) (September 5, 2019), as may be further amended; and (c) requirements contained in (i) the RAD Use Agreement (Form HUD 52625), (ii) the RAD Conversion Commitment (HUD Form 52624), as amended, and (iii) the Rental Assistance Demonstration (RAD) for the Conversion of Public Housing to the Section 8 Project-Based Voucher (PBV) Program Housing Assistance Payment Contract (HUD Form 52530A (04/2015) and HUD 52621 (4/2017)). Such requirements in Sections (a) and (b) herein shall be referred to as the “RAD Requirements.” If there is a conflict between a provision of the Loan Documents and any RAD Requirement, then the RAD Requirement shall govern, except as such RAD Requirement may have been expressly waived in writing by HUD.

4. **Inconsistent Provisions.** If the provisions of this Rider are inconsistent with the provisions of the Loan Documents, the provisions of this Rider shall be controlling.

5. **Subordination to HUD Documents.** The Loan Documents are: (i) subordinate and subject to the RAD Use Agreement and (ii) encumbers the leasehold estate of the Borrower. Subordination extends to and continues in effect with respect to any future amendment, extension, renewal, or any other modification of the RAD Use Agreement, Loan Documents or this Deed of Trust. The RAD Use Agreement survives foreclosure and bankruptcy of the Borrower.
6. **Transfer Restrictions.** The Authority agrees that any transfers of interests in the Property or Project will be done in accordance with the RAD Requirements.

7. **Transferred Funds Not Deemed to Create Relationship With HUD.** Nothing contained in any of the Loan Documents, nor any act of HUD, shall be deemed or construed to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, joint venture, or any association or relationship involving HUD.

8. **Incorporation.** This Rider shall be deemed incorporated into the Loan Documents as if fully set forth herein and therein.

9. **Third-Party Beneficiary.** Notwithstanding anything in the Loan Documents to the contrary, the Authority is an express third-party beneficiary under the provisions of this Rider for the sole purpose of enforcing the provisions of this Rider.

10. **Notices.** Any notices of Borrower default provided pursuant to the Loan Documents shall also be provided to HUD as follows:

    If to HUD, to: United States Department of Housing and Urban Development
                     451 Seventh Street, S.W.
                     Washington, DC 20410
                     Attn: Office of the General Counsel

    [signature pages follow]
IN WITNESS WHEREOF, the Borrower and the Authority have duly executed and delivered this Rider contemporaneous with the Loan Documents.

BORROWER:

JORDAN DOWNS PHASE S3, LP,
a California limited partnership

By: Jordan S3-Michaels, LLC,
a California limited liability company
   its administrative general partner

   By: _______________________________
       Kenneth P. Crawford
       Vice President

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

   By: _______________________________
       Tina Smith-Booth
       President

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

State of California )
County of ______________________ )

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

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

    WITNESS my hand and official seal.

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

State of California )
County of ______________________ )

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

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

WITNESS my hand and official seal.

Signature____________________
AUTHORITY:

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

By: ___________________________
Douglas Guthrie
President and Chief Executive Officer

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

State of California )
County of ______________________ )

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

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

WITNESS my hand and official seal.

Signature__________________
DECLARATION OF RESTRICTIVE COVENANTS
FOR THE
DEVELOPMENT AND OPERATION OF AFFORDABLE HOUSING

This Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing (the “Declaration”) dated May 1, 2022, for reference purposes only, by Housing Authority of the City of Los Angeles, a public body, corporate and politic, the fee owner of the real property (the “Real Property Owner”), Jordan Downs Phase S3, LP, a California limited partnership, the fee owner of the housing development improvements (the “Housing Development Owner”), their successors, assigns and transferees, is hereby given to and on behalf of the California Department of Housing and Community Development, an agency of the State of California (the “Department”).

RECITALS

This Declaration affects that certain real property commonly known as 2101 East 101 Street and located in the City of Los Angeles, County of Los Angeles, State of California, as more particularly described in the Legal Description attached hereto as Exhibit “A” and incorporated herein by this reference (the “Property”) and is entered into based on the following facts and understandings:

1. Housing Authority of the City of Los Angeles, a public body, corporate and politic (the “Recipient”) and the Department entered into an agreement 19-IIG-14393 dated December 01, 2020 (the “Standard Agreement”), under the Infill Infrastructure Grant Program (the “Program”). The Program was forth in Health
and Safety Code sections 53559, 53559.1, and 53599.2 (added by Stats. 2019, ch. 159, § 20). The primary objective of the Program is to promote infill housing development.

2. Pursuant to the terms of the Standard Agreement, the Department agreed to provide Recipient with a grant under the Program (the “Grant”) in an amount not to exceed $2,000,000.00. The Standard Agreement requires Recipient to use the Grant to complete certain infrastructure improvements to the Property and to develop a residential development containing affordable housing units (the “Affordable Housing Development”) on the Property, all as specified in the Standard Agreement.

3. The Recipient and the Department also entered into a Disbursement Agreement dated February 1, 2022, governing the disbursement of funds from the Program Grant (the “Disbursement Agreement”).

4. The Real Property Owner, as landlord, and the Housing Development Owner, as tenant entered into that certain Ground Lease Agreement dated March 1, 2020 (the “Original Lease”). In conjunction with the Original Lease, the Real Property Owner and Housing Development Owner also executed that certain Memorandum of Ground Lease dated March 1, 2020 (“Original Memorandum”), which was recorded on March 23, 2020, as Instrument No. 20200337190, in the Official Records of Los Angeles County (the “Official Records”).

5. To ensure the construction and continued operation of the Affordable Housing Development and as consideration for the Program Grant, the Real Property Owner and the Housing Development Owner agreed to encumber their respective interests and enter into this Declaration, to restrict the development, use and occupancy of the Affordable Housing Development.

6. The Real Property Owner is joining in this Restrictive Covenant for the sole purpose of encumbering its fee interest in the Property solely for the limited purpose of ensuring that the Property will be available for use as an Affordable Housing Development site and the Department shall not hold the Real Property Owner liable for the construction and the continued operation of the Affordable Housing Development.

7. The terms “Real Property Owner” and “Housing Development Owner” as used in this Declaration shall include all successors, assigns and transferees of any or all of the respective interests of the Real Property Owner and Housing Development Owner in the Property and the Affordable Housing Development. The Real Property Owner and the Housing Development Owner may collectively be referred to herein as the “Owners.”
NOW, THEREFORE, Owners, in consideration of the Department’s Grant to Recipient and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Owners hereby covenant, agree and declare that the Property shall be owned, held, used, maintained, and transferred pursuant to the following restrictive covenants (the “Covenants”) and that such Covenants shall be binding upon all of Owners’ successors, assigns and transferees to the Property, and all leases, tenants, contractors, agents, and all persons claiming an interest in the Property, or claiming an interest by and through any of the foregoing.

COVENANTS

1. **Construction, Operation and Maintenance of the Affordable Housing Development.** Housing Development Owner, for itself and for any successors-in-interest to and transferees or assigns of the Property, hereby declares and covenants that the Property is restricted to the development and use of the Affordable Housing Development and uses ancillary to such housing and other uses as may be reasonably approved by the Department in its sole discretion. The Affordable Housing Development shall be comprised of, at a minimum, the number and size of units, have such occupancy and affordability restrictions and such other characteristics as are described in Exhibit B, “Affordable Housing Development,” attached hereto and incorporated herein by this reference.

2. **Repair and Maintenance of the Property and other Building or Improvements of the Affordable Housing Development.** Housing Development Owner agrees:

   a. To keep the Property in a decent, safe, sanitary, rentable, tenantable condition and repair, and permit no waste thereof;

   b. Not to commit or suffer to be done or exist on or about the Property any condition causing the Property to become less valuable;

   c. Not to construct any buildings or improvements on the Property, other than the buildings and improvements contemplated as part of the Affordable Housing Development or add to, remove, demolish or structurally alter any buildings and improvements now or hereinafter located on the Property;

   d. To repair, restore or rebuild promptly any buildings or improvements on the Property that may become damaged or be destroyed while subject to this Covenant;
e. To comply with all applicable laws, ordinances and governmental regulations affecting the Property or requiring any alteration or improvement thereof, and not to suffer or permit any violations of any such law, ordinance or governmental regulation, nor of any covenant, condition or restriction affecting the Property;

f. Not to initiate or acquiesce in any change in any zoning or other land use or legal classification which affects any of the Property without the Department's prior written consent; and

g. Not to alter the use of all or any part of the Property without prior written consent of the Department.


a. Except with the Department’s prior written approval, Housing Development Owner shall not make any sale, encumbrance, hypothecation, assignment, refinancing, pledge, conveyance, or transfer in any other form of the Affordable Housing Development or of any of their interest in either of them.

b. The Department may grant its approval for a sale, transfer or conveyance of the Affordable Housing Development subject to such terms and conditions as may be necessary to preserve or establish the fiscal integrity of the Property or the Affordable Housing Development or to ensure compliance with the Program Requirements.

4. Charges; Liens. Owners, based on their separate interests and respective obligations to the Property and the Affordable Housing Development, shall pay all taxes, assessments and other charges, fines and impositions attributable to the Property or to the Affordable Housing Development, if any, by Owners making payment, when due or prior to delinquency, directly to the payee thereof. Owners shall promptly furnish to Department all notices of amounts due under this paragraph, and in the event Owners shall make payment directly, Owners shall promptly furnish to Department receipts evidencing such payments. Owners shall pay when due all encumbrances, charges, and liens, on the Property or to the Affordable Housing Development, any portion thereof and payments on notes or other obligations secured by an interest in the Property or Affordable Housing Development, any portion thereof, with interest in accordance with the terms thereof. Owners shall have the right to contest in good faith any claim or lien, or payment due thereunder, provided that Owners do so diligently and without prejudice to Department.

5. Hazard and Liability Insurance and Condemnation.
a. The Owners shall at all times keep the Property and the Affordable Housing Development insured against loss by fire and such other hazards, casualties, liabilities and contingencies, and in such amounts and for such periods as required by the Department. All insurance policies and renewals thereof shall be issued by a carrier and in form acceptable to the Department.

b. In the event of any fire or other casualty to the Property or Affordable Housing Development or eminent domain proceedings resulting in condemnation of the Property or Affordable Housing Development or any part thereof, Owners shall have the right to rebuild the Property or the Affordable Housing Development, and to use all available insurance or condemnation proceeds therefore, provided that, as determined by the Department in its sole discretion, (a) such proceeds are sufficient to rebuild the Property or Affordable Housing Development in a manner that ensures continued operation of the Affordable Housing Development and as consideration for the Program Grant, (b) the Department shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (c) no material breach or default then exists under the Grant. If the casualty or condemnation affects only part of the Property or Affordable Housing Development and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and/or partial repayment of the Grant.

6. **Covenants Run with the Land.** The Property is held and hereafter shall be held, conveyed, hypothecated, encumbered, leased, rented, used and occupied subject to these covenants, conditions, restrictions and limitations. All of the herein-stated covenants, conditions, restrictions and limitations are intended to constitute both equitable servitudes and covenants running with the land. Real Property Owner expressly acknowledges and agrees that the Covenants are reasonable restraints on Real Property Owner’s right to own, use, maintain, and transfer the Property and any estate or interest therein and are not and shall not be construed to be an unreasonable restraint on alienation. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof, shall be held conclusively to have been executed, delivered and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument.

7. **Binding Effect.** Any purchaser of the Property or of any portion of or interest in the Property, by the acceptance of a deed therefore, whether from
Real Property Owner or from any subsequent owner of the Property, or by the signing of a contract or agreement to purchase the Property, shall by the acceptance of such deed or by the signing of such contract or agreement be deemed to have consented to and accepted the Covenants set forth in this Declaration.

8. **Term of Declaration.** The Covenants in this Declaration shall be binding, effective and enforceable commencing upon the execution of this Declaration and shall continue in full force and effect for a period of not less than fifty-five (55) years for Rental Affordable Housing Developments after a certificate of occupancy or its equivalent has been issued for the Affordable Housing Development by the local jurisdiction or, if no such certificate is issued, from the date of initial occupancy of the Affordable Housing Development.

9. **Building Permits.** Owners agree not to apply for or accept any permits for the construction of improvements on the Property inconsistent with the Affordable Housing Development as described in Exhibit B hereto.

10. **Default.** The following shall constitute a default of this Declaration and shall entitle the Department to all of the remedies contained herein.

   a. Any default under the Standard Agreement or the Disbursement Agreement (collectively, with this Declaration, the “Grant Documents”) shall also be a default under this Declaration.

   b. Recipient’s failure to repay all disbursed Grant funds upon demand by the Department where construction of the Affordable Housing Development has not received building permits and begun within five (5) years from the date of the Program Grant award to include any granted extension of the deadline date.

   c. Failure to complete the Affordable Housing Development, as evidenced by a certificate of occupancy, within the period of time set forth in the Standard Agreement, but not more than eight (8) years from the effective date of the Standard Agreement or any extension granted by the Department.

11. **Remedies.** The Department and its successors and assigns may use any or all of the following provisions in the event of a default or breach of this Declaration. The failure by the Department to exercise any specific right or remedy shall not preclude the Department from exercising any other right or remedy, or from maintaining any action to which it may otherwise be entitled at law or in equity:

   a. **Specific Performance.** The development, use and maintenance of the Property as an Affordable Housing Development in accordance with Exhibit B attached to this Declaration is of a special and unique kind and
character, so that a breach of any material provision of this Declaration by Owners, their successors, assigns or transferees, would not have an adequate remedy at law. Therefore, the Department’s rights in the affordable housing provisions may be enforced by an action for specific performance and such other equitable relief as is provided by the laws of the State of California.

b. **Injunctive Relief.** In pursuing specific performance of the Covenants, the Department shall be entitled to petition the court for injunctive relief to preserve the Department’s interests in the Property and its rights under this Declaration. Such injunctive relief may include, but is not limited to, an order of the court restraining any development of the Property inconsistent with the Covenants made herein.

c. **Appointment of Receiver.** In conjunction with any other remedy provided herein or by law, the Department may apply to any court of competent jurisdiction for the appointment of a receiver to take over and operate the Property or the Rental Housing Development in accordance with the terms of this Declaration and the Standard Agreement.

d. **Legal Actions.** In addition to any other rights and remedies, any party may institute a legal action to require the cure of any breach or default of the Covenants contained in this Declaration and to recover damages for any breach or default, or to obtain any other remedy consistent with the purpose of this Declaration. Damages may include, but are not limited to, reimbursement of the Department’s Grant to Recipient with interest at the highest rate permissible under applicable law. In any action seeking enforcement or interpretation of any of the terms or provisions of this Declaration, the prevailing party shall be awarded, in addition to damages, injunctive relief, or other relief, its reasonable costs and attorneys’ fees.

12. **Department Review and Inspection.**

a. At any time during the term of this Declaration, the Department or its designee may enter and inspect the Property and inspect all accounting records of the Housing Development Owner pertaining to the construction of the infill infrastructure projects funded by the Grant, and the development or operation of the Affordable Housing Development. Upon request by the Department, the Housing Development Owner shall notify occupants of upcoming inspections of their units in accordance with state law.

b. At the Department’s request, the Recipient and/or the Housing Development Owner shall provide, at Recipient and/or Housing Development Owner’s expense, a special audit of the infill infrastructure projects funded by the Grant and the Affordable
Housing Development certified by an independent certified public accountant. The Department may also perform or cause to be performed audits of any and all phases of the Recipient and/or Housing Development Owner's activities related to the Grant.

c. The Department may request any other information that it deems necessary to monitor compliance with the Covenants and other requirements set forth in this Declaration and the Standard Agreement. The Recipient and/or the Housing Development Owner shall provide such information within 14 days from the Department’s written request for such information.

13. **Owners’ Representations.** Each owner represents and warrants, as to itself, to the Department that: (1) each Owner has sufficient interest in the Property to own, develop, construct and operate the Affordable Housing Development in accordance with this Declaration, (2) to Owners’ actual knowledge and belief, there are no agreements, contracts, covenants, conditions or exclusions to which each Owner (or its predecessor in interest) is a party which would, if enforced, prohibit or restrict the use of the Property in accordance with the terms of this Declaration, (3) each Owner has the full right and authority to enter into this Declaration, (4) this Declaration constitutes a valid and legally binding obligation on Owners, enforceable in accordance with its terms, and (5) Owners are duly organized and authorized to do business in the State of California.

14. **Governing Law.** This Declaration shall be interpreted and be governed by the laws of the State of California.

15. **Severability.** Every provision of this Declaration is intended to be severable. If any provision of this Declaration is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired.

*Owners’ signatures follow on page 9 of this Restrictive Covenant. The remainder of this page is intentionally left blank.*
IN WITNESS WHEREOF, the Owners have caused this Declaration to be signed by its duly authorized representative, as of the day and year first written above.

REAL PROPERTY OWNER:

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

By: ____________________________

Name: Douglas Guthrie

Its: President and Chief Executive Officer
HOUSING DEVELOPMENT OWNER:

Jordan Downs Phase S3, LP,
a California Limited Partnership

By: Jordan S3-Michaels LLC,
a California limited liability company,
its administrative general partner

By: _____________________________
    Kenneth P. Crawford
    Vice President

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

By: _____________________________
    Tina Smith-Booth
    President

All signatures must be acknowledged.

ADD NOTARY ACKNOWLEDGEMENT
EXHIBIT “A”

LEGAL DESCRIPTION OF THE PROPERTY

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

Lot 3 of Tract No. 82633-01, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 1425 Pages 61 to 63 inclusive of Maps, in the office of the County Recorder of said County.

APN: 6046-021-923

METES & BOUNDS DESCRIPTION

PARCEL 1:

Those portions of Lots 4 and 5, in the City of Los Angeles, County of Los Angeles, State of California, as shown on the map of Tract No. 16154, as per map recorded in Book 540, Pages 48 through 50, inclusive of Maps, in the office of the County Recorder of said County, described as follows:

COMMENCING AT THE CENTERLINE INTERSECTION OF ONE HUNDRED FIRST STREET, 60.00 FEET WIDE, AND GRAPE STREET, 60.00 FEET WIDE, AS SHOWN ON SAID TRACT NO. 16154;

THENCE ALONG SAID CENTERLINE OF ONE HUNDRED FIRST STREET SOUTH 89°33’07” EAST 403.04 FEET;

THENCE NORTH 00°26’53” EAST 30.00 FEET TO A POINT ON THE
NORTH LINE OF SAID ONE HUNDRED FIRST STREET, SAID POINT
ALSO BEING THE TRUE POINT OF BEGINNING;

THENCE CONTINUING NORTH 00°26'53" EAST 221.99 FEET;

THENCE SOUTH 89°33'07" EAST 238.26 FEET;

THENCE SOUTH 08°31’20" WEST 211.19 FEET TO THE BEGINNING OF A
CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 15.00
FEET;

THENCE SOUTHWESTERLY ALONG SAID CURVE 21.45 FEET,
THROUGH A CENTRAL ANGLE OF 81°55’33” TO SAID NORTH LINE OF
ONE HUNDRED FIRST STREET;

THENCE ALONG SAID NORTH LINE NORTH 89°33’07” WEST 193.74
FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 49,360 SQUARE FEET OR 1.133 ACRES MORE OR LESS.

ALSO EXCEPT FROM THAT PORTION OF SAID TRACT, NOT INCLUDED
WITHIN NEVADA VILLA TRACT, AS PER MAP RECORDED IN BOOK 6
PAGE 190 OF MAPS, ALL URANIUM, THORIUM, AND ALL OTHER MATERIALS ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIAL CONTAINED IN WHATSOEVER CONCENTRATION IN DEPOSITS, AS RESERVED BY THE UNITED STATES OF AMERICA, IN DEED RECORDED DECEMBER 30, 1952 IN BOOK 40622 PAGE 378 OF OFFICIAL RECORDS.

PARCEL 2:

Together with easement rights as contained in that certain Shared Use Agreement by Jordan Downs Phase S3, LP, a California Limited Partnership, and the Housing Authority of the City of Los Angeles, a public body, corporate and politic, being more particularly described as follows:

THOSE PORTIONS OF LOTS 4 AND 5, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON THE MAP OF TRACT NO. 16154, AS PER MAP RECORDED IN BOOK 540, PAGES 48 THROUGH 50, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:
COMMENCING AT THE CENTERLINE INTERSECTION OF ONE HUNDRED FIRST STREET, 60.00 FEET WIDE, AND GRAPE STREET, 60.00 FEET WIDE, AS SHOWN ON SAID TRACT NO. 16154;

THENCE ALONG SAID CENTERLINE OF ONE HUNDRED FIRST STREET SOUTH 89°33'07” EAST 403.04 FEET;

THENCE NORTH 00°26'53” EAST 30.00 FEET TO A POINT ON THE NORTH LINE OF SAID ONE HUNDRED FIRST STREET, SAID POINT ALSO BEING THE TRUE POINT OF BEGINNING;

THENCE CONTINUING ALONG SAID NORTH LINE NORTH 89°33'07” WEST 26.00 FEET; THENCE DEPARTING SAID NORTHLINE NORTH 00°26'53” EAST 221.99 FEET;

THENCE SOUTH 89°33'07” EAST 26.00 FEET;

THENCE SOUTH 00°26'53” WEST 221.99 FEET TO THE TRUE POINT OF BEGINNING.
## EXHIBIT “B”

### AFFORDABLE HOUSING DEVELOPMENT
*(Qualifying Infill Project)*

<table>
<thead>
<tr>
<th>Location of Housing Development (APN, address, parcel map, specific plan or similar reference) City and County</th>
<th>APN’s 6064-021-923 2101 E. 101st Street Los Angeles, CA 90002 Los Angeles County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enter the number of units by bedroom size and income level.</td>
<td></td>
</tr>
<tr>
<td><strong># of Bedrooms</strong></td>
<td><strong># of Units</strong></td>
</tr>
<tr>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>1</td>
<td>13</td>
</tr>
<tr>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>7</td>
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</tr>
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<td>1</td>
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<tr>
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<tr>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>92</strong></td>
</tr>
</tbody>
</table>

**Net Density (see Guidelines Sec. 302(o))** | **107.8**
II. **Other Housing Development Requirements**

A. The required average net density is **107.80** units per acre.

B. The proposed or planned amenities shall be completed by the date the Affordable Housing Development is completed.

<table>
<thead>
<tr>
<th>Amenity Type</th>
<th>Distance (within fractional miles)</th>
<th>Number of Amenities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Park</td>
<td>¼</td>
<td>2</td>
</tr>
<tr>
<td>Employment Center</td>
<td>½</td>
<td>1</td>
</tr>
<tr>
<td>Retail Center</td>
<td>½</td>
<td>2</td>
</tr>
<tr>
<td>Public School or Community College</td>
<td>½ to ¼</td>
<td>4</td>
</tr>
<tr>
<td>Social Service Facility</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Senior Center or Senior Service Facility</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

C. The proposed or planned transit stations or major transit stops shall be completed by the date the Affordable Housing Development is completed.

<table>
<thead>
<tr>
<th>Transit Type</th>
<th>Distance (within fractional miles)</th>
<th>Number of Transit Stations or Stops</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Station</td>
<td>½</td>
<td>5</td>
</tr>
<tr>
<td>Major Transit Stop</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
AMENDED AND RESTATED SUBORDINATION AGREEMENT

THIS AMENDED AND RESTATED SUBORDINATION AGREEMENT (this "Agreement") is entered into this ____ day of February, 2022 by and among (i) FIRST-CITIZENS BANK & TRUST COMPANY (successor by merger to CIT Bank, N.A.) (the "Senior Lender"), (ii) the Housing Authority of the City of Los Angeles, a public body, corporate and politic organized and existing under the laws of the State of California (the "Subordinate Lender"), and (iii) Jordan Downs Phase S3, LP, a California limited partnership (the "Borrower"). This Agreement amends and restates in its entirety the Subordination Agreement dated as of March 1, 2020 and recorded in the Official Records of Los Angeles County, California ("Official Records") on March 23, 2020 as Document No. 20200337198.

Recitals

A. The Senior Lender has made or is making a loan (the "First Mortgage Loan") to the Borrower in the original principal amount of $37,300,000.00. The First Mortgage Loan is secured by a Leasehold Construction Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of March 1, 2020, executed by Borrower for the benefit of Senior Lender, as beneficiary, and recorded on March 23, 2020 in the Official Records of Los Angeles County, California ("Official Records") as Document No. 20200337193 (the "First Mortgage") on Borrower's leasehold interest in the property located in Los Angeles, California (the "Property"). The Property is more fully described in Exhibit A attached hereto. The Borrower's obligation to repay the First Mortgage Loan is evidenced by a Promissory Note dated of March 1, 2020 (the "First Mortgage Note").

B. The Borrower has requested the Senior Lender to permit the Subordinate Lender to make three subordinate loans to Borrower: (i) one in the amount of $3,400,000.00 (the "Subordinate Acquisition Loan"), (ii) one in the amount of $2,200,000 (the "Subordinate Bridge Loan"), and (iii) one in the amount of $2,000,000 (the "Subordinate IIIG Loan," and collectively with the Subordinate Acquisition Loan and the Subordinate Bridge Loan, the "Subordinate Loans"), and to secure each Subordinate Loan by, among other things, placing a separate mortgage lien against the Property to secure each Subordinate Loan.

C. The Senior Lender has agreed to permit the Subordinate Lender to make the Subordinate Loans and to place a separate subordinate mortgage lien against the Property to secure each Subordinate Loan, subject to all of the conditions contained in this Agreement.

NOW, THEREFORE, in order to induce the Senior Lender to permit the Subordinate Lender to make the Subordinate Loans to the Borrower and to place a separate subordinate mortgage lien against the Property to secure each Subordinate Loan, and in consideration thereof, the Senior Lender, the Subordinate Lender and the Borrower agree as follows:

1. Definitions.

In addition to the terms defined in the Recitals to this Agreement, for purposes of this Agreement the following terms have the respective meanings set forth below:
"Affiliate" means, when used with respect to a Person, any corporation, partnership, joint venture, limited liability company, limited liability partnership, trust or individual controlled by, under common control with, or which controls such Person (the term "control" for these purposes shall mean the ability, whether by the ownership of shares or other equity interests, by contract or otherwise, to elect a majority of the directors of a corporation, to make management decisions on behalf of, or independently to select the managing partner of, a partnership, or otherwise to have the power independently to remove and then select a majority of those individuals exercising managerial authority over an entity, and control shall be conclusively presumed in the case of the ownership of 50% or more of the equity interests).

"Borrower" means the Person named as such in the first paragraph of this Agreement and any other Person (other than the Senior Lender) who acquires title to the Property after the date of this Agreement.

"Business Day" means any day other than Saturday, Sunday or a day on which the Senior Lender is not open for business.

"Default Notice" means: (a) a copy of the written notice from the Senior Lender to the Borrower stating that a First Mortgage Loan Default has occurred under the First Mortgage Loan; or (b) a copy of the written notice from the Subordinate Lender to the Borrower stating that a Subordinate Loan Default has occurred under one of the Subordinate Loans. Each Default Notice shall specify the default upon which such Default Notice is based.

"First Mortgage Loan Default" means the occurrence of an "Event of Default" as that term is defined in the First Mortgage Loan Documents.

"First Mortgage Loan Documents" means the First Mortgage Note and all other documents evidencing, securing or otherwise executed and delivered in connection with the First Mortgage Loan.

"Ground Lease" means that certain Ground Lease Agreement by and between the Subordinate Lender, as landlord, and Borrower, as tenant, dated as of March 1, 2020, a memorandum of which is to be recorded in the official records of Los Angeles County, California substantially concurrent with the recording of this Agreement.

"Person" means an individual, estate, trust, partnership, corporation, limited liability company, limited liability partnership, governmental department or agency or any other entity which has the legal capacity to own property.

"Senior Lender" means the Person named as such in the first paragraph on page 1 of this Agreement. When any other Person becomes the legal holder of the First Mortgage Note, such other Person shall automatically become the Senior Lender.

"Subordinate Lender" means the Person named as such in the first paragraph on page 1 of this Agreement and any other Person who becomes the legal holder of a Subordinate Note after the date of this Agreement.

"Subordinate Loan Default" means a default by the Borrower in performing or observing any of the terms, covenants or conditions in the Subordinate Loan Documents to be performed or observed by it, which continues beyond any applicable period provided in the Subordinate Loan Documents for curing the default.

"Subordinate Acquisition Loan Documents" means the Subordinate Acquisition Note, the Subordinate Acquisition Mortgage and all other documents evidencing, securing or otherwise executed and delivered in connection with the Subordinate Acquisition Loan.
"Subordinate Acquisition Mortgage" means the mortgage or deed of trust encumbering the Property as security for the Subordinate Acquisition Loan, which was recorded in the Official Records on March 23, 2020 as Document No. 20200337195.

"Subordinate Acquisition Note" means the promissory note dated as of March 1, 2020, issued by the Borrower to the Subordinate Lender, or order, to evidence the Subordinate Acquisition Loan.

"Subordinate Bridge Loan Agreement" means that certain Authority Loan Agreement dated as of March 1, 2020 executed by Borrower and Subordinate Lender, as amended by that First Amendment to Authority Loan Agreement dated as of February [___], 2022.

"Subordinate Bridge Loan Documents" means the Subordinate Bridge Loan Agreement, the Subordinate Bridge Note, the Subordinate Bridge Mortgage and all other documents evidencing, securing or otherwise executed and delivered in connection with the Subordinate Bridge Loan.

"Subordinate Bridge Mortgage" means the mortgage or deed of trust encumbering the Property as security for the Subordinate Bridge Loan, which was recorded in the Official Records on March 23, 2020 as Document No. 20200337196.

"Subordinate Bridge Note" means the promissory note dated as of March 1, 2020, issued by the Borrower to the Subordinate Lender, or order, to evidence the Subordinate Bridge Loan.

"Subordinate IIG Loan Documents" means the Subordinate Bridge Loan Agreement, the Subordinate IIG Note, the Subordinate IIG Mortgage and all other documents evidencing, securing or otherwise executed and delivered in connection with the Subordinate IIG Loan.

"Subordinate IIG Mortgage" means the mortgage or deed of trust encumbering the Property as security for the Subordinate IIG Loan, which the Subordinate Lender will cause to be recorded in the Official Records substantially concurrently herewith.

"Subordinate Loan Documents" means the Subordinate Acquisition Note, the Subordinate Acquisition Mortgage, the Subordinate Bridge Loan Agreement, the Subordinate Bridge Note, the Subordinate Bridge Mortgage, the Subordinate IIG Note, the Subordinate IIG Mortgage and all other documents evidencing, securing or otherwise executed and delivered in connection with the Subordinate Loans.

"Subordinate Mortgage" or "Subordinate Mortgages" means, individually or collectively, as the case may warrant, the Subordinate Acquisition Mortgage, the Subordinate Bridge Mortgage and the Subordinate IIG Mortgage.

"Subordinate Note" or "Subordinate Notes" means, individually or collectively, as the case may warrant, the Subordinate Acquisition Note, the Subordinate Bridge Note and the Subordinate IIG Note.

2. Permission to Place Mortgage Lien Against Property.

The Senior Lender agrees, notwithstanding the prohibition against inferior liens on the Property contained in the First Mortgage Loan Documents and subject to the provisions of this Agreement, to permit the Subordinate Lender to record the Subordinate Mortgages and other recordable Subordinate Loan Documents against the Property (which are each subordinate in all respects to the lien of the First Mortgage) to secure the Borrower's obligation to repay the Subordinate Notes and all other obligations, indebtedness and liabilities of the Borrower to the Subordinate Lender under and in connection with the Subordinate Loans. Such permission is subject to the condition that each of the representations and warranties made by the Borrower and the Subordinate Lender in Section 3 is true and correct on the date of this Agreement and on the date on which any proceeds of a Subordinate Loan are disbursed to the Borrower. If any of the representations and warranties made by the Borrower and the Subordinate Lender in Section 3 is not true and correct on both of those dates,
the provisions of the First Mortgage Loan Documents applicable to unpermitted liens on the Property shall apply.

3. **Borrower's and Subordinate Lender's Representations and Warranties.**

The Borrower and the Subordinate Lender each makes the following representations and warranties to the Senior Lender:

(a) **Relationship of Borrower to Subordinate Lender and Senior Lender.** The Subordinate Lender is not an Affiliate of the Borrower and is not in possession of any facts which would lead it to believe that the Senior Lender is an Affiliate of the Borrower.

(b) **Term.** The term of the Subordinate Acquisition Note does not end before the term of the First Mortgage Note, the term of the Subordinate Bridge Note does not end before the term of the First Mortgage Note, and the term of the Subordinate IIG Note does not end before the term of the First Mortgage Note.

(c) **Subordinate Loan Documents.** The executed Subordinate Loan Documents are substantially in the same forms as those submitted to, and approved by, Senior Lender prior to the date of this Agreement. Upon execution and delivery of the Subordinate Loan Documents, Borrower shall deliver to Senior Lender an executed copy of each of the Subordinate Loan Documents, certified to be true, correct and complete.

(d) **Senior Loan Documents.** The executed Senior Loan Documents are substantially in the same forms as, when applicable, those submitted to, and approved by, Senior Lender prior to the date of this Agreement. Upon execution and delivery of the Senior Loan Documents, Borrower shall deliver to Subordinate Lender an executed copy of each of the Senior Loan Documents, certified to be true, correct and complete.

4. **Terms of Subordination.**

(a) **Agreement to Subordinate.** The Senior Lender and the Subordinate Lender agree that: (i) the indebtedness evidenced by the Subordinate Loan Documents (including, without limitation, any amounts added to the amounts owing under either Subordination Loan pursuant to the terms and provisions of the Ground Lease) is and shall be subordinated in right of payment, to the extent and in the manner provided in this Agreement to the prior payment in full of the indebtedness evidenced by the First Mortgage Loan Documents, and (ii) each of the Subordinate Mortgages and the other Subordinate Loan Documents are and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Mortgage and the other First Mortgage Loan Documents and to all advances heretofore made or which may hereafter be made pursuant to the First Mortgage and the other First Mortgage Loan Documents (including but not limited to, all sums advanced for the purposes of (1) protecting or further securing the lien of the First Mortgage, curing defaults by the Borrower under the First Mortgage Loan Documents or for any other purpose expressly permitted by the First Mortgage, or (2) constructing, renovating, repairing, furnishing, fixturing or equipping the Property).

(b) **Subordination of Subrogation Rights.** The Subordinate Lender agrees that if, by reason of its payment of real estate taxes or other monetary obligations of the Borrower, or by reason of its exercise of any other right or remedy under the Subordinate Loan Documents, it acquires by right of subrogation or otherwise a lien on the Property which (but for this subsection) would be senior to the lien of the First Mortgage, then, in that event, such lien shall be subject and subordinate to the lien of the First Mortgage.

(c) **Reserved.**
(d) **Payments under Subordinate Loans.** The Borrower agrees that it will not make any payments under or pursuant to the Subordinate Loan Documents (including but not limited to principal, interest, additional interest, late payment charges, default interest, attorney's fees, or any other sums secured by either of the Subordinate Mortgages) without the Senior Lender's prior written consent. The Subordinate Lender agrees that it will not accept any payments under or pursuant to the Subordinate Loan Documents (including but not limited to principal, interest, additional interest, late payment charges, default interest, attorney's fees, or any other sums secured by either of the Subordinate Mortgages) without the Senior Lender's prior written consent.

(e) **Remitting Subordinate Loan Payments to Senior Lender.** If the Subordinate Lender receives any payments under the Subordinate Loan Documents, the Subordinate Lender agrees that such payment or other distribution will be received and held in trust for the Senior Lender and unless the Senior Lender otherwise notifies the Subordinate Lender in writing, will be promptly remitted, in kind to the Senior Lender, properly endorsed to the Senior Lender, to be applied to the principal of, interest on and other amounts due under the First Mortgage Loan Documents in accordance with the provisions of the First Mortgage Loan Documents. By executing this Agreement, the Borrower specifically authorizes the Subordinate Lender to endorse and remit any such payments to the Senior Lender, and specifically waives any and all rights to have such payments returned to the Borrower or credited against the Subordinate Loan. Borrower and Senior Lender acknowledge and agree that payments received by the Subordinate Lender, and remitted to the Senior Lender under this Section 4, shall not be applied or otherwise credited against either Subordinate Loan, nor shall the tender of such payment to the Senior Lender waive any Subordinate Loan Default which may arise from the inability of the Subordinate Lender to retain such payment or apply such payment to either Subordinate Loan.

(f) **Agreement Not to Commence Bankruptcy Proceeding.** The Subordinate Lender agrees that during the term of this Agreement it will not commence, or join with any other creditor in commencing any bankruptcy reorganization, arrangement, insolvency or liquidation proceedings with respect to the Borrower, without the Senior Lender's prior written consent.

5. **Default Under Subordinate Loan Documents.**

(a) **Notice of Default and Cure Rights.** The Subordinate Lender shall deliver to the Senior Lender a Default Notice within five Business Days in each case where the Subordinate Lender has given a Default Notice to the Borrower. The Senior Lender shall have the right, but not the obligation, to cure any Subordinate Loan Default within 60 days following the date of such notice. All amounts paid by the Senior Lender in accordance with the First Mortgage Loan Documents to cure a Subordinate Loan Default shall be deemed to have been advanced by the Senior Lender pursuant to, and shall be secured by the lien of, the First Mortgage.

(b) **Subordinate Lender's Agreement to Standstill.** If a Subordinate Loan Default occurs and is continuing, the Subordinate Lender agrees that, without the Senior Lender's prior written consent, it will not accelerate the Subordinate Loan, commence foreclosure proceedings with respect to the Property, collect rents, appoint (or seek the appointment of) a receiver or institute any other collection or enforcement action.

(c) **Cross Default.** The Borrower and the Subordinate Lender agree that a Subordinate Loan Default shall constitute a First Mortgage Loan Default under the First Mortgage Loan Documents and the Senior Lender shall have the right to exercise all rights or remedies under the First Mortgage Loan Documents in the same manner as in the case of any other First Mortgage Loan Default. If the Subordinate Lender notifies the Senior Lender in writing that any Subordinate Loan Default of which the Senior Lender has received a Default Notice has been cured or waived, as determined by the Subordinate Lender in its sole discretion, then provided that Senior Lender has not conducted a sale of the Property pursuant to its rights under the First Mortgage Loan Documents, any First Mortgage Loan Default under the First Mortgage Loan Documents arising solely from such Subordinate Loan
Default shall be deemed cured, and the First Mortgage Loan shall be reinstated, provided, however, that the Senior Lender shall not be required to return or otherwise credit for the benefit of the Borrower any default rate interest or other default related charges or payments received by the Senior Lender during such First Mortgage Loan Default.

6. **Default Under First Mortgage Loan Documents.** The Subordinate Lender agrees that, notwithstanding any contrary provision contained in the Subordinate Loan Documents, a First Mortgage Loan Default shall not constitute a default under the Subordinate Loan Documents if no other default occurred under the Subordinate Loan Documents.

7. **Conflict.**

The Borrower, the Senior Lender and the Subordinate Lender each agrees that, in the event of any conflict or inconsistency between the terms of the First Mortgage Loan Documents, the Subordinate Loan Documents and the terms of this Agreement, the terms of this Agreement shall govern and control solely as to the following: (a) the relative priority of the security interests of the Senior Lender and the Subordinate Lender in the Property; (b) the timing of the exercise of remedies by the Senior Lender and the Subordinate Lender under the First Mortgage and the Subordinate Mortgages, respectively; and (c) solely as between the Senior Lender and the Subordinate Lender, the notice requirements, cure rights, and the other rights and obligations which the Senior Lender and the Subordinate Lender have agreed to as expressly provided in this Agreement. Borrower acknowledges that the terms and provisions of this Agreement shall not, and shall not be deemed to: extend Borrower's time to cure any First Mortgage Loan Default or Subordinate Loan Default, as the case may be; give the Borrower the right to notice of any First Mortgage Loan Default or Subordinate Loan Default, as the case may be other than that, if any, provided, respectively under the First Mortgage Loan Documents or the Subordinate Loan Documents; or create any other right or benefit for Borrower as against Senior Lender or Subordinate Lender.

8. **Rights and Obligations of the Subordinate Lender Under the Subordinate Loan Documents and of the Senior Lender under the First Mortgage Loan Documents.**

Subject to each of the other terms of this Agreement, all of the following provisions shall supersede any provisions of the Subordinate Loan Documents covering the same subject matter:

(a) **Protection of Security Interest.** The Subordinate Lender shall not, without the prior written consent of the Senior Lender in each instance, take any action which has the effect of increasing the indebtedness outstanding under, or secured by, the Subordinate Loan Documents.

(b) **Condemnation or Casualty.** In the event of: a taking or threatened taking by condemnation or other exercise of eminent domain of all or a portion of the Property (collectively, a "Taking"); or the occurrence of a fire or other casualty resulting in damage to all or a portion of the Property (collectively, a "Casualty"), at any time or times when the First Mortgage remains a lien on the Property the following provisions shall apply:

1. The Subordinate Lender hereby agrees that its rights (under the Subordinate Loan Documents or otherwise) to participate in any proceeding or action relating to a Taking and/or a Casualty, or to participate or join in any settlement of, or to adjust, any claims resulting from a Taking or a Casualty shall be and remain subordinate in all respects to the Senior Lender's rights under the First Mortgage Loan Documents with respect thereto, and the Subordinate Lender shall be bound by any settlement or adjustment of a claim resulting from a Taking or a Casualty made by the Senior Lender; and

2. all proceeds received or to be received on account of a Taking or a Casualty, or both, shall be applied (either to payment of the costs and expenses of repair and restoration or to payment of the First Mortgage Loan) in the manner determined by the Senior Lender in...
its sole discretion; provided, however, that if the Senior Lender elects to apply such proceeds to payment of the principal of, interest on and other amounts payable under the First Mortgage Loan, any proceeds remaining after the satisfaction in full of the principal of, interest on and other amounts payable under the First Mortgage Loan shall be paid to, and may be applied by, the Subordinate Lender in accordance with the applicable provisions of the Subordinate Loan Documents.

(c) No Modification of Subordinate Loan Documents. The Borrower and the Subordinate Lender each agrees that, until the principal of, interest on and all other amounts payable under the First Mortgage Loan Documents have been paid in full, it will not, without the prior written consent of the Senior Lender in each instance, amend, modify or restate any of the Subordinate Loan Documents or any of the terms of either of the Subordinate Loans in any manner. Any unauthorized amendment, modification or restatement of any of the Subordinate Loan Documents or assignment of the Subordinate Lender's interest in either Subordinate Loan without the Senior Lender's consent shall be void ab initio and of no effect whatsoever and Subordinate Lender agrees that it shall not transfer or assign either Subordinate Loan or any of the Subordinate Loan Documents without the prior written consent of the Senior Lender.

9. Modification or Refinancing of First Mortgage Loan.

The Subordinate Lender consents to any agreement or arrangement in which the Senior Lender waives, postpones, extends, reduces or modifies any provisions of the First Mortgage Loan Documents, including any provision requiring the payment of money. Subordinate Lender further agrees that its agreement to subordinate hereunder shall extend to any new mortgage debt which is for the purpose of refinancing all or any part of the First Mortgage Loan (including reasonable and necessary costs associated with the closing and/or the refinancing) and Subordinate Lender shall execute and deliver to Senior Lender a new subordination agreement on the same terms and conditions as this Subordination Agreement.

10. Default by the Subordinate Lender or Senior Lender.

If the Subordinate Lender or Senior Lender defaults in performing or observing any of the terms, covenants or conditions to be performed or observed by it under this Agreement, the other, non-defaulting lender shall have the right to all available legal and equitable relief.


Each notice, request, demand, consent, approval or other communication (hereinafter in this Section referred to collectively as "notices" and referred to singly as a "notice") which the Senior Lender or the Subordinate Lender is required or permitted to give to the other party pursuant to this Agreement shall be in writing and shall be deemed to have been duly and sufficiently given if: (a) personally delivered with proof of delivery thereof (any notice so delivered shall be deemed to have been received at the time so delivered); or (b) sent by Federal Express (or other similar national overnight courier) designating early morning delivery (any notice so delivered shall be deemed to have been received on the next Business Day following receipt by the courier); or (c) sent by United States registered or certified mail, return receipt requested, postage prepaid, at a post office regularly maintained by the United States Postal Service (any notice so sent shall be deemed to have been received two days after mailing in the United States), addressed to the respective parties as follows:

SENIOR LENDER: First-Citizens Bank & Trust Company
75 N. Fair Oaks Avenue
Pasadena, CA 91103
Attention: Claudia Lima

With a copy to:
Either party may, by notice given pursuant to this Section, change the person or persons and/or address or addresses, or designate an additional person or persons or an additional address or addresses for its notices, but notice of a change of address shall only be effective upon receipt.


(a) Assignment/Successors. This Agreement shall be binding upon the Borrower, the Senior Lender and the Subordinate Lender and shall inure to the benefit of the respective legal successors and assigns of the Senior Lender and the Subordinate Lender.

(b) No Partnership or Joint Venture. The Senior Lender's permission for the placement of the Subordinate Loan Documents does not constitute the Senior Lender as a joint venturer or partner of the Subordinate Lender. Neither party hereto shall hold itself out as a partner, agent or Affiliate of the other party hereto.

(c) Senior Lender's and Subordinate Lender's Consent. Wherever the Senior Lender's consent or approval is required by any provision of this Agreement, such consent or approval may be granted or denied by the Senior Lender in its sole and absolute discretion, unless otherwise expressly provided in this Agreement. Wherever the Subordinate Lender's consent or approval is required by any provision of this Agreement, such consent or approval may be granted or denied by the Subordinate Lender in its sole and absolute discretion, unless otherwise expressly provided in this Agreement.

(d) Further Assurances. The Subordinate Lender, the Senior Lender and the Borrower each agree, at the Borrower's expense, to execute and deliver all additional instruments and/or documents reasonably required by any other party to this Agreement in order to evidence that the
Subordinate Mortgages are each subordinate to the lien, covenants and conditions of the First Mortgage, or to further evidence the intent of this Agreement.

(e) Amendment. This Agreement shall not be amended except by written instrument signed by all parties hereto.

(f) Governing Law. This Agreement shall be governed by the laws of the State in which the Property is located.

(g) Severable Provisions. If any provision of this Agreement shall be invalid or unenforceable to any extent, then the other provisions of this Agreement, shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

(h) Term. The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (i) the payment of all of the principal of, interest on and other amounts payable under the First Mortgage Loan Documents; (ii) the payment of all of the principal of, interest on and other amounts payable under the Subordinate Loan Documents, other than by reason of payments which the Subordinate Lender is obligated to remit to the Senior Lender pursuant to Section 4 hereof; (iii) the acquisition by the Senior Lender of title to the Property pursuant to a foreclosure or a deed in lieu of foreclosure of, or the exercise of a power of sale contained in, the First Mortgage; or (iv) the acquisition by the Subordinate Lender of title to the Property pursuant to a foreclosure or a deed in lieu of foreclosure of, or the exercise of a power of sale contained in, a Subordinate Mortgage, but only if such acquisition of title does not violate any of the terms of this Agreement.

(i) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

SENIOR LENDER:

FIRST-CITIZENS BANK & TRUST COMPANY
(successor by merger to CIT Bank, N.A.)

By: ____________________________________
Name: ____________________________________
Title: ____________________________________

[Signatures continue on following page]
SUBORDINATE LENDER:

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, a public body, corporate and politic organized and existing under the laws of the State of California

By: ____________________________________
Name: ____________________________________
Title: ____________________________________

[Signatures continue on following page]
BORROWER:

JORDAN DOWNS PHASE S3, LP,
a California limited partnership

By: Jordan S3-Michaels LLC,
a California limited liability company
its administrative general partner

By: _______________________________
    Ken Crawford
    Vice President

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

By: _______________________________
    Tina Smith-Booth
    President
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Orange

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

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

WITNESS my hand and official seal.

Signature

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

State of California
County of Orange

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

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

WITNESS my hand and official seal.

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

State of California
County of Orange

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

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

WITNESS my hand and official seal.

Signature

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

**PARCEL 1:**

THOSE PORTIONS OF LOTS 4 AND 5, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON THE MAP OF TRACT NO. 16154, AS PER MAP RECORDED IN BOOK 540, PAGES 48 THROUGH 50, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTERLINE INTERSECTION OF ONE HUNDRED FIRST STREET, 60.00 FEET WIDE, AND GRAPE STREET, 60.00 FEET WIDE, AS SHOWN ON SAID TRACT NO. 16154;

THEN CE ALONG SAID CENTERLINE OF ONE HUNDRED FIRST STREET SOUTH 89°33'07" EAST 403.04 FEET;

THEN CE NORTH 00°26'53" EAST 30.00 FEET TO A POINT ON THE NORTH LINE OF SAID ONE HUNDRED FIRST STREET, SAID POINT ALSO BEING THE TRUE POINT OF BEGINNING;

THEN CE CONTINUING NORTH 00°26'53" EAST 221.99 FEET;
THEN CE SOUTH 89°33'07" EAST 238.26 FEET;
THEN CE SOUTH 08°31'20" WEST 211.19 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 15.00 FEET;

THEN CE SOUTHWESTERLY ALONG SAID CURVE 21.45 FEET, THROUGH A CENTRAL ANGLE OF 81°55'33" TO SAID NORTH LINE OF ONE HUNDRED FIRST STREET;

THEN CE ALONG SAID NORTH LINE NORTH 89°33'07" WEST 193.74 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 49,360 SQUARE FEET OR 1.133 ACRES MORE OR LESS.

ALSO EXCEPT FROM THAT PORTION OF SAID TRACT, NOT INCLUDED WITHIN NEVADA VILLA TRACT, AS PER MAP RECORDED IN BOOK 6 PAGE 190 OF MAPS, ALL URANIUM, THORIUM, AND ALL OTHER MATERIALS ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIAL CONTAINED IN WHATEVER CONCENTRATION IN DEPOSITS, AS RESERVED BY THE UNITED STATES OF AMERICA, IN DEED RECORDED DECEMBER 30, 1952 IN BOOK 40622 PAGE 378 OF OFFICIAL RECORDS.

**PARCEL 2:**

TOGETHER WITH EASEMENT RIGHTS AS CONTAINED IN THAT CERTAIN SHARED USE AGREEMENT BY JORDAN DOWNS PHASE S3, L, A CALIFORNIA LIMITED PARTNERS, AND THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES, A PUBLIC BODY, CORPORATE AND POLITIC, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THOSE PORTIONS OF LOTS 4 AND 5, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON THE MAP OF TRACT NO. 16154, AS PER MAP RECORDED IN BOOK 540, PAGES 48 THROUGH 50, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:
COMMENCING AT THE CENTERLINE INTERSECTION OF ONE HUNDRED FIRST STREET, 60.00 FEET WIDE, AND GRAPE STREET, 60.00 FEET WIDE, AS SHOWN ON SAID TRACT NO. 16154;

THENCE ALONG SAID CENTERLINE OF ONE HUNDRED FIRST STREET SOUTH 89°33'07" EAST 403.04 FEET;

THENCE NORTH 00°26'53" EAST 30.00 FEET TO A POINT ON THE NORTH LINE OF SAID ONE HUNDRED FIRST STREET, SAID POINT ALSO BEING THE TRUE POINT OF BEGINNING;

THENCE CONTINUING ALONG SAID NORTH LINE NORTH 89°33'07" WEST 26.00 FEET; THENCE DEPARTING SAID NORTHLINE NORTH 00°26'53" EAST 221.99 FEET;

THENCE SOUTH 89°33'07" EAST 26.00 FEET;

THENCE SOUTH 00°26'53" WEST 221.99 FEET TO THE TRUE POINT OF BEGINNING.