

REPORT OF THE PRESIDENT

August 25, 2022

RESOLUTION AUTHORIZING LA CIENEGA LOMOD, INC. OR A LIMITED LIABILITY COMPANY, WITH LA CIENEGA LOMOD, INC. AS ITS SOLE MEMBER, TO ENTER INTO A LIMITED PARTNERSHIP AS THE MANAGING GENERAL PARTNER, TO DEVELOP A REAL PROPERTY ASSET OF UP TO 401 MULTI-FAMILY DWELLING UNITS, ALL WITH RENTS RESTRICTED AT LEVELS AFFORDABLE TO HOUSEHOLDS WITH INCOMES BETWEEN THIRTY AND ONE HUNDRED TWENTY PERCENT OF THE MEDIAN INCOME OF LOS ANGELES COUNTY, TOGETHER WITH RELATED COMMERCIAL, COMMUNITY AND OPEN SPACES, ALL COMMONLY KNOWN AS CRENSHAW CROSSING OR THE EXPO/CRENSHAW JOINT DEVELOPMENT, LOCATED AT MULTIPLE ADDRESSES INCLUDING BUT NOT LIMITED TO 3506 AND 3510 W. EXPOSITION BOULEVARD, 3630 AND 3642 S. CRENSHAW BOULEVARD, AND 3501 AND 3505 W. OBAMA BOULEVARD, LOS ANGELES, CALIFORNIA 90018; AND TO EXECUTE ANY AND ALL RELATED DOCUMENTS AND TO UNDERTAKE VARIOUS ACTIONS IN CONNECTION THEREWITH



Tina Smith-Booth
President



Lisette Belon
Secretary

Purpose: The Resolution (**Attachment 1**) is necessary to authorize the President of La Cienega LOMOD, Inc., a California nonprofit public benefit corporation (“LOMOD”), or designee, to enter into a limited partnership (the “Partnership”) for the development of a mixed use project on multiple parcels of land with 401 units of long-term restricted affordable housing, together with commercial, community, and open space amenities, and to execute all related documents associated with the transaction and to undertake all related actions as approved by legal counsel.

Issues:*Background*

LOMOD is a nonprofit public benefit corporation organized under the California Nonprofit Public Benefit Corporation Law, and is under the direct control of HACLA. LOMOD acts as a managing general partner, general partner and non-managing partner with ownership interests in more than fourteen property partnerships for HACLA redevelopment and development projects.

The proposed limited partnership will be formed with LOMOD serving as the managing general partner (“MGP”), with an affiliate of WIP Expo Crenshaw, LLC, a Delaware based Limited Liability Company, as the administrative general partner (“AGP”), West Angeles Community Development Corporation (“West Angeles”), a California nonprofit public benefit corporation, as the co-general partner (“Co-GP,” and together with MGP and AGP, the “General Partners”), and The Richman Group of California Development Company LLC (“TRGCA”), a California limited liability company, as the limited partner (“LP”, and together with the General Partners, the “Partners”)

The members of the AGP include Watt Investment Partners (“WIP”) is an investment firm that acquires, owns, renovates, and operates affordable, workforce, and value-oriented apartment communities across the United States. WIP partners with institutional investors to purchase housing in major metropolitan and suburban markets. Through a series of special purpose limited partnerships, WIP owns a portfolio of 850 multi-family units across more than 23

properties. In Southern California, WIP owns 15 properties, all of which are located in the City of Los Angeles. WIP uses third party property managers to manage their portfolio properties.

The Richman Group, through an affiliate or single-purpose entity will be the other member of the AGP. Through a series of special purpose limited partnerships, the parent company, The Richman Group has developed and/or financed over 2,070 properties, totaling over 166,000 units for a combined total of over \$28 billion dollars in property value. The Richman Group manages its portfolio properties through its property management affiliate, Richman Property Services, Inc. ("RPS"). RPS currently manages over 120 properties incorporating 19,000 residential units.

TRGCA, acting as Limited Partner, is an investment firm that develops, finances, manages, and owns affordable and mixed-income apartment communities nationwide. TRGCA partners with affordable and market rate developers to build affordable housing in major metropolitan and suburban markets. TRGCA has experience in obtaining subsidies and grants such as Affordable Housing & Sustainable Communities ("AHSC") funds, Infill Infrastructure Grant ("IIG") funds, 9% and 4% Federal Low Income Housing Tax Credits ("LIHTC"), brownfield remediation funds, HOME Investment Partnerships Program ("HOME"), and Community Development Block Grant ("CDBG") Program funds. Through its asset management division, Richman Asset Management, TRGCA has over 1,300 properties under management totaling over 100,000 units for a total of \$18.5 billion in property value. TRGCA has developed and/or financed 82 properties totaling 6,229 units in California. Of those, 23 properties are in Los Angeles County, where TRGCA is currently in preconstruction or under construction on over 2,200 units. In the City of Los Angeles, TRGCA has financed the equity for development partners on 18 developments totaling 1,062 units and has developed and/or participated directly in the development partnership of five (5) properties totaling 762 units.

West Angeles, the Co-GP, is a California nonprofit public benefit corporation that acquires, owns, develops, renovates, and operates affordable housing communities in South Los Angeles. Through a series of special purpose limited partnerships, West Angeles owns a portfolio of 381 family and senior housing units across four (4) properties in the City of Los Angeles. West Angeles has over twenty years of experience providing social services to thousands of residents, including those in its multi-family portfolio. West Angeles will be responsible for providing services to the units proposed in this Project and will focus services on four distinct areas: (1) emergency services assistance (case management, mental and health referrals); (2) access to healthy food options (Cal Fresh Program, weekly and monthly food distribution); (3) transportation (fee reduction on bus and rail passes and bus and taxi vouchers); (4) financial education (electronic access to benefits, and bank account establishment, budget creation).

The Property

The Property consists of six (6) parcels with a total land area of approximately two and one-quarter (2.23) acres on two city blocks on the west and east sides of Crenshaw Boulevard just south of where the Los Angeles County Metropolitan Transportation Authority's ("LACMTA") E Line (formerly known as the Expo Line) and the K Line (formerly known as the Crenshaw/LAX line) meet. The Property is across the street from the LACMTA Expo/Crenshaw E line light rail station, which provides regular transit service between Downtown Los Angeles (7th Street/Metro Center) and Downtown Santa Monica. The Property is located in City Council District 10. A map showing the location of the Property is included as **Attachment 2**.

The parcels that are west of Crenshaw Blvd are owned by the County (the "County Site") and the parcels that are east of Crenshaw Blvd are owned by LACMTA (the "LACMTA Site"). The County parcels cover most of the block at 3606 W. Exposition Boulevard, and the parcels owned by LACMTA cover the entire block at 3510 W. Exposition Boulevard, 3630 & 3642 S. Crenshaw Boulevard, and 3501 & 3505 W. Obama Boulevard. LACMTA and the County will retain title to their fee interests and will enter into separate ground leases with the Partnership for terms of 66 years following the completion of entitlements.

Role as MGP

The AGP will be the lead developer of the Project and will be primarily responsible for the development, financing and construction of the Project, including providing any lender required guaranty. The AGP will manage the majority of third-party consultants during pre-development and lead the submission of applications to private and public debt and equity providers to further the financing of the Project. The General Partners must agree on the selection of the equity investor, the general contractor, the architects, and the property manager, provided that the selection of Belzberg Architects and SVA Architects as the Project's architects, who have been working on the Project, are approved, and the selection of Richman Property Services, Inc., an affiliate of TRGCA, is conditionally approved subject to replacement for failure to cure any default. If agreement is not reached on selections, then the AGP, as the guarantor, shall decide the selection, provided that any selected team member shall have not less than five (5) years of similar experience.

As the MGP, LOMOD will take all actions necessary to obtain and maintain a welfare exemption from ad valorem property taxes ("Welfare Exemption") for the Property in accordance with the provision of California Revenue and Taxation Code Section 214(g) and Property Tax Rule 140(a)(6) provided by the California State Board of Equalization. LOMOD will receive a sixty percent (60%) portion of the Partnership Administration fee (\$30,000) annually for its services. The fee will escalate at the lesser of 3% or the consumer price index for Los Angeles.

LOMOD as the MGP will undertake the following substantial management duties: overseeing the work of the property manager relative to renting, maintaining, and repairing the Project; participate in hiring and overseeing all persons hired to provide services; executing all contracts executed by the Partnership; monitoring or supervising compliance with government regulations and required filings; executing and delivering all Partnership documents; ensuring that the Co-GP or its affiliate provides social services to tenants of the Project; and maintaining various records and documents of the Partnership. All the foregoing substantial management duties may be delegated to the AGP, with the exception of the execution and delivery of Partnership documents, subject to oversight and revocation by the MGP. The MGP will also delegate day-to-day administrative activities and services to the AGP, subject to the MGP's oversight and option to revoke.

The AGP will have the option to purchase the MGP's interest in the Partnership for \$20.00 due to an uncured breach by the MGP, a failure to qualify for the Welfare Exemption caused by the MGP, a failure of the MGP to execute necessary financing documents, or if the Project fails to obtain rental assistance or gap financing necessary to cause all the units less the manager's units to be restricted as affordable units as set forth above. In the latter case, the Partnership will agree to reimburse the MGP for any out of pocket expense if such expense exceeds \$10,000 and

was undertaken at the direction of and for the benefit of the Partnership in connection with applications for financing.

The Partnership will apply for financing sufficient to have 100% of the units in the Project, with the exception of the managers' units, be affordable to families with incomes between 30% and 120% of AMI for a period of 55 years. These sources may include, but are not limited to, federal low-income housing tax credit ("LIHTC") and bond financing, California Department of Housing and Community Development ("HCD") soft funding programs, California Affordable Housing and Sustainable Communities ("AHSC") funding, and rental assistance.

The AGP and MGP will have an option to purchase the Project or the LP's interest in the Partnership at the end of the 15-year tax credit compliance period, upon customary terms.

The Partnership will indemnify the General Partners for their actions, with the exception of failure to perform required duties. No Partner shall have liability to the other Partners except for actions that are willful, intentional, fraudulent, grossly negligent, criminal or that involve the misappropriation of Partnership funds. The AGP will indemnify the MGP and Co-GP for their actions within the Partnership, except in cases of fraud, gross negligence, willful misconduct, or a breach of fiduciary duty.

The distributions of cash flow from operations and of proceeds from sale or refinancing transactions will be provided to the Partners in the following percentages after the payment of debts and fees: ten percent (10%) to the LP, 67.5% to the AGP, 4.5% to the Co-GP, and 18% to the MGP. The development fee(s) for the Project shall be split 75% to the AGP, 5% to the Co-GP, and 20% to the MGP, paid according to a schedule agreed to by the equity investor(s), lender(s), and state agencies.

Funding

As the MGP, LOMOD will make an initial capital contribution of \$20.00 in cash and will have a 0.0020% percentage interest in the Partnership. The AGP will contribute \$75.00 and will have a 0.0075% percentage interest. The Co-GP will contribute \$5.00 and will have a 0.0005% percentage interest. The LP will contribute \$100.00 and will have a 99.99% percentage interest.

Attachments:

1. Resolution
2. Limited Partnership Agreement

ATTACHMENT 1

Resolution

RESOLUTION NO. _____

RESOLUTION AUTHORIZING LA CIENEGA LOMOD, INC. OR A LIMITED LIABILITY COMPANY, WITH LA CIENEGA LOMOD, INC. AS ITS SOLE MEMBER, TO ENTER INTO A LIMITED PARTNERSHIP (THE "PARTNERSHIP") AS THE MANAGING GENERAL PARTNER, TO DEVELOP A REAL PROPERTY ASSET OF UP TO 401 MULTI-FAMILY DWELLING UNITS, ALL WITH RENTS RESTRICTED AT LEVELS AFFORDABLE TO HOUSEHOLDS WITH INCOMES BETWEEN THIRTY AND ONE HUNDRED TWENTY PERCENT OF THE MEDIAN INCOME OF LOS ANGELES COUNTY, TOGETHER WITH RELATED COMMERCIAL, COMMUNITY AND OPEN SPACES, ALL COMMONLY KNOWN AS CRENSHAW CROSSING OR THE EXPO/CRENSHAW JOINT DEVELOPMENT, LOCATED AT MULTIPLE ADDRESSES INCLUDING BUT NOT LIMITED TO 3506 AND 3510 W. EXPOSITION BOULEVARD, 3630 AND 3642 S. CRENSHAW BOULEVARD, AND 3501 AND 3505 W. OBAMA BOULEVARD, LOS ANGELES, CALIFORNIA 90018 (THE "PROPEERTY"); AND TO EXECUTE ANY AND ALL RELATED DOCUMENTS AND TO UNDERTAKE VARIOUS ACTIONS IN CONNECTION THEREWITH

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

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

WHEREAS, on August 25, 2022, the HACLA Board of Commissioners ("BOC") authorized LOMOD to enter into a limited partnership agreement ("LPA") for the Partnership, with LOMOD to act as Managing General Partner ("MGP") in the development and ownership of the property commonly known as Crenshaw Crossing, located at multiple addresses, including but not limited to 3506 AND 3510 W. Exposition Boulevard, 3630 AND 3642 S. Crenshaw Boulevard, and 3501 AND 3505 W. Obama Boulevard, Los Angeles, California 90018 (the "Property"), and with an affiliate of WIP Expo Crenshaw, LLC, a Delaware based Limited Liability Company, as the administrative general partner ("AGP"), West Angeles Community Development Corporation ("West Angeles"), a California nonprofit public benefit corporation as the co-general partner ("Co-GP," and together with MGP and AGP, the "General Partners"), and The Richman Group of California Development Company LLC ("TRGCA"), a California limited liability company, as the limited partner ("LP", and together with the General Partners, the "Partners");

WHEREAS, the Property when complete will include 401 housing units and other improvements, in which all units except the managers' units will be restricted to occupancy by households with incomes between thirty percent (30%) of the area median income for Los Angeles County ("AMI"), and one hundred twenty percent (120%) of AMI for a period of fifty-five (55) years with rent levels to be more fully detailed prior to construction closing based on available gap funding and operating subsidies;

WHEREAS, as the MGP of the Limited Partnership, LOMOD will perform those responsibilities required by the State Board of Equalization ("BOE") to obtain and maintain the Project's welfare property tax exemption and as otherwise provided in the LPA and will delegate and supervise other Partnership responsibilities to the AGP;

WHEREAS, LOMOD is scheduled to receive sixty percent (60%) of an annual partnership administration fee of \$50,000, subject to annual escalation, to hold a 0.002% interest in the Partnership, and to receive a portion of twenty percent (20%) of the development fees for the Project, and eighteen percent (18%) of the cash flow from operations and of proceeds from the sale or refinancing of the Project;

WHEREAS, LOMOD will have a right of first refusal to purchase the Property or the LP interest following the 15 year tax credit compliance period, jointly with the AGP;

WHEREAS, the AGP will have the right to repurchase LOMOD's interest at the initial contribution amount of \$20.00 if the Partnership does not obtain financing sufficient to cause the Property to restrict all of the residential units to the incomes and rent levels set forth above, provided that LOMOD will be reimbursed for expenses if it expends more than \$10,000 at the direction of the Partnership in support of such financing; and

WHEREAS, the Board of Directors of LOMOD must approve the execution of all applicable financing and ownership documents, including the LPA and any documents, certificates and agreements related to the Project.

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

The President, the Secretary, or the Treasurer or LOMOD (collectively, the "Authorized Representatives") and each of their respective designees, are each hereby authorized and directed, to do any and all things necessary and to execute, deliver and perform any and all financing, ownership or other documents, including the Limited Partnership Agreement, to cause LOMOD to enter the Partnership as the MGP, all with such changes as approved by legal counsel, and all other documents or actions which they may deem necessary or advisable in order to consummate, carry out, give effect to and comply with the terms and intent of this Resolution and the consummation of the transactions contemplated hereby, including making an initial capital contribution by the MGP to the Partnership in an amount not to exceed \$20. The Authorized Representatives are also hereby authorized to withdraw LOMOD from the Partnership in the future, subject to its concurrent replacement in the Partnership by a special purpose California limited liability company having LOMOD as its sole member and manager and having the ability to perform LOMOD's duties under the Partnership's limited partnership agreement, and upon the same terms and with the same voting and capital interests in the Partnership as LOMOD has at that time. All actions heretofore taken by the officers, employees, attorneys and agents of LOMOD with respect to the Property transactions are hereby approved and ratified, and the Authorized Representatives of LOMOD are hereby authorized and directed to do any and all things necessary and to enter into and execute, acknowledge and deliver any and all agreements, assignments, certificates and other documents that they or legal counsel may deem necessary or advisable to effectuate the purpose of this Resolution, as approved by legal counsel, without further approval of the LOMOD Board of Directors.

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

LA CIENEGA LOMOD, INC.

By: _____
Cielo Castro, Chairperson

APPROVED AS TO FORM:

BY: _____
James Johnson, General Counsel

DATE ADOPTED: _____

ATTACHMENT 2

Limited Partnership Agreement

**AGREEMENT OF LIMITED PARTNERSHIP
OF**

_____, LP

THIS AGREEMENT LIMITED PARTNERSHIP AGREEMENT (the "Agreement") is made as of _____ by and between [TRG/Watt Entity], LLC, a Delaware limited liability company ("**LLC**" or the "**Administrative General Partner**"), [HACLA Affiliated Entity], Inc., a California nonprofit public benefit corporation ("**Managing General Partner**"), West Angeles Community Development Corporation, a California nonprofit public benefit corporation ("**West Angeles**" or "**Co-General Partner**", and together with the Managing General Partner and the Administrative General Partner, the "**General Partners**"), and The Richman Group of California Development Company LLC, a California limited liability company, as the initial limited partner (the "**Limited Partner**," and together with the General Partners, the "**Partners**").

RECITALS

The parties hereto now desire to enter this Agreement to (i) form the Partnership under the Act; and (ii) set forth all of the provisions governing the Partnership.

NOW, THEREFORE, in consideration of the foregoing, of mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereby agree to continue the Partnership pursuant to the Act, as set forth in this Agreement, which reads in its entirety as follows:

**ARTICLE I
DEFINED TERMS**

"**Affiliate**" shall mean any Person directly or indirectly controlling, controlled by or under common control with the Person specified. The term "control" (including the term "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"**Act**" means the Delaware Revised Uniform Limited Partnership Act, as amended from time to time during the term of the Partnership, or any successor statute governing the operation of limited partnerships in the State of Delaware.

"**Administrative General Partner**" means [TRG/Watt Entity] LLC, a Delaware limited liability company and any Person or Persons who, at the time of reference thereto, have been admitted as an additional or successor Administrative General Partner of the Partnership.

"**Agreement**" means this Agreement of Limited Partnership which may be amended.

"**BOE**" means the California State Board of Equalization.

"**Capital Account**" means each Partner's initial Capital Contribution. In addition, each Partner's Capital Account shall be:

- (1) Increased by:

(i) The amount of any additional Capital Contributions by such Partner, including the amount of Partnership liabilities assumed by such Partner or secured by any Partnership property distributed by the Partnership to such Partner;

(ii) The fair market value of any property contributed by such Partner to the Partnership (net of liabilities secured by such property which are considered to be assumed or taken "subject to" by the Partnership); and

(iii) Items of book income and gain which are allocated to such Partner; and

(2) Decreased by:

(i) The amount of cash distributed to such Partner by the Partnership, including the amount of liabilities of such Partner assumed by the Partnership or secured by any property contributed by such Partner to the Partnership;

(ii) The fair market value of any property distributed by the Partnership to such Partner (net of liabilities secured by such property which are considered to be assumed or taken "subject to" by such Partner);

(iii) Items of expense described in Section 705(a)(2)(B) of the Code allocated to such Partner; and

(iv) Items of book loss and deduction which are allocated to such Partner.

The foregoing provisions are intended to comply with the regulations promulgated under Section 704(b) of the Code, and shall be applied and interpreted accordingly. The Capital Accounts shall be adjusted in order to reflect allocations of depreciation, amortization, and gain and loss as computed for book purposes. Upon the transfer of any Partner's interest in the Partnership, the Capital Account of the transferor Partner shall carry over to the transferee Partner.

"Capital Contribution" means, with respect to any Partners, the amount of cash and the initial Gross Asset Value of any property (other than money) contributed to the Partnership with respect to the Interest held by such Partners pursuant to the terms of this Agreement. The Principal amount of a promissory note which is not readily traded on an established securities market and which is contributed to the Partnership by the maker of the note shall not be included in the Capital Account of any Partners or a related person until permitted by Section 1.704-1(b)(2)(iv)(d)(2) of the Regulations.

"Capital Event" means any of the following events with respect to the Partnership: (i) a sale, refinancing or other disposition of all or part of the assets of the Partnership (other than a sale in the ordinary course of business); (ii) a collection in respect of property, hazard or casualty insurance (but not income interruption insurance); or (iii) condemnation proceeds paid to the Partnership for the taking of all or part of the capital assets of the Partnership

"Cash From Capital Event" means the net proceeds of a Capital Event after (i) payment of all expenses associated with the Capital Event, (ii) repayment of all Partnership debts to third parties (if any), and (iii) an allowance is made for Reserves. Cash From Capital Event shall not include Cash From Operations.

“Cash From Operations” means, for any period, the excess of (i) cash operating revenues from operation of the Partnership (including interest and fee income) and (ii) amounts, if any, released from Reserves, in each case for such period, over, the sum of (i) cash operating expenses (including fees paid to Partners) of the Partnership, (ii) current debt service of the Partnership (including accrued interest and principal on any Partner loan), (iii) capital expenditures made out of proceeds other than Cash From Capital Events and (iv) amounts if any, allocated to Reserves, in each case for such period. Cash From Operations shall not include Cash From Capital Events, and no deduction shall be made for depreciation, amortization or other non-cash items.

“Certificate” means the Certificate of Limited Partnership as filed in the Office of the Delaware Secretary of State in accordance with the Act, and as same may be amended in accordance with the terms hereof.

“Co-General Partner” means West Angeles Community Development Corporation, a California nonprofit public benefit corporation, and any Person or Persons who, at the time of reference thereto, have been admitted as an additional or successor Co-General Partner of the Partnership.

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

“Consent of the Limited Partner” or approval of the Limited Partner means the prior written consent or approval of the Limited Partner. Any requirement for the approval of the Limited Partner contained in this Agreement shall mean the written approval of the Limited Partner.

“Fiscal Year” means the fiscal year of the Partnership for accounting purposes, which shall begin on January 1st of each calendar year and end on December 31st of the calendar year.

“Gain from Capital Event” means the gain resulting from a Capital Event determined at the close of the Fiscal Year of the Partnership by the Partnership’s accountants

“Gross Asset Value” means, with respect to any asset owned by the Partnership, the asset's adjusted basis for Federal income tax purposes, except as follows:

(i) the initial Gross Asset Value of any asset contributed by a Partner to the Partnership shall be the gross fair market value of such asset, as determined by the contributing Partner and the Managing General Partner;

(ii) the Gross Asset Value of each asset shall be adjusted to equal its gross fair market value, as determined by the Managing General Partner, as of the following times: (a) the acquisition of an additional Interest by any new or existing Partner in exchange for more than a de minimis Capital Contribution; (b) the distribution by the Partnership to a Partner of more than a de minimis amount of property in consideration for its Interest; and (c) the liquidation of the Partnership within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Regulations; provided, however, that adjustments pursuant to clauses (a) and (b) above shall be made only if the Managing General Partner reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership;

(iii) the Gross Asset Value of any asset distributed to any Partner shall be the gross fair market value of such asset on the date of distribution; and

(iv) the Gross Asset Value of each asset shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such asset pursuant to Section 734(b) or Section 743(b) of the Code, but only to the extent that such adjustment is taken into account in determining Capital Accounts pursuant to Section 1.704-1(b)(2)(iv)(m) of the Regulations; provided, however, that Gross Asset Values shall not be adjusted pursuant to this clause (iv) to the extent the Managing General Partner determines that an adjustment pursuant to clause (ii) above is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this clause (iv).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to clause (i), (ii) or (iv) above, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

“Guaranties” has the meaning ascribed in Section 7.3(b) of this Agreement.

“Guarantor” has the meaning ascribed in Section 7.2 of this Agreement.

“Interest” means the entire ownership interest of a Partner in the Partnership.

“Limited Partner(s)” means The Richman Group of California Development Company LLC, a California limited liability company, and its successors, and assigns and such successors and assigns shall have all of the rights and the obligations of the Limited Partner provided for in this Agreement.

“Liquidating Agent” shall have the meaning provided in Section 9.2 hereof (Actions of Liquidating Agent).

“Managing General Partner(s)” means [HACLA Affiliated Entity], Inc., and any Person or Persons who, at the time of reference thereto, have been admitted as an additional or successor Managing General Partner of the Partnership.

“Net Profits” and **“Net Losses”** means the net profits or net losses, respectively, of the Partnership as determined on the basis of the accounting method set forth in Section 6.2 hereof, at the close of the Fiscal Year of the Partnership by the Partnership’s accountants in accordance with federal income tax principles, and as set forth on the information return filed by the Partnership for federal income tax purposes. Net Profits and Net Losses shall not include Nonrecourse Deductions, Partner Nonrecourse Deductions or Gain From Capital Event.

“Nonrecourse Deductions” means the Partnership deductions that are characterized as “nonrecourse deductions” pursuant to the regulations promulgated under Section 704(b) of the Code.

“Partner Nonrecourse Deductions” means the Partnership deductions that are characterized as “partner nonrecourse deductions” pursuant to the regulations promulgated under Section 704(b) of the Code.

“Partners” means, collectively, the Managing General Partner, the Administrative General Partner, the Co-General Partner and the Limited Partner.

“Partnership” means the limited partnership governed by this Agreement, as such limited partnership may from time to time be reconstituted.

“Partnership Minimum Gain” shall have the meaning set forth in Section 1.704-2(b)(2) of the Regulations.

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

“Permanent Loan” means the long-term permanent loan for the Project.

“Project” means that certain affordable housing development that is anticipated to include up to approximately 401 affordable housing units to be located in the Crenshaw District of Los Angeles, California.

“Regulations” means the Income Tax Regulations, including Temporary Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

“Reserves” means any amounts reserved by the Administrative General Partner (whether from the operating revenues of the Partnership or proceeds derived from a Capital Event) for capital expenditures, working capital, provisions for taxes, future cash distributions or any other Partnership purpose.

“State” means the State of California.

“Substituted Partner” means any transferee of the Interest of a Partner who is admitted to the Partnership as a successor partner in respect of the Interest of such Partners in accordance with Article VIII hereof (Assignment of Partners Interests).

“Tax Credits” means the Tax Credits available to the Partnership pursuant to Section 42 of the Internal Revenue Code of 1986, as amended.

“Tax Matters Partner” means the Partners designated from time to time as the Tax Matters Partner.

“Withdrawing” or **“Withdrawal”** (including the verb form **“Withdraw”** and the adjectival forms **“Withdrawing”** and **“Withdrawn”**) means the occurrence of the death, adjudication of insanity or incompetence, Bankruptcy, dissolution or liquidation of such Partners, or the withdrawal, removal, expulsion or retirement from the Partnership of such Partners for any reason, including any Assignment of Partner Interest and those situations when a Managing General Partner may no longer continue as a Managing General Partner by reason of any law or pursuant to any terms of this Agreement.

Each definition or pronoun herein shall be deemed to refer to the singular, plural, masculine, feminine or neuter as the context requires. Words such as **“herein,” “hereinafter,” “hereof,” “hereto”** and **“hereunder,”** when used with reference to this Agreement, refer to this Agreement as a whole, unless the context otherwise requires.

ARTICLE II ORGANIZATION

2.1 Formation. The Partners hereby form a limited partnership (the "Partnership") pursuant to the Act. All references to "Partner" or "Partners" in this Agreement shall include the General Partners and the Limited Partner.

2.2 Name. The name of the Partnership shall be _____, which may be changed only with the consent of the Partners.

2.3 Partnership Documents. A Certificate of Limited Partnership ("Certificate") was filed with the Delaware Secretary of State as Instrument No. _____ in accordance with the Act on _____. The Administrative General Partner shall timely take all such other actions as may be deemed by it to be necessary or appropriate to (i) effectuate and permit the continuation of the Partnership as a limited partnership under the laws of the State of Delaware, and (ii) enable the Partnership to do business in the State of California, including the preparation and filing of such amendments to this Agreement and any other certificate, document or instrument as may be required under the laws of the State of California.

2.4 Principal Office. The principal office and the principal place of business of the Partnership shall be at the address designated in the Certificate filed for the Partnership. The General Partners may maintain such other offices on behalf of the Partnership as they may from time to time deem advisable. The Partnership's books and records will be made available to the Partners or their representatives at its principal office at reasonable times upon reasonable notice and for any reasonable purposes.

2.5 Resident Agent. The registered agent of the Partnership for service of process is the person designated in the Certificate filed for the Partnership, provided that the Administrative General Partner may change such registered agent to such other registered agent as they may designate, subject to compliance with the Act.

2.6 Term. The Partnership shall continue in full force and effect until [December 31, 2125] or the earlier dissolution and termination of the Partnership pursuant to Article IX hereof (Dissolution and Termination of the Partnership).

2.7 Purpose.

(a) The business and purpose of the Partnership shall be to develop, own and operate the Project.

(b) In order to carry out its business and purpose under Section 2.7(a) hereof, subject to the terms and conditions hereof, the Partnership is hereby authorized to expend such funds and execute such documents and instruments as may be required to develop, own and operate the Project.

ARTICLE III CAPITAL CONTRIBUTIONS

3.1 Contributions. The Managing General Partner shall contribute \$20.00 in cash, the Administrative General Partner shall contribute \$75.00 in cash, the Co-General Partner shall contribute \$5.00 in cash, and the Limited Partner shall contribute \$100.00 in cash. Each contribution shall be fully paid and contributed to the Partnership as of the date of this Agreement. For its contribution, each Partner shall have the following percentage interests in the Partnership (each, a "**Percentage Interest**"): the Managing General Partner shall have a

0.0020% Percentage Interest in the Partnership, as a general partner; the Administrative General Partner shall have a 0.0075% Percentage Interest in the Partnership, as a general partner, the Co-General Partner shall have a 0.0005% Percentage Interest in the Partnership, and the Limited Partner shall have a 99.99% Percentage Interest in the Partnership, as a limited partner.

3.2 Treatment of Other Advances. If any Partner shall advance funds to the Partnership (other than the amount of its Capital Contribution), then the amount of such advance shall not be considered a contribution to the capital of the Partnership, but shall be deemed to be an interest-bearing loan to the Partnership from such Partner (a “**Partner Advance**”), provided that the Limited Partner shall have the right to elect to have any advance treated as a Capital Contribution by giving written notice of such election to the Partners at the time any such advance is made.

3.3 Capital Accounts; No Interest; Withdrawal. No Partner shall have the right to demand a return of its Capital Contribution, except as otherwise provided in this Agreement. No Partner shall have priority over any other Partner, either as to return of its Capital Contribution or as to profits, losses or distributions, except as otherwise specifically provided herein. Except as specifically provided herein, the General Partners shall not be personally liable for the return of the Capital Contribution, or any portion thereof, it being expressly understood that any such return shall be made solely from assets of the Partnership. The Limited Partner shall not be required to pay to the Partnership any deficit in its Capital Account upon dissolution or otherwise, except as provided by law, with respect to third party creditors of the Partnership. No interest shall be paid on any Capital Account or Capital Contribution. No Partner shall have the right to demand or receive property other than cash for its Interest. Each of the Partners does hereby agree to, and does hereby, waive any right such Partners may otherwise have to cause any asset of the Partnership to be partitioned or to file a complaint or institute any proceeding at law or in equity seeking to have any such asset partitioned. The acquisition of an Interest shall not result in a termination of the Partnership under Section 708 of the Code.

3.4 Liability of Limited Partner. No Limited Partner shall be liable for any debts, liabilities, contracts or obligations of the Partnership, except as provided by law or as provided in any other Project development agreement or Project document.

ARTICLE IV RIGHTS, POWERS AND OBLIGATIONS OF THE GENERAL PARTNERS AND ADDITIONAL LIMITATIONS THEREON

4.1 Management Vested in General Partners. Subject to the limitations expressly provided in this Agreement and subject to Sections 4.2, 4.3 and 4.4 hereof, the General Partners shall have exclusive control over the business of the Partnership and shall have all rights, powers and authority conferred by law as necessary, advisable or consistent in connection therewith. Without limiting the generality of the foregoing, except as set forth in Sections 4.2, 4.3, and 4.4 hereof, the General Partners shall have the right, power and authority to execute any documents relating to the financing, construction, rehabilitation, operation and sale of all or any portion of the Project without the prior approval of the Limited Partner. Notwithstanding anything to the contrary set forth herein, the General Partners shall have the exclusive authority, without the prior approval of the Limited Partner, to enter into, execute and deliver letters of intent, purchase agreements, contracts for goods or services, and any other

documents necessary or desirable to finance or develop the Project on behalf of the Partnership.

4.2 Specific Roles and Responsibilities of the General Partners.

(a) Notwithstanding anything to the contrary contained herein, the Administrative General Partner shall be the lead developer of the Project and shall be responsible for the development, financing and construction of the Project, including, without limitation, (i) the selection hiring and firing of third party consultants, (ii) submission of applications to private and public debt and equity providers to further the financing of the Project, and (iii) the financial structure of the Project and the identity of debt and equity providers thereto.

(i) The General Partners shall agree on the selection of an equity investor in the Project (the "**Syndication Limited Partner**"). The Syndication Limited Partner shall be the Partnership's only limited partner, except that an affiliate of such investor may serve as an additional limited partner.

(ii) The General Partners shall agree on the selection of the general contractor for the Project ("**General Contractor**"). The General Contractor shall construct the Project pursuant to a construction contract in form to be negotiated by Administrative General Partner ("**Construction Contract**"). .

(iii) The General Partners shall agree on the selection of the architect for the Project ("**Architect**"). The Architect shall design the Project pursuant to an architect's agreement in form to be negotiated by Administrative General Partner ("**Architect's Agreement**"). Notwithstanding the foregoing, the General Partners hereby approve the selection of Belzberg Architects and SVA Architects as the Project's architects.

(iv) The General Partners shall agree on the selection of the property manager for the Project ("**Property Manager**"). The Property Manager shall manage the Project pursuant to a property management agreement in form to be negotiated by Administrative General Partner and such form and any amendments must be reasonably approved by General Partners ("**Property Management Agreement**"). Any fee payable to the Property Manager pursuant to the Property Management Agreement will be commensurate with industry standards. Notwithstanding the foregoing, General Partners hereby conditionally approve the selection of Richman Property Services, Inc. as property manager in accordance with the terms of the Property Management Agreement. The Property Management Agreement shall provide that upon an event of default by Property Manager, subject to a reasonable cure period, the Partnership shall have the right to terminate and replace the Property Manager.

(v) The Administrative General Partner shall be primarily responsible for (i) the development and construction budgets for the Project, (ii) the development and construction schedule for the Project, and (iii) the management and leasing plan for the Project, each of which shall be provided to the Managing General Partner for review and approval, such approval not to be unreasonably withheld, conditioned or delayed, prior to Administrative General Partner finalizing such documents. The Administrative General Partner shall also be responsible for proposing each subsequent annual operating budget, subject to the review and approval of the Managing General Partner. The Administrative General Partner shall confer with the other General Partners with respect to any proposed rent increases contemplated for the

Project, provided that any rent increase must be in compliance with any covenants or any local, state, and federal laws respecting the Project .

(b) The Administrative General Partner shall be responsible for the management and supervision of the construction of the Project. During the construction of the Project, the Administrative General Partner shall send to the Managing General Partner copies of each draw request, change order, and inspection report and shall provide the Managing General Partner periodic progress reports, as reasonably requested by the Managing General Partner, regarding the status of the construction of the Project. The Managing General Partner, if it so chooses, may have a representative at each construction draw meeting and other Project development meetings but recognizes that the Administrative General Partner has the primary role of management of the construction of the Project.

(c) The Managing General Partner and the Co-General Partner shall use commercially reasonable efforts to assist the Administrative General Partner in matters relating to the Project that involve city, county and community relations and in matters relating to the marketing and leasing of the units in the Project to prospective tenants in accordance with HUD regulations to the extent applicable.

(d) Notwithstanding anything to the contrary contained herein, to the extent the Administrative General Partner or its affiliates are providing the guaranties with respect to the Project, in the event of a disagreement among the Partners as to the selection of the General Contractor, Architect, Property Manager, Syndication Limited Partner or other development team member for the Project, the Administrative General Partner shall first convene a meeting of the General Partners to discuss and review the issues surrounding such selection and shall cooperate in good faith to resolve any disagreements among the General Partners with respect to such selection in a manner acceptable to all General Partners; provided however, notwithstanding the foregoing, in the event any disagreement persists, the decision of the Administrative General Partner shall control provided that any development team member selected by the Administrative General Partner has not less than 5 years of experience with respect to the development or operation, as applicable, to the role of the development team member, of housing facilities of the size, quality and scope of the Project.

4.3 Duties of the Managing General Partner. The Managing General Partner shall provide regular, continuous and substantial services to the Partnership and shall be the “managing general partner” of the Partnership, as such term is used in Section 214(g) of the California Revenue and Taxation Code, as amended, which provides for the welfare exemption (the “**Property Tax Exemption**”) and as further defined in the rules and regulations of the BOE (the “**Property Tax Rules**”), specifically, BOE Property Tax Rule 140.1(a)(6). Except as otherwise set forth in this Agreement, the Managing General Partner, within the authority granted to it under this Agreement, shall have material participation in the control, management and direction of the Partnership’s business, and shall manage and control the affairs of the Partnership to the best of its ability and use its best efforts to carry out the purpose of the Partnership. In so doing, the Managing General Partner shall take all actions necessary or appropriate to obtain and maintain the Property Tax Exemption for the Project during the life of the Partnership. Any savings to the Partnership and the Project attributable to the Property Tax Exemption shall be used in accordance with Section 214 of the California Revenue and Taxation Code, as amended and this Agreement as provided in Section 4.3 (f) below.

(a) Notwithstanding anything to the contrary contained herein, the Managing General Partner shall undertake the following substantial management duties (“**Substantial Management Duties**”) on behalf of the Partnership:

(i) Rent, maintain and repair the Project, or if such duties are delegated to a property management agent, participate in the hiring and overseeing the work of such agent;

(ii) Participate in hiring and overseeing the work of all persons necessary to provide services for the management and operation of the Partnership’s business;

(iii) Execute all contracts executed by the Partnership and consult with the Administrative General Partner as necessary for the Partnership’s enforcement of all contracts;

(iv) Monitor compliance with all government regulations and file or supervise the filing of all required documents with governmental agencies related to the Project; and

(v) Together with the Administrative General Partner, execute and deliver all Partnership documents on behalf of the Partnership.

(vi) Ensure that the Co-General Partner or its Affiliate provides charitable services or benefits, such as educational programs, cultural activities, family counseling, transportation, meals, and linkages and health and/or social services are provided or information regarding charitable services or benefits are made available to the tenants of the Project in accordance with the separate agreement to be signed with respect to the Social Services Fee.

(b) The Managing General Partner shall maintain records and documents evidencing the duties performed by the Managing General Partner (“**Management Documents**”). Such records and documents may include, but are not limited to:

- (i) accounting books and records;
- (ii) tax returns;
- (iii) budgets and financial reports;
- (iv) reports required by Lenders;
- (v) documents related to the construction or rehabilitation of the Project;
- (vi) legal documents such as contracts, deeds, notes, leases, and deeds of trust;
- (vii) documents related to complying with government regulations and filings;
- (viii) documents related to Project inspections;

(ix) documents related to charitable services or benefits provided or the information provided regarding such services or benefits;

(x) reports prepared for the Partners;

(xi) bank account records;

(xii) audited annual financial statement of the Partnership; and

(xiii) the Property Management Agreement.

To the extent that any such Management Documents are not within the control or possession of the Managing General Partner, the Administrative General Partner and Limited Partner agree to provide or cause to be provided copies of such documents to the Managing General Partner upon written request from the Managing General Partner. The Administrative General Partner and Limited Partner shall have the right upon five (5) business days' notice, during reasonable business hours, to inspect all records and documents maintained by the Managing General Partner.

(c) In the event this Agreement provides for an action requiring a unanimous vote of both Administrative General Partner and Managing General Partner ("**Major Decision**"), the party requesting a Major Decision shall give the Administrative General Partner and Managing General Partner, as applicable, written notice of any Major Decision and the recipient of the notice shall provide its approval or disapproval of the Major Decision within fourteen (14) days after receipt of such notice, provided however, that the failure to respond within fourteen (14) days shall not be deemed approval of a Major Decision, and provided further that, if approval of a Major Decision by the Managing General Partner requires the consideration and approval of the Board of Directors of the Managing General Partner, then the period for the approval of such Major Decision by the Managing General Partner shall be forty-five (45) days.

(d) The Managing General Partner shall annually conduct a physical inspection of the Project to ensure that the Project is being used as low-income housing and meets all of the requirements applicable to the Property Tax Exemption provided for under the Property Tax Rules.

(e) The Managing General Partner shall submit on an annual basis a certification to the County Assessor for Los Angeles County, certifying that the Project meets all of the requirements set forth in Property Tax Rule 140.

(f) Any savings to the Partnership and to the Project attributable to the Property Tax Exemption shall be used to maintain the affordability of the units occupied by lower income individuals or otherwise passed on to the low-income tenants at the Project in accordance with all applicable provisions of the Property Tax Exemption and the Property Tax Rules. The parties acknowledge that the savings contemplated by the Property Tax Exemption are necessary in order for the Partnership to meet its debt underwriting and financing assumptions. The parties further acknowledge that the Partnership would not undertake to develop the Project and would not be able to provide the affordable housing created by the Project unless the savings contemplated by the Property Tax Exemption were available to help underwrite the Project financing.

(g) The Managing General Partner hereby appoints the Administrative General Partner to perform certain day to day administrative activities of the general partner, excluding any Substantial Management Duties, in connection with the administrative affairs of the Partnership (the “**Administrative Services**”) and Administrative General Partner hereby accepts such appointment. Managing General Partner’s decision to delegate the Administrative Services shall be considered and shall constitute the exercise of Managing General Partner’s authority as managing general partner. Managing General Partner shall, in the exercise of its authority, monitor and review closely Administrative General Partner’s activities to see that the Administrative Services are carried out appropriately. Notwithstanding anything contained herein, Managing General Partner shall continue to act as managing general partner of the Partnership. Administrative General Partner accepts the delegation of powers and duties as described in this Agreement and agrees to perform the Administrative Services in a timely and efficient manner and as contemplated in this Agreement. Notwithstanding anything to the contrary within this Agreement, subject to Section 5.10 below, the Managing General Partner may at any time revoke any delegated Administrative Services from the Administrative General Partner to the extent it reasonably determines that such revocation necessary in order to obtain and maintain the Property Tax Exemption for the Project.

(h) Notwithstanding anything contained in this Agreement to the contrary, the Managing General Partner may delegate its Substantial Management Duties only in the event that such a delegation is to persons who, under its supervision, perform such duties for the Partnership and only as allowed under the Property Tax Rules. If the Managing General Partner elects to delegate one or more of its Substantial Management Duties, then the Managing General Partner shall maintain appropriate records to demonstrate that it is actually supervising the performance of the delegated duties. Subject to the Property Tax Rules and the provisions of this Agreement, the Managing General Partner shall delegate to the Administrative General Partner the duties set forth in Section 4.03(a)(i), (ii), (iii) and (iv), and 4.3(b) of this Agreement (the “Delegated Duties”); provided, however, in performing such Delegated Duties for the Partnership, the Administrative General Partner shall take commercially reasonable efforts to provide the Managing General Partner such information and documentation requested by the Managing General Partner to provide input on, and oversee the performance of, the Delegated Duties. Notwithstanding anything to the contrary within this Agreement, subject to Section 5.10 below, the Managing General Partner may at any time revoke any Delegated Duties from the Administrative General Partner to the extent it reasonably determines that such revocation necessary in order to obtain and maintain the Property Tax Exemption for the Project.

4.4 Restrictions on Authority. In addition to those acts and decisions set forth elsewhere in this Agreement, the Parties hereby agree that the General Partners not take any action, expend any sum, or incur any obligation with respect to the following matters unless and until the same has been approved by the Limited Partner:

- (a) Acquisition of any asset unrelated to the Partnership purpose;
- (b) Sale, exchange, assignment, financing, refinancing or mortgaging of all or a substantial part of any Partnership asset (other than credit extended to the Partnership by usual trade creditors in the ordinary course of Partnership business);
- (c) Lending any funds or extending credit, or causing the Partnership to become a guarantor or surety for any purpose;

- (d) The release, assignment or transfer of any Partnership claim, security interest, or all or any part of any other asset of the Partnership;
- (e) Confessing a judgment against the Partnership;
- (f) The filing of bankruptcy by the Partnership; and
- (g) The execution or delivery of any assignment of all or substantially all of the Partnership's assets for the benefit of the Partnership's creditors.

4.5 Duties of the Co-General Partner. The Co-General Partner or its Affiliate shall provide charitable services or benefits, such as educational programs, cultural activities, family counseling, transportation, meals, and linkages and health and/or social services or information regarding charitable services or benefits to the tenants of the Project in accordance with the Social Services Agreement (as defined below).

ARTICLE V PARTNERSHIP REPRESENTATIVE AND LIMITATIONS ON RIGHTS AND POWERS OF GENERAL PARTNERS

5.1 Partnership Representative. The Administrative General Partner shall be the **"Partnership Representative"** pursuant to the Code and in connection with any audit of the Federal income tax returns of the Partnership. If the Partnership Representative shall, determine to litigate any administrative determination relating to Federal or State income tax matters, it shall litigate such matter in such court as the Partnership Representative shall decide. Notwithstanding anything to the contrary within this Agreement, the Partnership Representative shall obtain the agreement of the Managing General Partner prior to initiating any litigation with respect to the Property, provided that such agreement shall not be unreasonably withheld. Notwithstanding anything to the contrary within this Agreement, the Partnership Representative shall obtain the agreement of the Managing General Partner prior to entering into any litigation with respect to the Property, provided that such agreement shall not be unreasonably withheld and provided further that during any time that there are Guaranties outstanding from an affiliate of the Administrative General Partner and the Partnership Representative and the Managing General Partner cannot reach agreement regarding such litigation, and the underlying facts or claims presented by such litigation could impact liability with respect to the Guaranties, then the Partnership Representative have the final decision with regard to entering such litigation.

5.2 Activities of Partners. The Partners and their respective Affiliates may engage or invest in any activity, including without limitation those that are in direct or indirect competition with the Partnership. Neither the Partnership nor any Partner shall have any right in or to such other activities or to the income or proceeds derived therefrom. No Partner shall be obligated to present any investment opportunity to the Partnership, even if the opportunity is of the character that, if presented to the Partnership, could be taken by the Partnership. Each Partner shall have the right to hold any investment opportunity for his, her or its own account or to recommend such opportunity to persons other than the Partnership. The Partners acknowledge that the Partners and their Affiliates own and/or manage other businesses, including businesses that may compete with the Partnership and/or Partners' time. Each Partner hereby waives any and all rights and claims which he, she or it may otherwise have against the other Partners and their Affiliates as a result of any of such activities.

5.3 Indemnification. The Partnership does hereby indemnify, defend, protect and agree to hold the General Partners wholly harmless from and against any loss, cost, damage, liability, claim, suit, action, cause of action, fine, penalty or expense, including, without limitation, reasonable attorneys' fees, suffered by the General Partners by reason of anything which the General Partners may do or refrain from doing hereafter for or on behalf of the Partnership and in furtherance of its interest; provided, however, that the Partnership shall not be required to indemnify the General Partners from any loss, expense or damage which the General Partners may suffer as a result of its failure to perform their duties hereunder in good faith with due diligence or in taking any action beyond the authority of the General Partners.

5.4 Liability of Each Partner to Other Partners. No Partner shall have any liability or obligation to the other Partners or the Partnership for any decision made or action taken in connection with the discharge of his duties hereunder or when otherwise acting on behalf of the Partnership if such decision or action is made or taken in good faith and was authorized in accordance herewith, irrespective of whether the same may be reasonably prudent or whether bad judgment was exercised in connection therewith. Notwithstanding the foregoing, each Partner shall indemnify and save harmless the Partnership and the other Partners from and against any claim, loss, expense, liability, action or damage, including, without limitation, reasonable costs and expenses of litigation and appeal (and the reasonable fees and expenses of counsel) due to or arising out of its fraud, bad faith, or gross negligence.

5.5 Transactions between the Partnership and the Partners. Notwithstanding that it may constitute a conflict of interest, the Partners and their respective Affiliates may engage in any transaction with the Partnership so long as (1) such transactions do not violate California, Delaware, or federal laws or regulations and (2) all required consents have been obtained and either (a) such transactions, on an overall basis, are fair and reasonable to the Partnership and are at least as favorable to the Partnership as those that are generally available from persons capable of similarly performing them or (b) if a Partner holding a majority of the Percentage Interests held by the Partners having no interest in such transaction (other than their interests as Partners) approves the transaction in writing.

5.6 Liability of Managing General Partner. Notwithstanding anything herein to the contrary, none of the officers, employees, directors, commissioners, agents or affiliates of the Managing General Partner shall have any personal liability to any of the parties to this Partnership Agreement with regard to representations or covenants extended, or obligations undertaken by the Managing General Partner under this Agreement, except to the extent that the circumstances giving rise to the Managing General Partner's liability are attributable to any act of the Managing General Partner that was willful, intentional, fraudulent, grossly negligent, criminal or involved the misappropriation of Partnership funds by the Managing General Partner. If the Managing General Partner shall be in default under any of the terms of this Partnership Agreement, the sole recourse of any party hereto for any indebtedness or claim for funds due hereunder, or for any damages resulting from any such default or claim by the Managing General Partner, shall be against the Partnership Interest of the Managing General Partner except to the extent that the circumstances giving rise to the Managing General Partner's liability are attributable to any act of the Managing General Partner that was willful, intentional, fraudulent, grossly negligent, criminal or involved the misappropriation of Partnership funds by the Managing General Partner.

5.7 Liability of Co- General Partner. Notwithstanding anything herein to the contrary, none of the officers, employees, directors, agents or affiliates of the Co- General Partner shall have any personal liability to any of the parties to this Partnership Agreement with regard to

representations or covenants extended, or obligations undertaken by the Co- General Partner under this Agreement, except to the extent that the circumstances giving rise to the Co- General Partner's liability are attributable to any act of the Co- General Partner that was willful, intentional, fraudulent, grossly negligent, criminal or involved the misappropriation of Partnership funds by the Co- General Partner. If the Co- General Partner shall be in default under any of the terms of this Partnership Agreement, the sole recourse of any party hereto for any indebtedness or claim for funds due hereunder, or for any damages resulting from any such default or claim by the Co- General Partner, shall be against the Partnership Interest of the Co- General Partner except to the extent that the circumstances giving rise to the Co- General Partner's liability are attributable to any act of the Co- General Partner that was willful, intentional, fraudulent, grossly negligent, criminal or involved the misappropriation of Partnership funds by the Co- General Partner.

5.8 Indemnification of Managing General Partner and Co-General Partner. The Administrative General Partner hereby agrees to indemnify each of the Managing General Partner and Co-General Partner from and against all claims, damages and costs of any kind incurred in connection with the Administrative Partner's obligations under this Partnership Agreement; provided, however, the foregoing indemnity shall not apply to any claims, damages and costs incurred by the Managing General Partner or Co-General Partner, as applicable, as a result of its fraud, gross negligence, willful misconduct or a breach of fiduciary duty, nor shall the Managing General Partner or Co-General Partner be indemnified to the extent that the same resulted from a breach of the Managing General Partner's or Co-General Partner's obligations under this Agreement. This indemnification shall be made solely from the assets of the Administrative General Partner, and no Affiliates of the Administrative General Partner shall be personally liable therefor. The indemnification rights contained in this Section 5.9 shall be limited to direct out-of-pocket loss or expenses including reasonable legal expenses, and shall not include indirect loss or expense such as administrative or overhead expenses of the Managing General Partner or Co-General Partner, as applicable or foregone opportunity costs.

5.9 Liability of Administrative General Partner. Notwithstanding anything herein to the contrary, none of the officers, employees, directors, agents or affiliates of the Administrative General Partner shall have any personal liability to any of the parties to this Partnership Agreement with regard to representations or covenants extended, or obligations undertaken by the Administrative General Partner under this Agreement, except to the extent that the circumstances giving rise to the Administrative General Partner's liability are attributable to any act of the Administrative General Partner that was willful, intentional, fraudulent, grossly negligent, criminal or involved the misappropriation of Partnership funds by the Administrative General Partner. If the Administrative General Partner shall be in default under any of the terms of this Partnership Agreement, the sole recourse of any party hereto for any indebtedness or claim for funds due hereunder, or for any damages resulting from any such default or claim by the Administrative General Partner, shall be against the Partnership Interest of the Administrative General Partner except to the extent that the circumstances giving rise to the Administrative General Partner's liability are attributable to any act of the Administrative General Partner that was willful, intentional, fraudulent, grossly negligent, criminal or involved the misappropriation of Partnership funds by the Administrative General Partner.

5.10 Final Decision-Making Authority in Certain Events. The Partners agree that if at any time prior to the repayment in full of any secured financing against the Project for which there are Guaranties, the Partners are required by this Agreement to reach agreement and, after devoting good faith efforts to reach agreement, are unable to agree on any action to be taken or omitted, which if taken or omitted, as the case may be, would result in a call upon such

Guaranties, or impede construction of the Project, then the Partners agree that the Administrative General Partner shall have the final decision in the resolution of a dispute.

**ARTICLE VI
ACCOUNTING, REPORTS, BOOKS,
BANK ACCOUNTS AND FISCAL YEAR**

6.1 Bank Accounts. The bank accounts of the Partnership shall be maintained in such banking institutions as the Administrative General Partner shall determine.

6.2 Books of Account; Fiscal Year. Books of account, in which shall be entered, fully and accurately, each and every transaction of the Partnership, shall be kept or caused to be kept by the Administrative General Partner. The books shall be kept on an accrual basis of accounting, and the fiscal year of the Partnership shall be the Fiscal Year. All of the Partnership's books of account, together with an executed copy of this Agreement and copies of such other instruments as the Administrative General Partner may execute hereunder, including amendments thereto, shall at all times be kept at the office of the Administrative General Partner and shall be available at such location at the principal office of the Partnership during normal business hours for inspection by any Partners or its duly authorized representative or, at the expense of any Partners, for audit by such Partners or its duly authorized representative.

6.3 Reports. The Administrative General Partner shall send to the Partners such tax information as shall be necessary for inclusion by the Partners in their Federal income tax returns and required state income tax and other tax returns. The Administrative General Partner shall send this information within sixty (60) days after the end of each Fiscal Year.

6.4 Tax Returns and Tax Treatment. The Administrative General Partner shall, for each Fiscal Year, file on behalf of the Partnership a United States Partnership Return of Income within the time prescribed by law for such filing. The Administrative General Partner shall also file on behalf of the Partnership such other tax returns and other documents from time to time as may be required by the Federal government or by any state or any subdivision thereof. All tax returns shall be prepared by the Partnership's accountants. The Administrative General Partner shall send a copy of Schedule K-1, or any successor or replacement form thereof, and all tax returns to each Partner within sixty (60) days after the expiration of each Fiscal Year.

6.5 Partnership Expense. The costs of the reports, accounting and returns as required in this Article VI shall be expenses of the Partnership.

**ARTICLE VII
PROFITS AND LOSSES; DISTRIBUTIONS; FEES**

7.1 Profits and Losses.

(a) Allocation of Net Profits and Net Losses. Net Profits and Net Losses for each Fiscal Year of the Partnership shall be allocated 0.0075% to the Administrative General Partner, 0.0020% to the Managing General Partner, 0.0005% to Co-General Partner, and 99.99% to the Limited Partner.

(b) Allocation of Gain From Capital Event. Gain From Capital Event for each Fiscal Year of the Partnership shall be allocated 0.0075% to the Administrative General Partner,

0.0020% to the Managing General Partner, 0.0005% to Co-General Partner, and 99.99% to the Limited Partner.

(c) Nonrecourse Deductions. Nonrecourse Deductions for each Fiscal Year of the Partnership shall be allocated in accordance with applicable law.

(d) Partner Nonrecourse Deductions. Partner Nonrecourse Deductions for each Fiscal Year of the Partnership shall be allocated among the Partners as required in Regulations promulgated under Section 704(b) of the Code.

(e) Tax Credits. Tax Credits for each Fiscal Year of the Partnership shall be allocated 0.0075% to the Administrative General Partner, 0.0020% to the Managing General Partner, 0.0005% to Co-General Partner, and 99.99% to the Limited Partner.

(f) Reallocation. If permitted by applicable law, the above allocation of tax incidents shall be reallocated to permit the use of all losses and tax credits by Administrative General Partner.

All Partners acknowledge that their percentage interest in the tax incidents in the Partnership may be decreased in connection with the admission of a new limited partner in relation to the syndication of Tax Credits.

7.2 Distributions and Payments. Cash From Operations and Cash From Capital Events for the preceding fiscal year of the Partnership shall be distributed by the Administrative General Partner and paid 0.0075% to the Administrative General Partner, 0.0020% to the Managing General Partner, 0.0005% to Co-General Partner, and 99.99% to the Limited Partner. All partners acknowledge that their percentage interest in the Partnership's cash from operations and cash from capital transactions may be reduced in connection with the admission of a new limited partner in relation to the syndication of tax credits.

In the event the Administrative General Partner or its affiliate (whether one or more, the "**Guarantor**") is required to (a) make payments under any guaranty or tax credit adjuster, (b) fund cost overruns, (c) make payments under any operating deficit or tax credit compliance guaranties, or (d) fund operating deficits (the "Priority Funding Obligations"), the parties agree to fund the Priority Funding Obligations from all available net cash flow, funds that otherwise would be used to pay developer fees, or other resources that may be available as a source with respect to the Project prior to any funding by a Guarantor, as applicable. For the avoidance of doubt, so long as any Priority Funding Obligations have not been fully reimbursed (including interest at the rate of seven percent (7%) per annum from the date advanced until the date repaid), all available net cash flow must be paid to the party or parties who have funded the Priority Funding Obligations as a priority distribution until such parties are fully reimbursed prior to any Partner receiving its share of any fees or profits from the Partnership.

The sample waterfalls provided below are for illustrative purposes only. All parties understanding that the final waterfalls will be set forth in the amended and restated limited partnership agreement executed in connection with the construction financing for the Project, and that adjustments may be required depending on the financing sources, and following review by the lenders, the Equity Investor, and the Partnership's tax counsel, provided that, notwithstanding the foregoing, the net cash flow and the net proceeds from sale or refinancing of the Project distributed to the Managing General Partner in the seventh and sixth tiers below, respectively shall both remain equal to or greater than 20%.

Partnership Distribution of Cash Flow. Net cash flow generated by the Project after the payment of all operating expenses (including payment of the management fee to the property manager) and debt service shall be distributed by the Partnership to its respective partners as follows:

- (a) First, to the payment of any amounts owed to the equity investor for tax credit adjusters or the repayment of advances by the Equity Investor to the Partnership;
- (b) Second, to the payment of an asset management fee to the Equity Investor;
- (c) Third, to replenish any Reserves for the Project;
- (d) Fourth, to the repayment of Priority Funding Obligations, including interest due thereon;
- (e) Fifth, to the payment of any accrued and unpaid Partnership Administration Fee to the General Partners (which shall be paid 20% to the Managing General Partner, 75% to the Administrative General Partner, and 5% to the Co-General Partner);
- (f) Sixth, to the Developer payment of any accrued and unpaid Development Fee;
- (g) Seventh, the balance shall then be allocated and distributed 90% to the General Partners (which shall be paid 20% to the Managing General Partner, 75% to the Administrative General Partner, and 5% to the Co-General Partner), and 10% to the Limited Partner.

Partnership Distribution of Sale and Refinancing Proceeds. The net proceeds from the sale or refinancing of the Project shall be distributed by the Partnership to its respective partners as follows:

- (a) First, to the payment of any amounts owed to the equity investor for tax credit adjusters or the repayment of advances by the Equity Investor to the Partnership;
- (b) Second, to the payment of any accrued but unpaid asset management fee to the Equity Investor;
- (c) Third, to the repayment of Priority Funding Obligations, including interest due thereon;
- (d) Fourth, to the payment of any accrued but unpaid Partnership Administration Fee to the Managing General Partner and Administrative General Partner;
- (e) Fifth, to the Developer payment of any outstanding Development Fee;
- (f) Sixth, the balance shall then be allocated and distributed 90% to the General Partners (which shall be paid 20% to the Managing General Partner, 75% to the Administrative General Partner, and 5% to the Co-General Partner), and 10% to the Limited Partner.

7.3 Financial Participation.

(a) Development Fee. Affiliates of the Partners shall receive a development fee in connection with the development of the Project (the "**Development Fee**"), which shall be split 75% to the Administrative General Partner's designated affiliate, 20% to the Managing General Partner or its designated affiliate, and 5% to the Co-General Partner or its designated affiliate, and shall be evidenced by a separate agreement between the Partnership and the Developer. The amount and timing of the installment payments of the Development Fee shall be negotiated between the Administrative General Partner and the Syndication Limited Partner (and permitted by the lenders to the Project); provided however, in no event shall the amount of the Development Fee exceed the amount permitted by local, state or federal agencies with jurisdiction over the Project.

(b) Guaranties. The Administrative General Partner and its Affiliates and/or principals shall provide all guaranties relating to development, operation and maintenance of the Project, including, without limitation, those regarding all obligations of the General Partners, including, without limitation: (i) completion of construction of the Project by a date certain; (ii) funding any development deficit resulting from construction cost overruns, including operating deficits prior to the funding of the Permanent Loan; (iii) funding any operating deficits occurring after the funding of the permanent financing for the Project (iv) funding any replacement reserves, (v) funding any failure to deliver projected tax credits at all or on a timely basis and any other economic benefit as required by the Syndication Limited Partner, including obligations resulting from any tax credit adjusters (causing a reduction in the capital contributions of the Syndication Limited Partner) due to the Partnership's failure to deliver tax credits as required by the Syndication Limited Partner in the Partnership Agreement or ancillary document thereto, including any such adjustment due to a delay in the senior housing projected lease up of Project units and any recapture of tax credits (collectively, the "**Guaranties**"). The Managing General Partner and the Co-General Partner shall have no obligation to provide any guaranties related to the Project, the Partnership or the performance by the General Partners, the Limited Partner or the Syndication Limited Partner of their obligations. In no event will Guarantor be required to guarantee any items or indemnify for any items over which the Administrative General Partner does not have final decision-making authority under this Agreement or duties approved as delegated to Administrative General Partner by Managing General Partner.

(c) Property Management. Prior to the date the Project is placed in service, the Partnership shall retain Richman Property Services, Inc., an Affiliate of the Administrative General Partner, as the Property Manager or another Property Manager acceptable to the Partners to manage the Project. Subject to approval by the Syndication Limited Partner and the lenders to the Project, the property manager shall be paid a management fee between six percent (6%) and seven percent (7%) of effective gross income of the Project, but in no event in excess of the maximum management fee permitted by HUD (the "**Property Management Fee**"). In addition, subject to approval by the Syndication Limited Partner and the lenders to the Project, the Co-General Partner will receive a one-time leasing fee equal to One Hundred Fifty Thousand Dollars (\$150,000). If the Syndication Limited Partner requires that all or any portion of the Property Management Fee be paid from available cash flow and there is insufficient cash flow to pay all or any portion of the Property Management Fee in any year, such unpaid amount shall accrue and be paid, to the extent of available cash flow, in the immediately subsequent year(s). If the Property Manager fails to satisfactorily provides property management services, or at any point is unable to do so, then upon notice from Managing General Partner and subject to a reasonable cure period, than Managing General Partner shall be authorized to replace Property Manager.

(d) Community Coordination Fee. The Co-General Partner shall receive a fee to provide for community coordination services for the Project (the "Community Coordination Fee"), which fee shall be paid in monthly amounts of \$5,700 upon presentation of an invoice to the Administrative General Partner. The Partners acknowledge and agree that the Community Coordination Fee commenced on the execution of that certain Exclusive Negotiating Agreement and Planning Document Expo/Crenshaw Joint Development Dated as of October 15, 2018 by and among the County of Los Angeles, and the Los Angeles County Metropolitan Transportation Authority, and WIP-A, LLC (the "Community Coordination Fee Start Date"), and that the Community Coordination Fee shall end upon the earlier of the receipt by the Partnership of a final certificate of occupancy for the first structure to be constructed as part of the Project or the date that is thirty-six (36) months after the date of the execution of the Agreement (the "Community Coordination Fee End Date"). The Administrative General Partner has paid the Community Coordination Fee since the Community Coordination Fee Start Date and shall be solely responsible for paying the Community Coordination Fee on behalf of the Partnership until the Community Coordination Fee End Date. The amount of the Community Coordination Fee paid by the Administrative General Partner up until the construction financing closing for the first building in the Project (the "Construction Closing") shall be invoiced by the Administrative General Partner to the Partnership and shall be paid by the Partnership to the Administrative General Partner at the Constuction Closing along with simple interest on the Community Coordination Fee amounts so paid by the Administrative General Partner at the rate of seven percent (7%) per annum. After the Construction Closing and until the Community Coordination Fee End Date, the Community Coordination Fee shall be paid to the Co-General Partner by the Administrative General Partner, and shall be reimbursed to the Administrative General Partner through a draw of construction loan funds. The Managing General Partner shall have no responsibility or obligation to fund or pay any portion of the Community Coordination Fee at any time. The Administrative General Partner and the Managing General Partner shall agree to work with the person(s) employed by the Co-General Partner to perform the community coordination services in connection with the Project and participate in all other predevelopment and construction management activities.

(e) Partnership Administration Fee. Subject to the approval of the Syndication Limited Partner and the lenders to the Project, beginning with the period for which the Syndication Limited Partner is to be paid an asset management or similar fee, the General Partners shall receive a partnership administration fee in an amount equal to \$50,000 per year (the "**Partnership Administration Fee**"), adjusted annually by the greater of (i) the Consumer Price Index for Los Angeles, and (ii) 3% per annum. The Partnership Administration Fee, as adjusted, shall be paid 2% to the Co-General Partner, 60% to the Managing General Partner, and 38% to the Administrative General Partner, pro rata, from the Project's cash flow in accordance with Section 7.2 hereof; provided, however, that if there is insufficient cash flow to pay all or any portion of the Partnership Administration Fee in any year, such unpaid amount shall accrue and be paid (without interest), to the extent of available cash flow, in the immediately subsequent year(s).

(f) Social Services Fee. Co-General Partner or its Affiliate shall receive a fee for providing certain social services to the Project in the anticipated amount of \$120,000 (the "**Base Line Fee**") adjusted annually by the greater of (i) the Consumer Price Index for Los Angeles, and (ii) 3% per annum (the "**Fee Increase**"), which shall be evidenced by a separate agreement between the Partnership and Co-General Partner in a form substantially similar to that attached hereto as Exhibit "A" (the "**Social Services Agreement**"); provided, however, that in any one year if there is projected to be insufficient cashflow to allow for a Fee Increase the Partership can elect to not institute a Fee Increase that year. will be contingent on availability of cashflow and .

(g) Rental Assistance. The Partnership shall pursue all potential sources for operating subsidy, including but not limited to project based Section 8 vouchers, Rental Assistance Demonstration vouchers, County funding for services, and other federal, state or local competitively bid or formula allocated programs for which the Project is eligible in order to provide deeply affordable units at thirty (30) and fifty (50) percent Area Median Income or below. Both the Managing General Partner and Administrative General Partner will share responsibility for identifying and pursuing available funding.

(h) Other Financial Assistance. The Partnership shall apply for additional sources of construction and permanent financing (“**Gap Financing**”) sufficient to provide for all of the remaining residential units in the Project, with the exception of managers’ units, to be subjected to a regulatory agreement restricting them for a period of fifty-five (55) years to occupancy by families with incomes of up to one hundred twenty percent (120%) of the median income for Los Angeles County (“**AMI**”), adjusted for family size, and subject to the provisions for increases in income provided at 26 U.S.C. § 42. All units in the Project are anticipated to be restricted by a regulatory agreement to some level of affordability(the “**Affordability Restrictions**”).

(i) Disposition of the Project. At the end of the 15-year tax credit compliance period, Administrative General Partner or its Affiliate and Managing General Partner or its Affiliate, jointly, shall have an option to purchase (i) the Project, or (ii) the entire interest of the Syndication Limited Partner in the Partnership, upon customary terms to be negotiated among the General Partners and the Syndication Limited Partner at the closing of the construction loan (the “Option”). If either Managing General Partner or Administrative General Partner desires to leave the Partnership or not participate in the Option at the end of the tax credit compliance period, then the participating Partner shall have a first right of refusal to purchase the exiting Partner’s interest in the Project and shall have the sole right to exercise the Option.

(j) Repurchase. In the event: (1) the Managing General Partner breaches the terms hereof causing a material adverse effect on the Partnership; (2) the Managing General Partner ceases to qualify for the BOE Exemption; (3) the Managing General Partner’s Code § 501(c)(3) status is revoked by any governmental authority or Managing General Partner conducts its business in a manner which may endanger its Code § 501(c)(3) status; (4) Managing General Partner refuses to sign any document or agreement which Administrative General Partner deems necessary to close all sources of equity and debt financing, provided that such document or agreement conforms to the provisions of this Agreement and allowances for reasonable approval, or (5) the Partnership is not awarded Rental Assistance or Gap Financing as set forth in Section 7.3(f) and 7.3(g) above sufficient to otherwise cause the Project to feasibly be constructed as an affordable housing project with Affordability Restrictions by the date that is thirty-six (36) months after the execution of the Agreement, then Administrative General Partner shall repurchase and Managing General Partner shall transfer Managing General Partner’s entire interest in the Partnership to Administrative General Partner, all for Twenty Dollars (\$20.00) of consideration (the “Repurchase Price”); provided however, in the event a repurchase occurs as a result of subsection (5) above, if Managing General Partner has expended more than \$10,000 in out of pocket expenses and such expenses have been reasonably approved by the Administrative General Partner, the Repurchase Price shall equal the actual out of pocket cost paid by the Managing General Partner in connection with any consultant contracts or work product generated by Managing General Partner at the direction of and for the benefit of the Partnership. Such costs shall be documented and provided to Administrative General Partner in the form of receipts, contracts or other reasonable evidence for prompt payment. Administrative General Partner is hereby granted a power of attorney to act in the name, place, and stead of Managing General

Partner to execute and deliver any and all documents and agreements to accomplish such repurchase. This power of attorney shall be irrevocable, being coupled with an interest.

ARTICLE VIII ASSIGNMENT OF PARTNERS' INTERESTS

8.1 Assignment of Partners' Interests.

(a) Assignment of Limited Partner Interest. Subject to Section 4.2(a)(i) above, no Limited Partner shall have the right to assign all or any part of its Interest in the Partnership without the prior written consent of the other General Partners.

(b) Assignment of Managing General Partner Interest. No Managing General Partner shall have the right to assign all or any part of its Interest in the Partnership without the prior written consent of the Limited Partner and the Administrative General Partner which consent shall not unreasonably be withheld, conditioned or delayed.

(c) Assignment of Co-General Partner Interest. No Co-General Partner shall have the right to assign all or any part of its Interest in the Partnership without the prior written consent of the Limited Partner and the Administrative General Partner which consent shall not unreasonably be withheld, conditioned or delayed.

(d) Assignment of Administrative General Partner Interest. No Administrative General Partner shall have the right to assign all or any part of its Interest in the Partnership to an unaffiliated third party without the prior written consent of the Limited Partner and the other General Partners.

8.2 Assignees.

(a) Requirements for Permitted Assignments. No assignment of an Interest under Section 8.1 (whether or not the assignee becomes a Substituted Partner as provided in Section 8.3 below) shall be effective unless (in addition to satisfaction of the requirements set forth in Section 8.1):

(i) the assignee expressly agrees to be bound, to the same extent as the assignor, by the provisions of this Agreement and any other documents required in connection therewith and to assume the obligations of the assignor hereunder;

(ii) the assignor or assignee shall have agreed to pay all reasonable expenses, including, without limitation, reasonable counsel fees and transfer taxes, incurred by the Partnership in connection with the Assignment;

(iii) the assignee executes a statement that it is acquiring the Interest for its own account for investment, and not with a view to distribution thereof;

(iv) the assignment, in the reasonable opinion of counsel for the Partnership, would not violate any provisions of federal or state securities or other comparable law;

(v) a duly executed and acknowledged counterpart of the instrument evidencing the assignment is filed with the Partnership and notice of such assignment is received by the other Partners.

(b) Assignees Bound by Partnership Agreement. Any Person who acquires in any manner whatsoever any Interest irrespective of whether such Person has accepted and adopted in writing the terms and provisions of this Agreement or has been admitted as a Substituted Partner, shall be deemed by the acceptance of the benefit of the acquisition thereof to have agreed to be subject to and bound by all the obligations of this Agreement that any predecessor in interest of such Person was subject to or bound by. A Person acquiring an Interest, including the personal representatives and heirs of a deceased Partner, shall have only such rights, and shall be subject to all the obligations, as are set forth in this Agreement; and, without limiting the generality of the foregoing, such Person shall not have any right to have the value of his Interest ascertained or receive the value of such Interest or, in lieu thereof, profits attributable to any right in the Partnership, except as herein set forth.

(c) Assignee Who Is Not a Substituted Limited Partner. Any assignee of an Interest pursuant to an Assignment satisfying the conditions of this Article VIII (Assignment of Partners' Interests) who does not become a Substituted Partner in accordance with this Article VIII shall have only the right to receive the same share of the Profits and Losses and distributions of the Partnership to which his Assignor would have been entitled. If such assignee desires to make an assignment of his Interest, such assignee shall be subject to all the provisions of this Article VIII to the same extent and in the same manner as any Partner desiring to make an assignment.

(d) Assignor's Rights. Any Partner who shall assign all of their Interest shall cease to be a Partner and shall no longer have any rights or privileges of a Partners except that, unless and until such Partner's assignee is admitted to the Partnership as a Substituted Partner in accordance with this Article VIII (Assignment of Partners' Interests), such assignor shall continue to be a Partner and shall retain all rights and be subject to all obligations under the Act.

8.3 Substituted Partners; Admission.

(a) Admission of Assignee to the Partnership. Each assignee of the Limited Partner's Interest transferred in accordance with Sections 8.1 and 8.2 hereof shall at the request of the assignor be admitted to the Partnership as a Substituted Partner.

(b) Amendment to Partnership Agreement Upon Admission of Assignee. Upon the admission of a Substituted Partner, this Agreement shall be amended to eliminate the name and address of the assignor, and an amendment to this Agreement and the Certificates, if applicable, reflecting such admission shall be executed and filed in accordance with the Act.

ARTICLE IX DISSOLUTION AND TERMINATION OF THE PARTNERSHIP

9.1 Events Which Cause a Dissolution. The Partnership shall continue in full force and effect until [December 31, 2125], except that the Partnership shall be dissolved prior thereto upon the happening of any of the following events:

(a) A reasonable determination by the Administrative General Partner prior to the earlier to occur of (a) the date on which the Partnership is required but fails to enter into any

written agreement binding the Partnership to develop or operate the Project, or (b) the date on development of the Project is economically infeasible for any reason; provided, however, such dissolution shall not occur until thirty (30) days after the Administrative General Partner provides written notice of such determination to the other Partners;

(b) The Withdrawal of one or more of the then General Partners, provided that the Partnership shall not be dissolved if (i) at the time of such Withdrawal there is at least one remaining General Partner and that General Partner agrees to carry on the business of the Partnership or (ii) within 90 days after such Withdrawal all remaining Partners (excluding the Withdrawing General Partner) agree in writing to continue the business of the Partnership and to the appointment, effective as of the date of such event, of one or more additional General Partners;

(c) Any event which shall make it unlawful for the existence of the Partnership to be continued;

(d) Any event causing dissolution under the Delaware Revised Uniform Limited Partnership Act, as amended from time to time;

(e) intentionally omitted;

(f) The sale or other disposition of all or substantially all of the assets of the Partnership; or

(g) The written consent of all of the Partners.

If the remaining Partners elect a successor General Partner and elect to continue the business of the Partnership in accordance with the foregoing paragraph, the successor General Partner shall assume the obligations of the predecessor General Partner and shall indemnify the predecessor General Partner and hold it harmless from and against any and all loss, damage, liability and expense, including costs and reasonable attorneys' fees, to which the predecessor General Partner may be put or which they may incur by reason of or in connection with any of the debts, obligations or liabilities of the Partnership thereafter made, incurred or created.

9.2 Winding Up of the Partnership. Upon dissolution of the Partnership, the Administrative General Partner shall wind up the affairs and liquidate the assets of the Partnership in accordance with the provisions of this Section 9.2. Net Profits, Net Losses, Gain From Capital Event, Nonrecourse Deductions and Partner Nonrecourse Deductions of the Partnership shall be allocated until the liquidation is completed in the same ratio as such items were allocated prior thereto. The proceeds from liquidation of the Partnership when and as received by the Partnership shall be utilized, paid and distributed in accordance with Capital Accounts after payment of all debts.

9.3 Orderly Liquidation. A reasonable time shall be allowed for the orderly liquidation of the assets of the Partnership and the discharge of liabilities so as to minimize the losses normally attendant upon a liquidation.

ARTICLE X MISCELLANEOUS

10.1 Law Governing. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

10.2 Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original for all purposes, but all of which taken together shall constitute only one agreement. The production of any executed counterpart of this Agreement shall be sufficient for all purposes without producing or accounting for any other counterpart thereof.

10.3 Partners Independently Bound. The Managing General Partner, the Administrative General Partner, the Co-General Partner and the Limited Partner shall become bound by this Agreement immediately upon its execution thereof and independently of the execution hereof by any other Partner.

10.4 Separability of Provisions. Each provision of this Agreement shall be considered separable and if for any reason any provision or provisions herein (A) are determined to be invalid or contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid or (B) would cause the Limited Partner to be bound by the obligations of the Partnership (other than under the rules, directives and regulations of any governmental authority under the laws of the State as the same may now or hereafter exist, such provision or provisions shall be deemed void and of no effect.

10.5 Address and Notice. All notices, demands, requests or other communications (collectively, “**notices**”) required to be given or which may be given hereunder shall be in writing and shall be sent by (i) certified or registered mail, return receipt requested, postage prepaid, or (ii) national prepaid overnight delivery service, or (iii) telecopy or other facsimile transmissions (followed with hard copy sent by personal delivery with receipt acknowledged in writing or national prepaid overnight delivery service), or (iv) personal delivery with receipt acknowledged in writing. Any notice sent by certified or registered mail shall be deemed given on the date of receipt or refusal as indicated on the return receipt. All other notices shall be deemed given when actually received or refused by the party to whom the same is directed. A notice may be given either by a Partner or by such Partner's attorney, and shall be deemed received by a Partner when received or refused by such Partner and, in the event of refusal, even though not received by the Partner. Notices shall be addressed as follows:

- (a) if to Managing General Partner:

- (b) If to Administrative General Partner:

- (c) If to Co-General Partner:

- (d) If to Limited Partner:

10.6 Computation of Time. In computing any period of time pursuant to this Agreement, the day of the act, event or default from which the designated period of time begins to run shall not be included.

10.7 Titles and Captions. All article and section titles or captions contained in this Agreement are for convenience only and shall not be deemed part of the text of this Agreement.

10.8 Entire Agreement. This Agreement contains the entire understanding between and among the parties and supersedes any prior understandings and agreements between and among them respecting the subject matter of this Agreement. No changes in, additions to or modifications of this Agreement shall be valid or of any force unless such change or modification is in writing signed by each of the Partners.

10.9 Agreement Binding. This Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, legal representatives and permitted successors and assigns of the parties hereto.

10.10 Parties in Interest. Nothing herein shall be construed to be to the benefit of or enforceable by any third party including, but not limited to, any creditor of the Partnership.

10.11 Amendments; Other Actions. This Agreement may not be amended or modified except by all of the Partners.

10.12 Further Assurances. The Partners will execute and deliver such further instruments and do such further acts and things as may be required to carry out the intent and purposes of this Agreement.

10.13 Remedies Cumulative; Enforcement. No remedy conferred upon or reserved to the Partnership or any Partners by this Agreement is intended to be exclusive of any other remedy. Each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Partnership or any Partners hereunder or now or hereafter existing at law or in equity or by statute.

10.14 Meetings. Meetings of the Partnership may be called by the any General Partner for any matters for which the Partners may vote as set forth in this Agreement or to obtain information concerning the Partnership. A list of names and addresses of all Partners shall be maintained as part of the books and records of the Partnership and shall be made available upon request to any Partners or its representative at cost. Upon receipt of a request either in person or by registered mail stating the purposes of the meeting, the Managing General Partner shall provide the Partners, within ten days after receipt of such request written notice of a meeting and the purpose of such meeting to be held on a date not less than 15 nor more than 30 days after receipt of such request, at a time and place within or outside the State as convenient to the Partners.

10.15 Dispute Resolution.

(a) The General Partners acknowledge and agree that the success of the Partnership is dependent on the timely uninterrupted (i) syndication of the Tax Credits allocated

to the Project, (ii) closing of the construction loan, (iii) completion of the Project, (iv) rent-up of the Project to tenants who qualify under the regulations governing Tax Credits, (v) issuance of IRS Forms 8609 for the Project, (vi) closing on the permanent financing for the Project, and (vii) operation of the Project in accordance with the Code and Treasury Regulations relating thereto. The General Partners also acknowledge that only Administrative General Partner and/or its affiliates and principals will be executing any and all Guaranties required to be provided to the lenders and tax credit equity provider and neither Managing General Partner, Co-General Partner, nor any of their respective Affiliates and/or principals will be expected to provide any such Guaranties or to provide any additional capital to the Partnership in connection with construction and completion of the Project. Consequently, each of the General Partners agree that all disputes between the Administrative General Partner, on the one hand, and one or more of the Managing General Partner and the Co-General Partner, on the other hand, are required to be mediated pursuant to subsection (b) below prior to filing any action before any other court or tribunal. In the event a dispute cannot be resolved in the method provided in subsection (b) below, the General Partners agree that Administrative General Partner, on the one hand, and Managing General Partner or Co-General Partner, on the other hand, can bring suit against the other for an award of monetary damages or equitable relief for any violation of the terms of this Agreement or any other reason. However, neither Managing General Partner nor Co-General Partner shall have any right to seek or obtain legal or equitable relief prior to the closing of the permanent financing for the Project, and by executing this Agreement, the General Partners explicitly and irrevocably waive their respective right to seek legal and equitable relief against the Partnership and/or any individual General Partner prior to the closing of the permanent financing for the Project. Nothing contained herein shall constitute a waiver by any General Partner of any cause of action it may have for events arising prior to permanent financing, only a waiver by the General Partners of their right to seek relief for such causes of action until permanent financing has occurred. As such, the Parties to this Agreement agree that the running of any and all notices, statutes of limitation, laches, or other notice or limitation periods which may apply to any and all of General Partner's rights, claims or causes of action against the Partnership and/or an individual General Partner shall be suspended and tolled from the date of this Agreement, and shall not commence to run again until the closing of the permanent financing for the Project has occurred.

(b) If a dispute arises out of or relates to this Agreement, or the breach thereof, and if the dispute cannot be settled through negotiation, the General Partners agree first to attempt in good faith to settle the dispute by mediation administered in accordance with the California rules and law by a mutually agreeable certified mediator before resorting to litigation, or some other dispute resolution procedure. The selection of the mediator shall be made by agreement, or if no agreement is timely reached, by submission to the American Arbitration Association (the "AAA").

(c) In the event any such dispute is not resolved pursuant to a Mediation Proceeding, then the Partners may bring a suit for award of monetary damages or equitable relief for any violation of the terms of this Agreement or any other reason, provided that each party agrees to pay its own costs and expenses reasonably incurred, including without limitation reasonable attorneys' fees. For the purpose of this Agreement, the term "**attorneys' fees**" shall mean the fees and expenses of counsel to the parties hereto, which may include printing, photostating, duplicating, and other expenses, air freight charges, and fees billed for law clerks, paralegals, librarians, and others not admitted to the bar but performing services under the supervision of an attorney. Such term shall also include all such fees and expenses incurred with respect to appeals, reference out, and bankruptcy proceedings, and whether or not any action or proceeding is brought with respect to the matter for which said fees and expenses were incurred.

(d) The provisions of Section 10.15 (b) and (c) shall in no way limit the right of any Partner to exercise self-help remedies or to obtain provisional, ancillary, or equitable remedies (including, without limitation, temporary restraining orders or preliminary or permanent injunctions) from a court of competent jurisdiction before, after, or during the pendency of any Mediation Proceeding. The exercise of such remedy shall not waive the right of any Partner to resort to an Mediation Proceeding.

(e)

SIGNATURE PAGE IS THE NEXT PAGE

IN WITNESS WHEREOF, this Agreement has been duly executed as of the date first above written.

MANAGING GENERAL PARTNER:

[HACLA Affiliated Entity], Inc., a California nonprofit public benefit corporation

By: _____

ADMINISTRATIVE GENERAL PARTNER:

[TRG/Watt Affiliated Entity], LLC,
a Delaware limited liability company

By: _____

CO-GENERAL PARTNER:

West Angeles Community Development Corporation, a California nonprofit public benefit corporation

By: _____

LIMITED PARTNER:

The Richman Group of California Development Company LLC, a California limited liability company

By: _____

Exhibit "A"

SOCIAL SERVICES AGREEMENT

This Social Services Agreement ("Agreement") is entered into effective as of _____, _____, _____ by and between, _____, a _____ ("Owner") and West Angeles Community Development Corporation, a California nonprofit public benefit corporation ("Service Provider," and together with Owner, the "Parties").

RECITALS

Owner is the owner and developer of a low-income apartment community to be known as _____, which contains _____ units, located in Los Angeles, California (the "Project").

Owner desires to employ Service Provider to oversee the supportive social services program ("Services") of the Project and Service Provider desires to provide such Services, all upon the terms and conditions set forth below.

AGREEMENT

For and in consideration of the mutual covenants set forth herein, the parties agree as follows:

1. **Agency.** Owner hereby appoints Service Provider as its agent to provide Services at the Project during the term of this Agreement.

2. **Services.**

a. Subject to Section 3(b) below, Service Provider shall perform, or cause to be performed by the Service Provider (as such term is defined herein below), as applicable, those Services shown in the attached Exhibit A for residents of the Project. Service Provider may perform, or may cause to be performed by the Service Provider, as applicable, additional services to be agreed upon by Owner and Service Provider from time to time, during the term of this Agreement.

b. Service Provider shall work with the property management company designated by Owner to manage the Project. Owner shall instruct the property management company to cooperate with and support Service Provider in its efforts to provide services to residents, including providing access to the community room for activities; promoting Service Provider's activities and programs; and disseminating information and flyers to the residents. Owner shall inform the property management company that Service Provider may use the services of other agencies, volunteers and interns. Owner shall instruct the property management company to cooperate with these parties to ensure a rich array of services for the residents. Owner shall instruct the property management company and its regional and on-site managers to communicate regularly with Service Provider's staff to ensure mutual alignment and effort toward successful social services for residents.

3. **Service Fee.**

a. Owner agrees to pay Service Provider an annual fee (the "Service Fee") of \$120,000 per year (the "Base Line Fee") to be paid as a project operating expense, starting on the Service Commencement Date (as such term is defined herein below). Service Fee payments will be adjusted annually by the greater of (i) the Consumer Price Index for Los Angeles, or (ii) 3% per annum, provided, however, that these annual adjustments are adopted in the Partnership's annual Operating Budget and in any one year if Owner determines the Project does not have enough cash flow to offer the fee adjustment, the Owner can elect to maintain the fee at the rate set the prior year. Service Provider will submit an annual line item budget to Partnership for approval incorporating the total Service Fee provided that year.

4. **Indemnification.**

a. Service Provider hereby agrees to defend, indemnify and hold Owner harmless from and against all liability, claims, suits, damages, judgments, costs and expense of whatever nature, including reasonable attorneys' fees (collectively "Claims"), arising from or in connection with any unauthorized acts by Service Provider or Service Provider's agents and employees, if any, in the performance of Services under this Agreement unless such Claims arise from the negligence or misconduct of Owner or Owner's agents, employees, servants or subcontractors.

b. Owner hereby agrees to defend, indemnify and hold Service Provider harmless from and against all Claims arising from or in connection with any unauthorized acts by Owner or Owner's agents, employees, servants and subcontractors, if any, in the performance of Owner's obligations under this Agreement unless such Claims arise from the gross negligence or willful misconduct of Service Provider or Service Provider's agents, employees, servants or subcontractors.

c. Neither party shall be liable to the other party hereto for any consequential or other indirect or special damages, including, without limitation, loss of profits or revenue, loss of equipment, costs of replacement power, or additional expenses incurred in the use of plant, equipment and facilities, arising from or associated with the performance of this Agreement.

5. **Term and Termination.**

a. Services will be begin on a date agreed upon by both parties (the "Service Commencement Date") but no later than ____ (__) months following the issuance of a temporary certificate of occupancy for the Project and shall continue in full force and effect for a term of ____ (__) years and shall thereafter renew automatically for one (1) year terms until terminated as provided in Section 5(b), below.

b. Notwithstanding the provisions of Section 5(a), this Agreement may be terminated as follows:

i. Either Owner or Service Provider may terminate this Agreement without cause upon thirty (30) days prior written notice, provided, however, that such termination shall not become effective until Owner has retained a new supportive services provider to provide the Services for the remainder of the term.

ii. Owner shall have the right to terminate Service Provider without prior written notice and elect a new supportive social service provider on the basis of a reasonable determination by Owner, of (A) fraud, bad faith, gross negligence, willful misconduct or material breach of fiduciary duty by Service Provider, (B) a material breach by Service Provider under this Agreement or any agreement affecting the Project which breach remains uncured sixty (60) days after written notice of such breach is given by Owner to Service Provider.

iii. Service Provider shall have the right to terminate this Agreement upon ten (10) days written notice to Owner if Service Fee payments due Service Provider become sixty (60) days past due. Owner shall have the right to cure by paying Service Provider in full within 15 days of receiving written notice of Service Provider's intent to terminate.

iv. If a petition in bankruptcy is filed by either Service Provider or Owner (collectively, the "Principal Parties" or singularly, a "Principal Party"), or either of the Principal Parties seeks relief under any of the chapters of the Federal Bankruptcy Act, or either of the Principal Parties makes an assignment for the benefit of creditors (whether by common law assignment or pursuant to specific provisions of State or Federal law), or a petition in bankruptcy is filed against either of the Principal Parties and not dismissed within ninety (90) days of such filing, then the other Principal Party may terminate this Agreement.

c. Upon termination of this Agreement, neither party shall have any further liability to the other party with respect to the matters set forth herein; provided, however, that the indemnifications provided in Section 4 with respect to events that occur prior to the effective date of termination shall survive such termination.

6. **Service Provider.** Duties and services under this Agreement may be subcontracted by Service Provider to any other party qualified to perform such services and duties. At any time when a third party has been engaged to perform any portion of the Services, Service Provider shall be entitled to delegate the performance of such Services to the third party and Service Provider's sole responsibility with respect to such delegated Services shall be overseeing their performance.

7. **Notices.** All notices and other communications required or permitted to be given hereunder shall be in writing and deemed to have been duly given if delivered in person, by facsimile, by electronic transmission, or by the U.S. Mail, first class postage prepaid, certified or registered with return receipt requested, to the parties at the following addresses:

Owner: _____

Attention: ____

Facsimile: ____

Email: _____

Service Provider:

Facsimile: _____

Email: _____]

8. **Mediation/Arbitration.** If a dispute arises out of or relates to this Agreement and if said dispute cannot be settled through direct discussions, the parties agree to first endeavor to settle the dispute in an amicable manner by mediation administered in accordance with the California rules and law by a mutually agreeable certified mediator before resorting to litigation, or some other dispute resolution procedure. The selection of the mediator shall be made by agreement, or if no agreement is timely reached, by submission to the American Arbitration Association (the "AAA").

9. **Applicable Law.** This Agreement and all questions relating to its validity, interpretation, performance and enforcement shall be governed and construed in accordance with the laws of the State of California without regard to conflict of law principles. The exclusive venue for any dispute hereunder shall be a court of competent jurisdiction in Los Angeles County, California, and the parties waive any right to object to such venue.

10. **Signatures.** Signatures of the parties transmitted electronically by email or by facsimile shall be deemed binding. This Agreement may be executed in counterparts, each of which shall be an original and all of which counterparts taken together shall constitute one and the same agreement. The person(s) executing this Agreement on behalf of each of the parties hereto represent and warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other agreement to which such party is bound.

11. **Interpretation.** Notwithstanding anything to the contrary in the parties' partnership agreements, development agreements, management agreement, or other agreements (collectively the "Other Agreements") between the parties hereto, in the event of an inconsistency among this Agreement and the Other Agreements with respect to any matters set forth in this Agreement, this Agreement shall be controlling. This Agreement shall be construed according to its fair meaning and as if prepared by all parties hereto. A waiver of a provision hereof, or modification of any provision herein contained, shall be effective only if said waiver or modification is in writing, and signed by all parties. No waiver of any breach or default by any party hereto shall be considered to be a waiver of any breach or default unless expressly provided herein or in the waiver. No provisions of this Agreement may be amended or modified in any manner whatsoever except by an agreement in writing signed by duly authorized officers or representatives of each of the parties hereto.

12. **Integrated Agreement.** This Agreement contains the entire understanding and agreement of Service Provider and Owner with respect to the Services to be provided at the Property.

13. **Severability.** The enforceability, invalidity or illegality of any provision hereof shall not render the other provisions of this Agreement unenforceable, invalid or illegal.

(document continues on following page)

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective on the day and year first above-written.

SERVICE PROVIDER:

West Angeles Community Development Corporation, a California nonprofit public benefit corporation

By: _____
Name: _____
Its: _____
Dated: _____

OWNER:

_____,
a _____

By: _____
Name: _____
Its: _____
Dated: _____

EXHIBIT A
SERVICES

[to be attached]