

LOAN MODIFICATION AGREEMENT

THIS LOAN MODIFICATION AGREEMENT (this “**Agreement**”) is entered into effective as of _____, 202__ (the “**Effective Date**”) by and between the Carson Housing Authority (the “**Housing Authority**”), as successor to the Carson Redevelopment Agency, a public body, corporate (the “**Agency**”), Avalon Courtyard, a California limited partnership (the “**Original Borrower**”), and _____ Housing LP, a California limited partnership (the “**Borrower**”).

RECITALS

A. The Housing Authority, as successor to the Agency, and Original Borrower as successor to Thomas L. Safran, d.b.a. Thomas Safran & Associates (“**Safran**”), are parties to a Disposition and Development Agreement dated as of July 9, 1992, as amended by that certain First Amendment to Disposition and Development Agreement dated December 7, 1993, that certain Second Amendment to Disposition and Development Agreement dated December 31, 1994, that certain Third Amendment to Disposition and Development Agreement dated November 7, 1995, that certain Fourth Amendment to Disposition and Development Agreement dated January 17, 2006, that certain Fifth Amendment to Disposition and Development Agreement and Promissory Note dated August 17, 2006, and that certain Sixth Amendment to Disposition and Development Agreement and Promissory Note dated _____, 202__ (collectively, the “**DDA**”).

B. Pursuant to the DDA, the Agency agreed to make a loan to Original Borrower in the amount of \$5,000,000 (the “**Original Loan**”), in connection with development of an affordable multifamily residential development located in the City of Carson, California and more particularly described in Exhibit A attached hereto and incorporated herein (the “**Property**”).

C. The Original Loan is evidenced by that certain Promissory Note in the original principal amount of the Original Loan, executed by Safran for the benefit of the Agency (the “**Original Note**”). Repayment of the Original Note is secured by that certain Construction Deed of Trust and Assignment of Rents, Security Agreement and Fixture Filing dated December 8, 1993 and recorded in the Official Records of Los Angeles County on December 13, 1993 as Instrument No. 93-2424236 as subsequently amended (the “**Deed of Trust**”). The Deed of Trust together with the Note, that certain Regulatory Agreement and Declaration of Restrictive Covenants, Conditions and Restrictions Restricting Use of Property For Affordable Housing between Original Borrower and Agency dated as of December 8, 1993 and recorded in the Official Records of Los Angeles Company on December 13, 1993 as Instrument No. 93-2424237 as subsequently amended (the “**Regulatory Agreement**”), and the DDA, shall hereinafter collectively be referred to as the “**Original Financing Documents**”.

D. With the dissolution of the Agency, the Housing Authority has elected to retain all the housing assets and functions previously performed by the Agency and has transferred all rights, powers, duties, and obligations of the Agency, including, without limitation, the Original Loan, to the Housing Authority.

E. Borrower has acquired, or will acquire, from Original Borrower, title to the Property and the affordable housing development constructed on the Property (together, the “**Project**”).

F. Borrower intends to rehabilitate the Project using the proceeds of a tax-exempt note

and equity contributions by Borrower's limited partner(s) in connection with federal low-income housing tax credits. In connection therewith, Borrower has requested that Housing Authority modify the terms of the Original Financing Documents to extend the maturity date, modify the interest rate, and modify certain other terms.

G. The Housing Authority has determined that Borrower's acquisition of the Property and rehabilitation of the Project, and the modification to the terms of the Original Loan pursuant to the terms and conditions set forth herein will be of benefit to the Housing Authority.

H. Concurrently with the execution of this Agreement, among other documents, Borrower will execute (i) a Restated and Amended Note Secured by Deed of Trust in the amount of the _____ Dollars (\$_____) which is current principal balance plus accrued interest payable under the Original Note (an "**Amended Note**"), (ii) a Restated and Amended Regulatory Agreement and Declaration of Restrictive Covenants, Conditions and Restrictions Restricting Use of Property For Affordable Housing of even date with the Amended Note that will extend the term of the Regulatory Agreement and modify the affordability restrictions in the Regulatory Agreement to align with the requirements of the tax credit financing for the Property ("**Amended Regulatory Agreement**"), and (iii) a Restated and Amended Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing of even date with the Amended Note (the "**Amended Deed of Trust**") that will provide Housing Authority with a security interest in the Property and the Project to secure repayment of the Amended Note. The Amended Note, Amended Deed of Trust and Amended Regulatory Agreement are collectively hereinafter referred to as the "**Amended Housing Authority Documents**").

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein and good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

1. Assignment and Assumption. Original Borrower hereby assigns to Borrower, and Borrower hereby assumes, all rights and obligations of Original Borrower arising under the Original Financing Documents. Subject to the terms of this Agreement, Housing Authority consents to such assignment and grants its consent to Borrower's acquisition of the Project and a leasehold interest in Property.

2. Original Loan Proceeds. Borrower and Housing Authority each hereby acknowledge and agree that: (i) prior to the Effective Date, Housing Authority has disbursed all sums that Housing Authority was obligated to provide pursuant to the Original Financing Documents, (ii) Housing Authority has no obligation to disburse additional funds to Original Borrower or to Borrower, and (iii) prior to the Effective Date, Original Borrower repaid to Housing Authority all sums payable pursuant to the Original Financing Documents with the exception of the Loan and the interest accrued thereon.

3. Modification of Loan Terms.

3.1 Modification Documents. Housing Authority hereby acknowledges and agrees that all obligations of Developer under the DDA have been satisfied and the provisions of

the DDA, other than Article 8 of the DDA which remains in full force and effect, have been terminated and is no further force or effect. Housing Authority further agrees to modify the terms of the Original Loan to provide that: (i) from and after the close of escrow for Borrower's acquisition of the Property (the "**Close of Escrow**") at Commonwealth Land Title Company ("**Escrow**") interest on the outstanding principal balance of the Amended Note shall accrue at a below market interest rate not to exceed 7% simple interest; and (ii) the maturity date shall be extended to December 31, 2080. Borrower's obligation to repay the Loan shall be evidenced by the Amended Note in the form substantially similar to that set forth on Exhibit B attached hereto to be executed by Borrower and delivered to Housing Authority as of the Close of Escrow. Performance of the obligations under the Amended Note shall be secured by the Amended Deed of Trust in a form substantially similar to that set forth on Exhibit C attached hereto executed by Borrower and recorded at the Close of Escrow in the Official Records of Los Angeles County. The extension of the term of the Regulatory Agreement and well as the change to the affordability restrictions shall be amended by Amended Regulatory Agreement to be in a form substantially similar to that set forth on Exhibit D attached hereto executed by Borrower and recorded at the Close of Escrow in the Official Records of Los Angeles County. Concurrently with the Close of Escrow, a statutory Request for Notice will be recorded in favor of the Housing Authority at Close of Escrow.

3.2 Document Delivery. The Amended Housing Authority Documents and the subordination agreement (as required by Section 4) shall be delivered by Housing Authority to Escrow for recordation and delivery, as applicable, pursuant to this Agreement at the Close of Escrow.

4. Subordination. Housing Authority agrees that the Deed of Trust, as amended, shall be subordinate to a lien in favor of [insert reference to the new Freddie Mac Tax-Exempt First Mortgage (17-year term, 40-year amortization)] (the "**Senior Debt**"). The Housing Authority shall execute and deliver a subordination agreement in accordance with the terms of this Agreement in order to implement the provisions of this section, which shall provide that the Senior Debt is senior to the Amended Housing Authority Documents and that the terms and conditions of the Senior Debt shall prevail over the terms and conditions of the Amended Regulatory Agreement to the extent of any inconsistency. Copies of all documents related to the Senior Debt ("**Senior Loan Documents**") shall be provided to Housing Authority for its review and consent not to be unreasonably withheld, conditioned or delayed and final copies of all executed Senior Loan Documents shall be delivered to Housing Authority after Close of Escrow.

5. Rehabilitation. Borrower shall rehabilitate the Project in accordance with the scope of development, including plans, drawings and documents for rehabilitation approved by the senior lender in connection with the Senior Debt (the "**Rehabilitation Work**"). Distribution of funds for the Rehabilitation Work under the Senior Loan Documents shall be distributed pursuant to a disbursement control system.

6. Lender's Title Policy. As a condition to Close of Escrow, Commonwealth Land Title Company shall issue to Housing Authority an A.L.T.A. Lender's Policy of Title Insurance for the benefit and protection of the Housing Authority showing title vested in Borrower ("**Lender's Title Policy**") in the amount of the Amended Note, insuring that the lien of the Amended Deed of Trust is subject only to (i) the Senior Loan Documents; and (ii) such other defects, liens, conditions, encumbrances, restrictions, easements and exceptions as Housing

Authority may reasonably approve in writing and containing such endorsements as Housing Authority may reasonably require, with the cost of such Lender's Title Policy, as well as any escrow fees or costs and recording fees to be paid by Borrower.

7. Representations and Warranties.

7.1 Borrower Representations. Borrower acknowledges that Housing Authority shall rely upon Borrower's representations made herein notwithstanding any investigation made by or on behalf of Housing Authority. Borrower hereby represents and warrants as follows:

(a) **Organization.** Borrower is duly organized, validly existing, in good standing under the laws of the State of California, and has the power and authority to carry out its obligations under this Agreement.

(b) **Authority of Borrower.** Borrower has full power and authority to execute and deliver this Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to or in connection with this Agreement, and to perform and observe the terms and provisions of all of the above.

(c) **Authority of Persons Executing Documents.** This Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to or in connection with this Agreement, have been executed and delivered, or will be executed and delivered, by persons who are duly authorized to execute and deliver the same for and on behalf of Borrower, and all actions required under Borrower's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to or in connection with this Agreement, have been duly taken or will have been duly taken (to the extent such actions are required) as of the date of execution and delivery of the above-named documents.

(d) **Valid and Binding Agreements.** This Agreement and all other documents or instruments which have been executed and delivered or will be executed and delivered pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will when so executed and delivered, constitute legal, valid, and binding obligations of Borrower, enforceable in accordance with their respective terms, subject to laws affecting creditors' rights and principles of equity.

(e) **No Breach of Law or Agreement.** Neither the execution nor delivery of this Agreement or any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to or in connection with this Agreement, nor the performance of any provision, condition, covenant or other term hereof or thereof, will conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency binding on Borrower, or any provision of the organizational documents of Borrower, or will conflict with or constitute a breach of or a default under any agreement to which Borrower is a party, or will result in the creation or imposition of any lien upon any assets or property of Borrower, other than liens established pursuant hereto.

(f) **Pending Proceedings.** Except as disclosed in writing to the Housing Authority prior to execution of this Agreement, Borrower is not in violation under any law or regulation or under any order of any court, board, commission or agency whatsoever, and, to the best knowledge of Borrower's principals, there are no claims, actions, suits or proceedings pending or, to the knowledge of Borrower's principals, threatened against or affecting Borrower or the Property, at law or in equity, before or by any court, board, commission or agency. Borrower is not the subject of a bankruptcy or insolvency proceeding.

(g) **Rehabilitation Work.** As of the Close of Escrow, all permits required for the Rehabilitation Work have been issued by the applicable governmental authorities.

(h) **No Pending Indemnification Obligations.** As of the Effective Date and the Close of Escrow, there are no outstanding indemnification obligations under the Original Financing Documents.

7.2 Original Borrower Representations. Original Borrower acknowledges that Housing Authority shall rely upon Original Borrower's representations made herein notwithstanding any investigation made by or on behalf of Housing Authority. Original Borrower hereby represents and warrants as follows:

(a) **Organization.** Original Borrower is duly organized, validly existing, in good standing under the laws of the State of California, and has the power and authority to carry out its obligations under this Agreement.

(b) **Authority of Original Borrower.** Original Borrower has full power and authority to execute and deliver this Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to or in connection with this Agreement, and to perform and observe the terms and provisions of all of the above.

(c) **Authority of Persons Executing Documents.** This Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to or in connection with this Agreement, have been executed and delivered, or will be executed and delivered, by persons who are duly authorized to execute and deliver the same for and on behalf of Original Borrower, and all actions required under Original Borrower's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to or in connection with this Agreement, have been duly taken or will have been duly taken (to the extent such actions are required) as of the date of execution and delivery of the above-named documents.

(d) **Valid and Binding Agreements.** This Agreement and all other documents or instruments which have been executed and delivered or will be executed and delivered pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will when so executed and delivered, constitute legal, valid, and binding obligations of Original Borrower, enforceable in accordance with their respective terms, subject to laws affecting creditors' rights and principles of equity.

(e) **No Breach of Law or Agreement.** Neither the execution nor

delivery of this Agreement or any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to or in connection with this Agreement, nor the performance of any provision, condition, covenant or other term hereof or thereof, will conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency binding on Original Borrower, or any provision of the organizational documents of Original Borrower, or will conflict with or constitute a breach of or a default under any agreement to which Original Borrower is a party, or will result in the creation or imposition of any lien upon any assets or property of Original Borrower, other than liens established pursuant hereto.

(f) **Pending Proceedings.** Except as disclosed in writing to the Housing Authority prior to execution of this Agreement, Original Borrower is not in violation under any law or regulation or under any order of any court, board, commission or agency whatsoever, and, to the best knowledge of Original Borrower's principals, there are no claims, actions, suits or proceedings pending or, to the knowledge of Original Borrower's principals, threatened against or affecting Borrower or the Property, at law or in equity, before or by any court, board, commission or agency. Borrower is not the subject of a bankruptcy or insolvency proceeding.

(g) **No Pending Indemnification Obligations.** As of the Effective Date and the Close of Escrow, there are no outstanding indemnification obligations under the Original Financing Documents.

8. **Notices.** Except as otherwise specified in this Agreement, all notices to be sent pursuant to this Agreement or any other Housing Authority Loan Document shall be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other Parties in accordance with this Section. All such notices shall be sent by: (i) personal delivery, in which case notice is effective upon delivery; (ii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt; or (iii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service.

Housing Authority: Carson Housing Authority
701 E. Carson Street
Carson, California 90745
Attn: John Raymond, Assistant Executive Director

With a copy to: Aleshire & Wynder, LLP
1 Park Plaza Suite 1000
Irvine, CA 92614
Attn: Sunny K. Soltani, Esq.

Borrower: _____ Housing LP
c/o Thomas Safran & Associates
Attention: Anthony Yannatta
1181 San Vicente Boulevard
Los Angeles, CA 90049-5063

With a copy to:

Bocarsly Emden Cowan Esmail & Arndt, LLP
633 W. 5th Street, Suite 5880
Los Angeles, CA 90071
Attention: Nicole Deddens, Esq.
Facsimile: (213) 239-0410

Copy to Limited Partner: _____

8.1 Attorneys' Fees. If either Party fails to perform any of its obligations under this Agreement, or if any dispute arises between the Parties concerning the meaning or interpretation of any provision hereof, then the prevailing Party in any proceeding in connection with such dispute shall be entitled to the costs and expenses it incurs on account thereof and in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements.

8.2 Waivers; Modification. No waiver of any breach of any covenant or provision of this Agreement shall be deemed a waiver of any other covenant or provision hereof, and no waiver shall be valid unless in writing and executed by the waiving Party. An extension of time for performance of any obligation or act shall not be deemed an extension of the time for performance of any other obligation or act, and no extension shall be valid unless in writing and executed by the Party granting the extension. This Agreement may be amended or modified only by a written instrument executed by the Parties.

8.3 Binding on Successors. This Agreement shall bind and inure to the benefit of the Parties and their respective permitted successors and assigns. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any permitted successor and assign of such Party who has acquired an interest in compliance with this Agreement or under law.

8.4 Survival. All representations made by Borrower hereunder and all of Borrower's obligations to provide indemnity to the Housing Authority shall survive the expiration or termination of this Agreement.

8.5 Headings; Interpretation; Statutory References. The section headings and captions used herein are solely for convenience and shall not be used to interpret this Agreement. The Parties acknowledge that this Agreement is the product of negotiation and compromise on the part of both Parties, and the Parties agree, that since both Parties have participated in the negotiation and drafting of this Agreement, this Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it. All references in the Amended Housing Authority Documents to particular statutes, regulations, ordinances or resolutions of the United States, the State of California, or the City of Carson shall be deemed to include the same statute, regulation, ordinance or resolution as hereafter amended or renumbered, or if repealed, to such other provisions as may thereafter govern the same subject.

8.6 Action or Approval. Whenever action and/or approval by Housing Authority is required under this Agreement, the Housing Authority's Assistant Executive Director John S. Raymond or his designee may act on and/or approve such matter unless specifically provided otherwise, or unless he determines in his discretion that such action or approval requires referral to City Council for consideration.

8.7 Entire Agreement. This Agreement, including Exhibits A through D attached hereto and incorporated herein by this reference, together with the other Housing Authority Loan Documents contain the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior written or oral agreements, understandings, representations or statements between the Parties with respect to the subject matter hereof.

8.8 Severability. If any term, provision, or condition of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect unless an essential purpose of this Agreement is defeated by such invalidity or unenforceability.

8.9 No Third Party Beneficiaries. Except as expressly set forth herein (or in the Housing Authority's Loan Documents), nothing contained in this Agreement is intended to or shall be deemed to confer upon any person, other than the Parties and their respective successors and assigns, any rights or remedies hereunder.

8.10 Parties Not Co-Venturers; Independent Contractor; No Agency Relationship. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another. The relationship of Borrower and Housing Authority is and shall remain solely that of a debtor and a creditor, and shall not be construed as a joint venture, equity venture, partnership or any other relationship. Housing Authority neither undertakes nor assumes any responsibility or duty to Borrower (except as expressly provided in this Agreement) or to any third party with respect to the Project. Borrower and its employees are not employees of Housing Authority but rather are, and shall always be considered independent contractors. Furthermore, Borrower and its employees shall at no time pretend to be or hold themselves out as employees or agents of Housing Authority. Except as Housing Authority may specify in writing, Borrower shall not have any authority to act as an agent of Housing Authority or to bind Housing Authority to any obligation.

8.11 Time of the Essence; Calculation of Time Periods. Time is of the essence for each condition, term, obligation and provision of this Agreement. Unless otherwise specified, in computing any period of time described in this Agreement, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is not a business day, in which event the period shall run until the next business day. The final day of any such period shall be deemed to end at 5:00 p.m., local time at the Property. For purposes of this Agreement, a "business day" means a day that is not a Saturday, Sunday, a federal holiday or a state holiday under the laws of California.

8.12 Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of laws. Any action to enforce or interpret this Agreement shall be filed and heard in the

Superior Court of Los Angeles County, California or in the Federal District Court for the Central District of California.

8.13 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto having additional signature pages executed by the other Party. Any executed counterpart of this Agreement may be delivered to the other Party by facsimile and shall be deemed as binding as if an originally signed counterpart was delivered.

IN WITNESS WHEREOF, the Parties have entered into this Loan Modification Agreement effective as of the date first written above.

ORIGINAL BORROWER:

AVALON COURTYARD, a California limited partnership

By: _____
Thomas L. Safran, General Partner

BORROWER:

_____ HOUSING LP,
a California limited partnership

By: _____ Housing LLC,
a California limited liability company,
Its General Partner

By: _____
Jordan Pynes, President

By: Housing Corporation of America,
a Utah nonprofit corporation,
Its managing general partner

By: _____
Carol Cromar, President

CARSON HOUSING AUTHORITY:

CARSON HOUSING AUTHORITY, a public body, corporate and politic

By: _____
Lula Davis-Holmes, Chair

ATTESTED:

Dr. Khaleah Bradshaw, Authority Secretary

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP.

By: _____
Sunny Soltani, Authority Counsel

Exhibit A

LEGAL DESCRIPTION OF THE PROPERTY

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCEL 1:

THE NORTH 110 FEET OF THE EAST 365 FEET OF LOT 12 OF TRACT NO. 2982, IN THE CITY OF CARSON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 35, PAGE 31](#), OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THE EASTERLY 25 FEET OF THE NORTHERLY 110 FEET OF SAID LOT.

PARCEL 2:

THE SOUTHERLY 65 FEET OF LOTS 1 TO 7 INCLUSIVE OF TRACT NO. 23353, IN THE CITY OF CARSON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 613, PAGES 66, 67, AND 68](#) OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT ALL OIL, GAS, HYDROCARBON AND MINERAL SUBSTANCES LYING BENEATH A DEPTH OF 500 FEET FROM THE SURFACE OF SAID LAND, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED BY HERMINIA DIEGO MIGUELEZ, A MARRIED WOMAN AS HER SOLE AND SEPARATE PROPERTY, WHO ACQUIRED TITLE AS HERMINIA DIEGO AND FIDEL MIGUELEZ, HER HUSBAND, IN DEED RECORDED JANUARY 17, 1957, IN [BOOK 53396, PAGE 161, OFFICIAL RECORDS](#).

[APN: 7335-013-011](#), 7335-013-018 AND 7335-013-019

Exhibit B

FORM OF AMENDED NOTE

(See following page)

RESTATED AND AMENDED PROMISSORY NOTE
SECURED BY DEED OF TRUST

\$ _____ (“**Note Date**”)

FOR VALUE RECEIVED, _____ HOUSING, LP, a California limited partnership (“**Maker**”) hereby promises to pay to the order of the CARSON HOUSING AUTHORITY, a public body, corporate and politic (“**Authority**”), at a place designated by Authority, the principal sum of _____ Dollars (\$ _____) (“**Note Amount**”), plus accrued interest, or such lesser amount which shall from time to time be owing hereunder pursuant to the terms hereof. The principal sum represents the amount due to Authority pursuant to the terms and conditions set forth in the Modification (as defined below) pertaining to Maker’s acquisition and rehabilitation of that certain improved real property defined in the Modification as the “**Property**.”

Reference is also made to the following additional agreements and documents involving Maker and Authority and/or pertaining to the Property:

- i. Restated and Amended Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing of even date herewith made by and among Maker as trustor, Authority as beneficiary, and Commonwealth Land Title Company as trustee, and recorded against the Property in the Official Records of Los Angeles County (“**Deed of Trust**”). The Deed of Trust secures repayment of this Note.
- ii. Restated and Amended Regulatory Agreement and Declaration of Restrictive Covenants, Conditions and Restrictions Restricting Use of Property For Affordable Housing between Maker as “Developer” in favor of Authority as (“**Regulatory Agreement**”).
- iii. Loan Modification Agreement dated _____, 202__ by and between Maker, Authority and the Original Borrower (as defined therein) (“**Modification**”).

All of the foregoing listed documents are referred to herein collectively as the “**Authority Agreements**” and individually as an “**Authority Agreement**.” The Authority Agreements are incorporated herein as though fully set forth.

Except as otherwise provided herein, the defined terms used in this Note shall have the same meaning as set forth in the Modification.

1. **Purpose of Loan.** This Note evidences the debt due to Authority in accordance with the Modification.
2. **Principal Amount.** The principal amount of this Note shall be the Note Amount. Interest on the Note Amount accruing prior to the Close of Escrow has accrued at a simple interest rate of five percent (5%) pursuant to the term of the Original Note. From and after the Close

of Escrow, interest on the Note Amount shall accrue on the Note Amount at an interest rate equal to [Insert below market interest rate note to exceed 7% simple annually].

3. Maturity Date; Repayment.

3.1 If the Rehabilitation Work is not commenced by the date required by the Senior Loan Documents (including force majeure) and Authority declares a default under the Modification, Authority has the right to declare this Note due and payable upon written notice to Maker.

3.2 Commencing upon completion of the Rehabilitation Work in accordance with the Modification, Maker shall be obligated to repay the principal amount of this Note and the accrued interest, without set off or deduction, by paying to Authority, on each April 1st in which there was positive Net Cash Flow (as defined below) for the calendar year, or portion thereof, ending on the immediately preceding December 31, in the amount equal to 32.87% (“**Authority’s Percentage**”) of that year’s Net Cash Flow, based on the contribution of the Authority (“**Annual Payments**”). The first such repayment under this Section 3 shall be due on April 1, 20__, and the last payment shall be due on April 1st fifty-five (55) years later, but, in no event, later than December 31, 2081 (“**Maturity Date**”). Notwithstanding the foregoing, this Note shall be fully due and payable on the Maturity Date.

3.2.1 For purposes of this Section 3.2, the term “**Net Cash Flow**” means “**Cash Flow**” (as defined below), if any, less (i) asset or partnership management fees in an amount up to, but not collectively exceeding, on an annual basis, Twenty Five Thousand Dollars (\$25,000) increased annually by the increase in the Consumer Price Index for the same period (“**CPI**”); (ii) property management fees not in excess of Eight Percent (8%) of effective gross income of the Project measured annually, (iii) any tax credit adjuster payments due to the limited partner of Maker pursuant to the terms of Maker’s partnership agreement and (iv) repayment of any unsecured loan made by a partner of Maker in accordance with the terms of Maker’s agreement of limited partnership which was used for the Property and was approved by the Authority which approval shall not be unreasonably withheld. The term “**Cash Flow**” means: (A) all income derived by Maker from the Property including, without limitation, all tenant rent, all rental subsidy payments made by governmental agencies, and income from any source related to Maker’s owning, leasing, maintenance, and operation of the Property and Project (“**Gross Income**”); less (B) (i) expenses actually and reasonably incurred by Maker in owning, leasing, operating, maintaining, and repairing the Property (excluding asset or partnership management fees, insurance proceeds, and any costs or expenses paid or reimbursed by third parties), including without limitation, insurance, taxes, interest actually paid to tenants on funds submitted by tenants and held by Maker in the form of security deposits, maintenance and repair expenses for the Property, capital improvements not funded from the Capital Replacement Reserve (the Capital Replacement Reserve shall be the first source of funds used by Maker for capital improvements to the Property), management costs, Developer Fee (and deferred Developer Fee), and cost of debt service on loans secured by deeds of trust which are recorded against the Property (x) with a higher priority than the Deed of

Trust, and (y) with a lower priority than the Deed of Trust if approved in advance by the Authority; (ii) the monthly property management fee authorized by the Management Contract; (iii) Resident services expenses in an amount not to exceed on an annual basis Thirty Thousand Dollars (\$30,000), increased annually by the CPI; and (iv) the net amount of deposits, if any, into the Capital Replacement Reserve (as defined in Section 3.2.2) and any required operating reserve funding deemed reasonably necessary by the general partner of Maker or otherwise required by any Project lender or tax credit equity investor. Cash Flow shall be calculated on an accrual basis according to generally accepted accounting principles.

3.2.2 For purposes of Section 3.2.1, the term “**Capital Replacement Reserve**” means an annual amount not less than Two Hundred Fifty Dollars (\$250) per Residential Unit per year increased by CPI, or such higher amount may be required by any Project lender or tax credit equity investor. The Capital Replacement Reserve shall be the first source of funds used by Maker for capital improvements to the Property.

3.2.3 Concurrently with the Annual Payments, Maker shall deliver audited financial statements for the applicable period for the Project. Upon Authority’s request, Maker shall provide such additional information necessary to compute Net Cash Flow as Authority may reasonably request.

3.2.4 Any payments made by Maker in payment of this Note shall be applied in the following order: (i) first to any amounts due to Authority other than interest and principal; (ii) second, in payment of interest, if any, then accrued and due on the unpaid principal balance under this Note; and (iii) lastly, to reduction of the principal balance of this Note.

3.2.5 This Note may be prepaid in whole or in part at any time without penalty.

3.3 In the event of any “**Refinancing**” (as defined below), Maker shall pay to Authority, and Authority shall receive the Authority's Percentage of the Excess Proceeds (as defined below) derived from such Refinancing (“**Refinancing Payment**”), to the extent that the principal of the Loan and all accrued but unpaid interest thereon have not previously been paid in full; provided however, if Maker agrees to extend the term of the Regulatory Agreement for a period of at least fifteen (15) years from the date of the Refinancing, in lieu of the foregoing, Maker shall be permitted to first apply 100% to pay any exit taxes due to the limited partner of Maker pursuant to the terms of the Maker’s Amended and Restated Partnership Agreement and thereafter, Authority shall receive, Authority's Percentage of the Excess Proceeds derived from such Refinancing, to the extent that the principal of the Loan and all accrued but unpaid interest thereon have not previously been paid in full.

3.4 In the event of any “**Sale**” (as defined in below), Maker shall pay to Authority, and Authority shall receive the Authority's Percentage of the Excess Proceeds (“**Appreciated Value Payment**”) from the Sale, to the extent that the principal of the Loan and all accrued but unpaid interest thereon has not previously been paid in full;

provided however, if Maker agrees to extend the term of the Regulatory Agreement for a period of at least fifteen (15) years from the date of the Sale, in lieu of the foregoing, Maker shall be permitted to first apply 100% of any Excess Proceeds to pay any exit taxes due to the limited partner of Maker pursuant to the terms of the Maker's Amended and Restated Partnership Agreement and thereafter, Authority shall receive Authority's Percentage of the Excess Proceeds derived from the Sale, to the extent that the principal of the Loan and all accrued but unpaid interest thereon have not previously been paid in full.

3.5 As used herein, the following terms shall have the meanings ascribed below:

"Deductible Expenses" shall mean reasonable, customary and usual expenses actually paid by or on behalf of Borrower in connection with any Refinancing or Sale, including without limitation reasonable (1) mortgage brokerage or sale commissions, (2) legal fees, (3) title insurance and survey fees, (4) escrow fees, (5) transfer and recording taxes and fees, (6) loan commitment fees, (7) points and/or (8) prepayment penalties.

"Excess Proceeds" with respect to any Refinancing shall mean (i) any and all proceeds, credits, offsets and allowances directly or indirectly received by or allowed to Borrower from or by any source in any way, relating to any Refinancing, minus (ii) the sum of (aa) Deductible Expenses relating to such Refinancing, and (bb) the sum of principal and interest paid with respect to any and all loans made by any person or entity other than a governmental or quasi-governmental entity, repayment of which is secured by a mortgage or deed of trust encumbering all or any part of the Project or Property, or any interest therein. The term **"Excess Proceeds"** with respect to any Sale shall mean (i) the Gross Sales Proceeds, minus (ii) the sum of (aa) Deductible Expenses relating to such Sale, and (bb) the sum of principal interest paid with respect to any and all loans made by any person or entity other than a governmental or quasi-governmental entity, repayment of which is secured by all or any part of the Project, the Property or any interest therein.

"Gross Sales Proceeds" shall mean in the case of a Sale, the gross sales consideration (adjusted for customary prorations and security deposit credits) realized from the Sale; provided, however, that if the Sale involves any seller financing, then the portion of such Gross Sales Proceeds from such Sale which are attributable to payments under such seller financing shall be paid to Authority only as and if Borrower actually receives such payments. Authority agrees that Borrower shall not be responsible for any portion of the Gross Sales Proceeds which might otherwise be attributable to any payment made pursuant to the terms of any purchase money financing until and unless Borrower actually receives such payment.

"Refinancing" shall mean any act or process by which Borrower borrows any funds, credit or allowance, repayment or reimbursement of which is secured in whole or in part by Borrower's interest in the Property or the Project, or by any direct or indirect interest in Borrower. Refinancing shall include any so-called "convertible mortgage", pursuant to which any person or entity receives an option or right to acquire any interest in the

Property, the Project, or Borrower's interest therein in lieu of repayment. Refinancing shall not include (i) any Sale or other transfer of all or any part of the Property, the, Borrower's interest in any of the foregoing, or any interest in Borrower or any partner of Borrower (including any transfer of limited partnership interests or transfers to facilitate the syndication of interests in Borrower or the Project) except as collateral securing the performance of any obligation, or (ii) the Senior Debt.

“Sale” shall mean any sale, land sale contract, ground lease or any transfer of fee title to all or any part of the Property, or the Project. The term Sale shall not include (i) encumbrance of the Property pursuant to the Senior Debt or any Refinancing, (ii) any transfer of all or any part of the Property, the Project, Borrower's interest in any of the foregoing, or any interest in Borrower or any partner of Borrower as collateral securing performance of any obligation, (iii) any transfer of limited partnership interests or transfers to facilitate the syndication of interests in Borrower or the Project: or (iv) any assignment permitted by the terms and provisions of the Agency Agreement.

4. Default; Cross-Default; Acceleration.

4.1 Default by Maker of this Note or of any of the Authority Agreements, shall constitute a default of this Note and all of the Authority Agreements.

4.2 Default by Maker under any of the Senior Loan Documents or any loan senior to the Deed of Trust securing this Note and secured by the Property which is not waived or otherwise cured within any applicable cure period.

4.3 In the event Maker fails to perform hereunder or under any of the Authority Agreements, for a period of twenty (20) days after the date of written notice from Authority that such performance was due, Maker shall be in default of this Note. Prior to exercising any of its remedies hereunder, Authority shall give Maker written notice of such default, and Maker shall thereafter have ten (10) days to cure such default; provided, however, that if the default hereunder is solely as a result of a default under any of the Authority Agreements, the default, notice, and cure provisions of the applicable Authority Agreement shall apply. If Maker cures a default under an Authority Agreement within the cure period set forth in the applicable Authority Agreement, Maker shall be deemed to have also cured that default under this Authority Loan. If Maker does not cure a default under any of the Authority Agreements within the cure period set forth in the applicable Authority Agreement, Maker shall be deemed in default under all of the Authority Agreements and under this Note. In the event Maker is deemed in default under this Note, and has not cured the default within the time set forth in the applicable notice of default, Authority may, at its option, declare this Note and the entire obligations hereby evidenced immediately due and payable and collectible then or thereafter as Authority may elect, regardless of the date of maturity, and notice of the exercise of said option is hereby expressly waived by Maker.

5. Collection Costs; Attorneys' Fees. If, because of any event of default under this Note or any of the Authority Agreements, any attorney is engaged by Authority to enforce or defend any

provision of this instrument, whether or not suit is filed hereon, then Maker shall pay upon demand reasonable attorneys' fees, expert witness fees and all costs so incurred by Authority together with interest thereon until paid at the applicable rate of interest payable hereunder, as if such fees and costs had been added to the principal owing hereunder.

6. Waivers by Maker. Maker and all endorsers, guarantors and persons liable or to become liable on this Note waive presentment, protest and demand, notice of protest, demand and dishonor and nonpayment of this Note and any and all other notices or matters of a like nature, and consent to any and all renewals and extensions near the time of payment hereof and agree further that at any time and from time to time without notice, the terms of payment herein may be modified or the security described in any documents securing this Note released in whole or in part, or increased, changed or exchanged by agreement between Authority and any owner of the premises affected by said documents securing this Note, without in any way affecting the liability of any party to this Note or any persons liable or to become liable with respect to any indebtedness evidenced hereby.

7. Severability. The unenforceability or invalidity of any provision or provisions of this Note as to any persons or circumstances shall not render that provision or those provisions unenforceable or invalid as to any other provisions or circumstances, and all provisions hereof, in all other respects, shall remain valid and enforceable.

8. Notices. All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Note shall be in writing and shall be given by personal delivery, certified mail, return receipt requested, or overnight guaranteed delivery service and addressed as follows:

Authority: Carson Housing Authority
701 E. Carson Street
Carson, California 90745
Attn: Assistant Executive Director, John Raymond

With a copy to: Aleshire & Wynder, LLP
1 Park Plaza, Suite 1000
Irvine, CA 92614
Attn: Sunny K. Soltani, Esq.

Maker: _____ Housing LP
c/o Thomas Safran & Associates
Attention: Anthony Yannatta
1181 San Vicente Boulevard
Los Angeles, CA 90049-5063

With a copy to:

Bocarsly Emden Cowan Esmail & Arndt, LLP
633 W. 5th Street, Suite 5880

Los Angeles, CA 90071
Attention: Nicole Deddens, Esq.

Copy to Limited Partner: _____

Notices shall be effective upon the earlier of receipt or refusal of delivery. Each party shall promptly notify the other party of any change(s) of address to which notice shall be sent pursuant to this Note.

Notwithstanding anything to the contrary contained in this Note, Authority agrees that any cure of any default made or tendered by Maker's limited partner shall be deemed to be a cure by Maker and shall be accepted or rejected on the same basis as if made or tendered by Maker. Copies of all notices which are sent to Maker shall also be sent to Maker's limited partner as specified above. This obligation may not be changed by Maker but only upon written notice to Authority by the limited partner.

9. Modifications. Neither this Note nor any term hereof may be waived, amended, discharged, modified, changed or terminated orally; nor shall any waiver of any provision hereof be effective except by an instrument in writing signed by Maker and Authority. No delay or omission on the part of Authority in exercising any right hereunder shall operate as a waiver of such right or of any other right under this Note.

10. No Waiver by Authority. No waiver of any breach, default or failure of condition under the terms of this Note shall be implied from any failure of the Authority of this Note to take, or any delay be implied from any failure by the Authority in taking action with respect to such breach, default or failure from any prior waiver of any similar or unrelated breach, default or failure.

11. Usury. Notwithstanding any provision in this Note, the total liability for payment in the nature of interest shall not exceed the limit imposed by applicable laws of the State of California.

12. Assignability. Authority may freely transfer, assign, or encumber Authority's interest in this Note in any manner, at Authority's sole discretion.

13. Governing Law. This Note has been executed and delivered by Maker in the State of California and is to be governed and construed in accordance with the laws thereof.

14. Time of Essence. Time is of the essence in the performance of the obligations and provisions set forth in this Note.

15. Non-Recourse. Notwithstanding anything to the contrary herein contained, (i) the liability of Maker shall be limited to its interest in the Property and any other security for this Note and any rents, issues, and profits arising from the Property and, in addition, with respect to any obligation to hold and apply insurance proceeds, proceeds of condemnation or other monies hereunder, any

such monies received by it to the extent not so applied in accordance with the terms of this Note; (ii) no other assets of Maker shall be affected by or subject to being applied to the satisfaction of any liability which Maker may have to Authority or to another person by reason of this Note; and (iii) any judgment, order, decree or other award in favor of Authority shall be collectible only out of, or enforceable in accordance with, the terms of this Note by termination or other extinguishment of Maker's interest in the Property. Notwithstanding the foregoing, it is expressly understood and agreed that the aforesaid limitation on liability shall in no way restrict or abridge Maker's continued personal liability for: (A) fraud or willful or negligent misrepresentation made by Maker in connection with this Note or any of the Authority Agreements; (B) misapplication of (a) proceeds of insurance and condemnation or (b) rent received by Maker under rental agreements entered into for any portion of the Property after default of the Note; (C) the retention by Maker of all advance rentals and security deposits of tenants not refunded to or forfeited by such tenants in violation of the Authority Agreements; (D) the indemnification undertakings of Maker under the Authority Agreements, provided, however, nothing herein shall be deemed to obligate Maker to repay any portion of the Loan evidenced hereby as a result of any such indemnification; and (E) material waste by Maker with respect to the Property.

16. Replaces Original Note. This Note supersedes, cancels and terminates the Original Note (as defined in the Modification) in its entirety which Original Note shall be of no further force or effect as of the recordation of the Deed of Trust.

17. Secured by Deed of Trust. This Note is secured by the Deed of Trust.

18. Subordination. Maker and Authority acknowledge that this Note shall be subordinated to the Senior Debt in accordance with the terms of the Modification

IN WITNESS WHEREOF, Maker has executed this Note as of the date first above written.

MAKER:

_____ HOUSING LP,
a California limited partnership

By: _____ Housing LLC,
a California limited liability company,
its General Partner

By: _____
Jordan Pynes, President

By: Housing Corporation of America,
a Utah nonprofit corporation,
its managing general partner

By: _____
Carol Cromar, President

Exhibit C

FORM OF AMENDED DEED OF TRUST

(See following page)

(attached)

Order No.
Loan Escrow No.
Loan No.

WHEN RECORDED MAIL TO:
CARSON HOUSING AUTHORITY
701 E. Carson Street
Carson, CA 90745
Attention: Executive Director

APNs. 7335-013-011, 7335-013-018 & 7335-013-019

SPACE ABOVE THIS LINE FOR RECORDER'S USE
EXEMPT FROM RECORDING FEE PER GOV. CODE § 6103

**RESTATED AND AMENDED DEED OF TRUST WITH ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**

NOTE: RIDER ATTACHED TO THIS DEED OF TRUST ("**RIDER**") CONTAINS
ADDITIONAL TERMS INCLUDING SECURITY AGREEMENT AND FIXTURE FILING.

**This RESTATED AND AMENDED DEED OF TRUST WITH ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust")**, is made
_____, 20__ between _____ Housing, LP, a California limited partnership
 ("**Trustor**"), whose address is 1181 San Vicente Boulevard, Los Angeles, CA 90049-5063, in favor
 of CARSON HOUSING AUTHORITY, a public body, corporate and politic ("**Beneficiary**"), and
 COMMONWEALTH LAND TITLE COMPANY, a corporation ("**Trustee**").

Upon recordation of this Deed of Trust, this Deed of Trust shall supersede, cancel and terminate in its entirety (which shall be deemed reconveyed) that certain Construction Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing dated December 8, 1993 and recorded in the Official Records of Los Angeles County on December 13, 1993 as Instrument No. 93-2424236 ("**Deed of Trust**") in the Official Records of Los Angeles County.

WITNESSETH: That Trustor grants to Trustee in trust, with power of sale, Trustor's estate in that real property in the City of Carson, County of Los Angeles, State of California, described as set forth on EXHIBIT "A" attached hereto ("**Property**") together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits for the purpose of securing (1) payment of the sum of \$_____ with interest thereon according to the terms of that certain Restated and Amended Promissory Note Secured by Deed of Trust of even date herewith made by Trustor, payable to order of Beneficiary, and extensions or renewals thereof; (2) the performance of each agreement of Trustor incorporated by reference or contained herein; (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or its successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust; and (4) all additional obligations specified in the Rider.

To protect the security of this Deed of Trust, and with respect to the Property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each

and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Orange County August 17, 1964, and in all other counties August 18, 1964, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Kings	858	713	Placer	1028	379	Sierra	38	187
Alpine	3	130-31	Lake	437	110	Plumas	166	1307	Siskiyou	506	762
Amador	133	438	Lassen	192	367	Riverside	3778	347	Solano	1287	621
Butte	1330	513	Los Angeles	T-3878	874	Sacramento	5039	124	Sonoma	2067	427
Calaveras	185	338	Madera	911	136	San Benito	300	405	Stanislaus	1970	56
Colusa	323	391	Marin	1849	122	San Bernardino	6213	768	Sutter	655	585
Contra Costa	4684	1	Mariposa	90	453	San Francisco	A-804	596	Tehama	457	183
Del Norte	101	549	Mendocino	667	99	San Joaquin	2855	283	Trinity	108	595
El Dorado	704	635	Merced	1660	753	San Luis Obispo	1311	137	Tulare	2530	108
Fresno	5052	623	Modoc	191	93	San Mateo	4778	175	Tuolumne	177	160
Glenn	469	76	Mono	69	302	Santa Barbara	2065	881	Ventura	2607	237
Humboldt	801	83	Monterey	357	239	Santa Clara	6626	664	Yolo	769	16
Imperial	1189	701	Napa	704	742	Santa Cruz	1638	607	Yuba	398	693
Inyo	165	672	Nevada	363	94	Shasta	800	633			
Kern	3756	690	Orange	7182	18	San Diego	SERIES 5 Book 1964, Page 149774				

shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B (identical in all counties, and printed on pages 3 and 4 hereof) are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as if set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefor does not exceed the maximum allowed by law.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be mailed to it at the address hereinbefore set forth.

TRUSTOR:

_____ HOUSING LP,
a California limited partnership

By: _____ Housing LLC,
a California limited liability company,
its General Partner

By: _____
Jordan Pynes, President

By: Housing Corporation of America,
a Utah nonprofit corporation,
its managing general partner

By: _____
Carol Cromar, President

DO NOT RECORD

The following is a copy of Subdivisions A and B of the fictitious Deed of Trust recorded in each county in California as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

A. To protect the security of this Deed of Trust, Trustor agrees:

- 1) To keep said property in good condition and repair, not to remove or demolish any building thereon; to complete or restore promptly and in a good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.
- 2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at the option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.
- 3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.
- 4) To pay: at least ten (10) days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary of Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

- 5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from the date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

B. It is mutually agreed:

- 1) That any award in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release

such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

2) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

3) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon, or join in any extension agreement or any agreement subordinating the lien or charge hereof.

4) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

5) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or be a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collecting of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

6) That upon default by Trustor in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

7) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

8) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and Authority, including pledges, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

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

DO NOT RECORD

REQUEST FOR FULL RECONVEYANCE

TO _____, TRUSTEE:

The undersigned is the legal owner and Authority of the note or notes and of all indebtedness secured by the foregoing Deed of Trust. Said note or notes, together with all other indebtedness secured by said Deed of Trust, have been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note or notes above mentioned, an all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you under the same.

Dated _____

Please mail Deed of Trust,
Note and Reconveyance to _____

Do Not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made.

RIDER TO RESTATED AND AMENDED DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING

THIS RIDER TO RESTATED AND AMENDED DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING (“Rider”) is executed this ___ day of _____, 202__, by and _____ Housing LP, a California limited partnership (“**Trustor**”) in favor of the CARSON HOUSING AUTHORITY, a public body, corporate and politic (“**Beneficiary**”), the same parties to that certain “Restated and Amended Deed of Trust With Assignment of Rents, Security Agreement and Fixture Filing” of even date herewith to which this Rider is attached. This Rider is made a part of and is incorporated into said Deed of Trust. This Rider shall supersede any conflicting term or provision of the form Deed of Trust to which it is attached.

Reference is made to the following agreements and documents: (i) Restated and Amended Promissory Note made by Trustor as “Maker” in favor of Beneficiary as “Authority” of even date herewith, the repayment of which by Trustor is secured by this Deed of Trust (“**Note**”); (ii) that certain Loan Modification Agreement by and between Trustor as “Borrower” and Beneficiary as “Housing Authority” dated _____, 202_, providing for Trustor’s rehabilitation and operation of the Property (also referred to therein as the Property) (“**Modification**”); and (iii) that certain Restated and Amended Regulatory Agreement between Trustor as “Developer” of even date herewith (“**Regulatory Agreement**”). The Note, Modification, and Regulatory Agreement are collectively hereinafter referred to as the “**Loan Documents**”.

The parties hereto agree:

1. Property. The estate subject to this Deed of Trust is Trustor’s fee estate in the real property legally described in the Deed of Trust (“**Property**”). In addition, Trustor grants to beneficiary a security interest in all of Trustor’s rights, title, and interest in and to the following:

(a) All present and future inventory and equipment, as those terms are defined in the California Commercial Code, and all other present and future personal property of any kind or nature whatsoever, now or hereafter located at, upon or about the Property or used or to be used in connection with or relating or arising with respect to the Property and/or the use thereof or any improvements thereto, including without limitation all present and future furniture, furnishings, fixtures, goods, tools, machinery, plumbing and plumbing material and supplies, concrete, lumber, hardware, electrical wiring and electrical material and supplies, heating and air conditioning material and supplies, roofing material and supplies, window material and supplies, doors, paint, drywall, insulation, cabinets, ceramic material and supplies, flooring, carpeting, appliances, fencing, landscaping and all other materials, supplies and property of every kind and nature.

(b) All present and future accounts, general intangibles, chattel paper, contract rights, deposit accounts, instruments and documents as those terms are defined in the California Commercial Code, now or hereafter relating or arising with respect to the Property and/or the use thereof or any improvements thereto, including without limitation: (i) all rights to the payment of money, including Loan Escrow proceeds arising out of the sale or other disposition of all or any portion

of the Property; (ii) all architectural, engineering, design and other plans, specifications and drawings relating to the development of the Property and/or any construction thereon; (iii) all use permits, occupancy permits, construction and building permits, and all other permits and approvals required by any governmental or quasi-governmental authority in connection with the development, construction, use, occupancy or operation of the Property; (iv) any and all agreements relating to the development, construction, use, occupancy and/or operation of the Property between Trustor and any contractor, subcontractor, project manager or supervisor, architect, engineer, laborer or supplier of materials; (v) all lease, rental or occupancy agreements and payments received thereunder; (vi) all names under which the Property is now or hereafter known and all rights to carry on business under any such names or any variant thereof; (vii) all trademarks relating to the Property and/or the development, construction, use, occupancy or operation thereof; (viii) all goodwill relating to the Property and/or the development, construction, use, occupancy or operation thereof; (ix) all insurance proceeds and condemnation awards arising out of or incidental to the ownership, development, construction, use, occupancy or operation of the Property; (x) all reserves, deferred payments, deposits, refunds, cost savings, bonds, insurance policies and payments of any kind relating to the Property; (xi) all loan commitments issued to Trustor in connection with any sale or financing of the Property; (xii) all water stock, if any, relating to any Property and all shares of stock or other evidence of ownership of any part of or interest in any Property that is owned by Trustor in common with others; and (xiii) all supplements, modifications and amendments to the foregoing.

(c) All fixtures located upon or within the Property or now or hereafter attached to, installed in, or used or intended for use in connection with the Property, including without limitation any and all partitions, generators, screens, awnings, boilers, furnaces, pipes, plumbing, elevators, cleaning, call and sprinkler systems, fire extinguishing apparatus and equipment, water tanks, heating ventilating, air conditioning and air cooling equipment, and gas and electric machinery and equipment.

(d) All present and future accessories, additions, attachments, replacements and substitutions of or to any or all of the foregoing.

(e) All cash and noncash proceeds and products of any and all of the foregoing, including without limitation all monies, deposit accounts, insurance proceeds and other tangible or intangible property received upon a sale or other disposition of any of the foregoing.

1. Obligations Secured. Trustor makes this grant and assignment for the purpose of securing the following obligations (“**Secured Obligations**”):

(a) Payment to Beneficiary of all indebtedness at any time owing under the terms of the Note;

(b) Payment and performance of all obligations of Trustor under this Deed of Trust;

(c) Payment and performance of all future advances and other obligations of Trustor or any other person, firm, or entity with the approval of Trustor, may agree to pay and/or perform (whether as principal, surety or guarantor) for the benefit of Beneficiary, when the obligation is evidenced by a writing which recites that it is secured by this Deed of Trust; and

(d) All modifications, extensions and renewals of any of the obligations secured hereby, however evidenced.

The Modification and Regulatory Agreement are **not** secured by this Deed of Trust. However, any default under the Modification and Regulatory Agreement is a default under this Deed of Trust.

2. Obligations. The term “obligations” is used herein in its broadest and most comprehensive sense and shall be deemed to include, without limitation, all interest and charges, prepayment charges, late charges and fees at any time accruing or assessed on any of the Secured Obligations.

3. Incorporation. All terms of the Note and the Secured Obligations are incorporated herein by this reference. All persons who may have or acquire an interest in the Property shall be deemed to have notice of the terms of all of the foregoing documents.

4. Mortgagee-in-Possession. Neither the assignment of rents set forth in the Deed of Trust nor the exercise by Beneficiary of any of its rights or remedies hereunder shall be deemed to make Beneficiary a “mortgagee-in-possession” or otherwise liable in any manner with respect to the Property, unless Beneficiary, in person or by agent, assumes actual possession thereof. Nor shall appointment of a receiver for the Property by any court at the request of Beneficiary or by agreement with Trustor, or the entering into possession of the Property by such receiver, be deemed to make Beneficiary a “mortgagee-in-possession” or otherwise liable in any manner with respect to the Property.

5. No Cure. In the event Beneficiary collects and receives any rents under the Deed of Trust upon any default hereof, such collection or receipt shall in no way constitute a curing of the default.

6. Opportunity to Cure. Trustor’s failure or delay to perform any term or provision of this Deed of Trust constitutes a default under this Deed of Trust; however, Trustor shall not be deemed to be in default if (i) Trustor cures, corrects, or remedies such default within thirty (30) days after receipt of a notice specifying such failure or delay, or (ii) for such defaults that cannot reasonably be cured, corrected, or remedied within thirty (30) days, if Trustor commences to cure, correct, or remedy such failure or delay within thirty (30) days after receipt of a written notice specifying such failure or delay, and diligently prosecutes such cure, correction or remedy to completion.

Beneficiary shall give written notice of default to Trustor, specifying the default complained of by Trustor. Copies of any notice of default given to Trustor shall also be delivered to any permitted lender and Trustor’s limited partners provided such parties have specifically requested notice in writing delivered to Beneficiary together with an address for such notice. Beneficiary may not institute proceedings against Trustor until thirty (30) days after giving such notice or such longer period of time as may be provided herein. In no event shall Beneficiary be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within sixty (60) days after the first notice of default is given.

Except as otherwise expressly provided in this Deed of Trust, any failure or delay in giving such notice or in asserting any of its rights and remedies as to any default shall not constitute a waiver of any default, nor shall it change the time of default, nor shall it deprive either party of its rights to

institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

In the event of any inconsistency in the terms of this Rider and the provisions set forth in the standard deed of trust recorded in the Recorder's Office of the County of Los Angeles, the terms of this Rider shall control.

Notwithstanding anything to the contrary contained in this Deed of Trust, Beneficiary hereby agrees that any cure of any default made or tendered by Trustor's limited partner shall be deemed to be a cure by Trustor and shall be accepted or rejected on the same basis as if made or tendered by Trustor.

7. Possession Upon Default. Subject to Section 7 above, upon the occurrence of a default, and after delivery of notice and the expiration of all applicable cure periods, Beneficiary may, at its option, without any action on its part being required and without in any way waiving such default, take possession of the Property and have, hold, manage, lease and operate the same, on such terms and for such period of time as Beneficiary may deem proper, and may collect and receive all rents and profits, with full power to make, from time to time, all alterations, renovations, repairs or replacements thereto as may seem proper to Beneficiary, and to apply such rents and profits to the payment of (a) the cost of all such alterations, renovations, repairs and replacements, and all costs and expenses incident to taking and retaining possession of the Property, and the management and operation thereof, and keeping the same properly insured; (b) all taxes, charges, claims, assessments, and any other liens which may be prior in lien or payment of the Note, and premiums for insurance, with interest on all such items; and (c) the indebtedness secured hereby, together with all costs and attorney's fees, in such order or priority as to any of such items as Beneficiary in its sole discretion may determine, any statute, law, custom or use to the contrary notwithstanding. Any amounts received by Beneficiary or its agents in the performance of any acts prohibited by the terms of this assignment, including, but not limited to, any amounts received in connection with any cancellation, modification or amendment of any lease prohibited by the terms of this assignment and any rents and profits received by Trustor after the occurrence of a default shall be held by Trustor as trustee for Beneficiary and all such amounts shall be accounted for to Beneficiary and shall not be commingled with other funds of the Trustor. Any person receiving any portion of such trust funds shall receive the same in trust for Beneficiary as if such person had actual or constructive notice that such funds were impressed with a trust in accordance therewith.

8. Receiver. In addition to any and all other remedies of Beneficiary set forth under this Deed of Trust or permitted at law or in equity, if a default shall have occurred, Beneficiary, to the extent permitted by law and without regard to the value, adequacy or occupancy of the security for the Note and other sums secured hereby, shall be entitled as a matter of right if it so elects to the appointment of a receiver to enter upon and take possession of the Property and to collect all rents and profits and apply the same as the court may direct, and such receiver may be appointed by any court of competent jurisdiction by ex parte application and without notice, notice of hearing being hereby expressly waived. The expenses, including receiver's fees, attorneys' fees, costs and agent's compensation, incurred pursuant to the power herein contained shall be secured by this Deed of Trust.

9. Security Agreement. This Deed of Trust also constitutes a security agreement with respect to all personal property in which Beneficiary is granted a security interest hereunder, and Beneficiary shall have all of the rights and remedies of a secured party under the Uniform Commercial Code as enacted in California ("**California Uniform Commercial Code**") as well as all other rights and

remedies available at law or in equity. Trustor hereby agrees to execute and deliver on demand and hereby irrevocably constitutes and appoints Beneficiary the attorney-in-fact of Trustor, to execute, deliver and, if appropriate, to file with the appropriate filing officer or office such security agreements, financing statements, continuation statements or other instruments as Beneficiary may request or require in order to impose, perfect or continue the perfection of, the lien or security interest created hereby. Trustor and Beneficiary agree that the filing of a financing statement in the record normally having to do with personal property shall never be construed as in any way derogating from or impairing the lien of this Deed of Trust and the intention of Trustor and Beneficiary that everything used in connection with the operation or occupancy of the Property is and at all times and for all purposes and in all proceedings, both legal and equitable, shall be regarded as real property or goods which are or are to become fixtures, irrespective of whether (i) any such item is physically attached to the buildings and improvements on the Property; (ii) serial numbers are used for the better identification of certain equipment items capable of being filed by the Beneficiary; or (iii) any such item is referred to or reflected in any such financing statement so filed at any time. Such mention in the financing statements is declared to be for the protection of the Beneficiary in the event any court or judge shall at any time hold that notice of Beneficiary's priority of interest must be filed in the California Commercial Code records to be effective against a particular class of persons, including, but not limited to, the federal government and any subdivision or entity of the federal government. Trustor covenants and agrees to reimburse Beneficiary for any costs incurred in filing such financing statement and any continuation statements.

Upon the occurrence of default hereunder, and after delivery of notice and the expiration of all applicable cure periods, Beneficiary shall have the right to cause any of the Property which is personal property and subject to the security interest of Beneficiary hereunder to be sold at any one or more public or private sales as permitted by applicable law, and Beneficiary shall further have all other rights and remedies, whether at law, in equity, or by statute, as are available to secured creditors under applicable law, specifically including without limitation the right to proceed as to both the real property and the personal property contained within the Property as permitted by Uniform Commercial Code Section 9501(4), including conducting a unified sale thereof. Any such disposition may be conducted by an employee or agent of Beneficiary or Trustee. Any person, including both Trustee and Beneficiary, shall be eligible to purchase any part or all of such property at any such disposition.

This Deed of Trust constitutes a fixture filing under Sections 9313 and 9402(6) of the California Uniform Commercial Code, as amended or recodified from time to time.

10. Notices, Demands, and Communications. Formal notices, demands, and communications between Trustor and Beneficiary shall be given by (i) personal service, (ii) delivery by reputable document delivery service such as Federal Express that provides a receipt showing date and time of delivery, or (iii) mailing in the United States mail, certified mail, postage prepaid, return receipt requested, addressed to:

Beneficiary: Carson Housing Authority
701 E. Carson Street
Carson, California 90745
Attn: Executive Director

With a copy to: Aleshire & Wynder, LLP

1 Park Plaza 1000
Irvine, CA 92614
Attn: Sunny K. Soltani, Esq.

Trustor: _____ Housing LP
c/o Thomas Safran & Associates
Attention: Anthony Yannatta
1181 San Vicente Boulevard
Los Angeles, CA 90049-5063

With a copy to:

Bocarsly Emden Cowan Esmail & Arndt, LLP
633 W. 5th Street, Suite 5880
Los Angeles, CA 90071
Attention: Nicole Deddens, Esq.

Copy to Limited Partner: _____

With a copy to: Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, Suite 5880
Los Angeles, CA 90071
Attn: Nicole Deddens, Esq.

Notices personally delivered or delivered by document delivery service shall be deemed effective upon receipt. Notices mailed shall be deemed effective on the second business day following deposit in the United States mail. Such written notices, demands, and communications shall be sent in the same manner to such other addresses as either party may from time to time designate by mail.

Copies of all notices which are sent to Trustor shall also be sent to Trustor's limited partner as specified above. This obligation may not be changed by Trustor but only upon written notice to Beneficiary by the limited partner.

12. Insurance and Condemnation Proceeds. Notwithstanding anything to the contrary contained in the Deed of Trust, the Modification, Note or Regulatory Agreement, the Beneficiary shall permit insurance proceeds to be used to rebuild the Project provided that (i) sufficient funds are provided from other sources to effectively rebuild the Project to a multifamily housing complex, and (ii) the Beneficiary will hold all such proceeds and disburse them based on the progress of construction, subject to such additional reasonable conditions as the Beneficiary may impose.

Notwithstanding anything to the contrary contained herein, the Beneficiary will permit condemnation proceeds to be used to rebuild the Project provided that (i) sufficient funds are provided from other sources to effectively rebuild the Project to a multifamily housing complex, and (ii) the Beneficiary will hold all such proceeds and disburse them based on the progress of construction, subject to such additional reasonable conditions as the Beneficiary may impose.

13. Refinancing. Notwithstanding anything to the contrary contained in this Deed of Trust, the

Beneficiary shall permit a refinancing of the Note in accordance with the terms of the Note.

14. Section 42 Subordination. Notwithstanding anything to the contrary contained in this Deed of Trust, Beneficiary acknowledges and agrees that in the event of a foreclosure or conveyance by deed in lieu of foreclosure (collectively “**Foreclosure**”) with respect to the Property, the following rules contained in Section 42(h)(6)(e)(ii) of the Internal Revenue Code shall apply: For a period of three (3) years from the date of Foreclosure, with respect to any Residential Unit that had been regulated by the Extended Use Agreement, (i) none of the tenants occupying those Residential Units at the time of Foreclosure may be evicted or their tenancy terminated (other than for good cause), (ii) nor may any rent be increased except as otherwise permitted under Section 42.

14. Approval of Transfer to Partnership. Notwithstanding anything to the contrary in the Loan Documents, the transfer of the Property and assignment of the Loan to Trustor shall not be a default under the Loan Documents, nor shall Beneficiary have the right to accelerate the Loan based on such transfer.

15. Limited Partner. Beneficiary acknowledges that the Trustor intends to bring in an investor limited partner _____ (including any of their respective successors or assigns, collectively, the “**Limited Partners**”) pursuant to an amendment and restatement of the existing Partnership Agreement entered into at the time the Limited Partner are admitted (“**Amended Partnership Agreement**”). Beneficiary consents to the admission to the Trustor of the Limited Partners and the withdrawal of the initial limited partner.

16. Limited Partners’ Right to Transfer Interest. Notwithstanding anything to the contrary contained in the Loan Documents, neither (i) the transfer of all or a portion of any Limited Partner’s interest in the Trustor to an affiliate of Limited Partner without the consent of Beneficiary, (ii) the transfer of all or a portion of any Limited Partner’s interest in the Trustor to a non-affiliate of Limited Partner with the consent of Beneficiary, which consent shall not be unreasonably withheld or (iii) the admission of a successor limited partner pursuant to the terms of the Amended Partnership Agreement shall constitute an event of default under the Loan Documents or allow acceleration of the Note.

17. General Partner Change. The withdrawal, removal, and/or replacement of a general partner of the Trustor pursuant to the terms of the Amended Partnership Agreement shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan, provided that any required substitute general partner is reasonably acceptable to Beneficiary and is selected with reasonable promptness.

18. Monetary Default. If a monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder, Beneficiary shall give the Limited Partners of the Trustor as identified to Beneficiary by written notice, simultaneous written notice of such default. Trustor shall have a period of seven (7) days after such notice is given within which to cure the default prior to exercise of remedies by Beneficiary under the Loan Documents, or such longer period of time as may be specified in the Loan Documents.

19. Non-Monetary Default. If a non-monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder, Beneficiary shall give Trustor and the Limited Partners of the Trustor as identified to Beneficiary by written notice, simultaneous written notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Trustor shall

have such period to effect a cure prior to exercise of remedies by Beneficiary under the Loan Documents, or such longer period of time as may be specified in the Loan Documents. If the default is such that it is not reasonably capable of being cured within thirty (30) days or such longer period if so specified, and if Trustor (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then Trustor shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Beneficiary. If Trustor fails to take corrective action or to cure the default within a reasonable time, Beneficiary shall give Trustor and the Limited Partners of the Trustor, as identified to Beneficiary by written notice, written notice thereof, whereupon a Limited Partner may remove and replace the General Partner with a substitute general partner who shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions. In no event shall Beneficiary be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within one hundred eighty (180) days after the first notice of default is given, or such longer period of time as may be specified in the Loan Documents.

20. Purchase Rights. The execution and delivery of a purchase option and right of first refusal agreement as to partnership interests described in the Amended Partnership Agreement shall not constitute a default under the Loan Documents or accelerate the maturity of the Loan thereunder. Any requisite consent of Beneficiary to (a) the exercise of the rights under said purchase option and right of first refusal agreement by the project general partner or sponsor or its assignee, as applicable, identified therein, and to (b) the assumption without penalty of loan obligations by the project general partner or sponsor or its assignee, as applicable, and the release of Trustor from such obligations, shall not be unreasonably withheld. Subject to any such consent requirement, the exercise of rights under such agreement shall not constitute a default under the Loan. If the purchase option and right of first refusal agreement described herein is not exercised and the Property is sold subject to low-income housing use restrictions as contained in an existing regulatory agreement or other recorded covenant, any requisite consent of Beneficiary to said sale, and to the assumption without penalty of loan obligations by the purchaser and the release of Trustor from such obligations, shall not be unreasonably withheld.

21. Force Majeure. There shall be no default for rehabilitation delays beyond the reasonable control of Trustor, provided that such delays do not exceed one hundred eighty (180) days, or such longer period of time as may be specified in the Loan Documents.

22. Inconsistency. In the event of any inconsistency or conflict between the covenants, terms and conditions of any of the Loan Documents and this Rider, the covenants, terms and conditions of this Rider shall control.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Trustor has executed this Rider on the date of Trustor's acknowledgment herein below, to be effective for all purposes as of the day and year first set forth above.

TRUSTOR:

_____ HOUSING LP,
a California limited partnership

By: _____ Housing LLC,
a California limited liability company,
its General Partner

By: _____
Jordan Pynes, President

By: Housing Corporation of America,
a Utah nonprofit corporation,
its managing general partner

By: _____
Carol Cromar, President

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCEL 1:

THE NORTH 110 FEET OF THE EAST 365 FEET OF LOT 12 OF TRACT NO. 2982, IN THE CITY OF CARSON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 35, PAGE 31](#), OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THE EASTERLY 25 FEET OF THE NORTHERLY 110 FEET OF SAID LOT.

PARCEL 2:

THE SOUTHERLY 65 FEET OF LOTS 1 TO 7 INCLUSIVE OF TRACT NO. 23353, IN THE CITY OF CARSON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 613, PAGES 66, 67, AND 68](#) OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT ALL OIL, GAS, HYDROCARBON AND MINERAL SUBSTANCES LYING BENEATH A DEPTH OF 500 FEET FROM THE SURFACE OF SAID LAND, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED BY HERMINIA DIEGO MIGUELEZ, A MARRIED WOMAN AS HER SOLE AND SEPARATE PROPERTY, WHO ACQUIRED TITLE AS HERMINIA DIEGO AND FIDEL MIGUELEZ, HER HUSBAND, IN DEED RECORDED JANUARY 17, 1957, IN [BOOK 53396, PAGE 161, OFFICIAL RECORDS](#).

[APN: 7335-013-011](#), 7335-013-018 AND 7335-013-019

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

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, 20_ before me, _____, a notary public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Notary Public

SEAL:

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

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, 20__ before me, _____, a notary public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Notary Public

SEAL:

Exhibit D

AMENDED AND RESTATED REGULATORY AGREEMENT

(See copy attached)

Order No.
Loan Escrow No.
Loan No.

WHEN RECORDED MAIL TO:

CARSON HOUSING AUTHORITY
701 E. Carson Street
Carson, CA 90745
Attention: Executive Director

APNs. 7335-013-011, 7335-013-018 & 7335-013-019

SPACE ABOVE THIS LINE FOR RECORDER'S USE
EXEMPT FROM RECORDING FEE PER GOV. CODE § 6103

**AMENDED AND RESTATED REGULATORY AGREEMENT AND DECLARATION
OF RESTRICTIVE COVENANTS, CONDITIONS AND RESTRICTIONS
RESTRICTING USE OF PROPERTY FOR AFFORDABLE HOUSING**

THIS AMENDED AND RESTATED REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS, CONDITIONS AND RESTRICTIONS RESTRICTING USE OF PROPERTY FOR AFFORDABLE HOUSING (this "**Regulatory Agreement**") is dated as of _____, 202__ for reference purposes only, and is entered into by and between CARSON HOUSING AUTHORITY, a public body, corporate (the "**Housing Authority**") and _____ HOUSING LP, a California limited partnership ("**Developer**"). Housing Authority and Developer are sometimes referred to in this Regulatory Agreement individually as a "**Party**" or collectively as the "**Parties.**" Housing Authority and Developer enter into this Regulatory Agreement with reference to the following recited facts (each a "**Recital**"):

RECITALS

A. The Housing Authority, as successor to the Carson Redevelopment Agency ("**Agency**"), and Avalon Courtyard, a limited partnership ("**Original Developer**"), as successor to Thomas L. Safran, d.b.a. Thomas Safran & Associates ("**Safran**"), were parties to that certain Disposition and Development Agreement dated as of July 9, 1992, as amended by that certain First Amendment to Disposition and Development Agreement dated December 7, 1993, that certain Second Amendment to Disposition and Development Agreement dated December 31, 1994, that certain Third Amendment to Disposition and Development Agreement dated November 7, 1995, that certain Fourth Amendment to Disposition and Development Agreement dated January 17, 2006, that certain Fifth Amendment to Disposition and Development Agreement and Promissory Note dated August 17, 2006, and that certain Sixth Amendment to Disposition and Development Agreement and Promissory Note dated _____, 202__ (collectively, the "**DDA**").

B. Pursuant to the DDA, the Agency agreed to make a loan to Original Developer in the amount of \$5,000,000 ("**Original Loan**"), in connection with development of an affordable multifamily residential development located in the City of Carson, California and more particularly described in Exhibit A attached hereto and incorporated herein ("**Property**"). Pursuant to the DDA, the Property was to be improved as a multi-family residential project ("**Project**").

C. The Original Loan is evidenced by that certain Promissory Note Secured by a Deed of Trust in the original principal amount of the Original Loan, executed by Original Developer for the benefit of Agency (“**Original Note**”). In addition, Original Developer and Agency executed that certain Regulatory Agreement and Declaration of Restrictive Covenants, Conditions and Restrictions Restricting Use of Property For Affordable Housing dated as of December 8, 1993 and recorded in the Official Records of Los Angeles County on December 13, 1993 as Instrument No. 93-2424237 (“**Original Regulatory Agreement**”). The Original Note is secured by that certain Construction Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing dated December 8, 1993 and recorded in the Official Records of Los Angeles County on December 13, 1993 as Instrument No. 93-2424236 (“**Original Deed of Trust**”). The Original Note, Original Regulatory Agreement and Original Deed of Trust are collectively herein referred to as the “**Original Financing Documents.**”

D. With the dissolution of the Agency, the Housing Authority has elected to retain all the housing assets and functions previously performed by the Agency and has transferred all rights, powers, duties, and obligations of the Agency, including, without limitation, the Original Loan, to the Housing Authority.

E. The Project is being acquired by Developer and, in conjunction with the acquisition of the Project, Developer has agreed to assume the Loan effective at the close of escrow for Developer’s acquisition of the Property (“**Close of Escrow**”).

F. In consideration for the Housing Authority’s consent to the transfer, Developer has agreed to amend certain terms and provisions of the Loan contained in the Original Loan Documents to evidence such changes. Developer and Housing Authority, concurrently with execution of this Regulatory Agreement, have entered into that certain Loan Modification Agreement, a Restated and Amended Promissory Note, a Restated and Amended Deed of Trust and this Regulatory Agreement (collectively, “**Amended Loan Documents**”). Upon recordation of this Regulatory Agreement at Close of Escrow, this Regulatory Agreement shall amend and restate the Original Regulatory Agreement and the Original Agreement shall be cancelled and terminated in its entirety and of no further force or effect.

G. Developer is willing to enter into this Regulatory Agreement, and to impose the conditions, covenants, restrictions and agreements set forth in this Regulatory Agreement upon the ownership and operation of the Property and the Project that will bind the Property, the Project, Developer, and Developer’s successors and assigns, to assure Housing Authority of the operation of the Project for the purpose of increasing and improving the supply of affordable rental housing in the Housing Authority and the surrounding communities.

H. The purpose of this Regulatory Agreement is to create such conditions, covenants, restrictions, reservations, agreements, liens, servitudes and charges upon the Property and the Project and subject to which each and every part of the Property and the Project shall be developed, occupied, owned, maintained, held, leased, rented, sold and conveyed.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION AND THE MUTUAL PROMISES AND COVENANTS OF THE PARTIES SET FORTH IN THIS REGULATORY AGREEMENT, HOUSING AUTHORITY AND DEVELOPER AGREE AS

FOLLOWS:

TERMS

1. DEFINED TERMS. As used in this Regulatory Agreement, the following words, phrases and terms shall have the meaning as provided in the initial paragraph of this Regulatory Agreement, the Recitals or as follows, unless the specific context of usage of a particular word, phrase or term may otherwise require:

1.1 Affordable Rent. In reference to each Eligible Household, “**Affordable Rent**” means the following amounts: (i) for the 30% TCAC Units, a monthly rent (including the Utility Allowance, and excluding any supplemental rental assistance from the State of California, the federal government or any other public agency) not in excess of thirty percent (30%) of one-twelfth (1/12th) of thirty percent (30%) of the Area Median Income for the Area Adjusted for Family Size Appropriate for the Unit in accordance with the CTCAC Regulations, (ii) for the HCD 50% Units, a monthly rent that does not exceed one-twelfth (1/12th) of thirty percent (30%) of fifty percent (50%) of Area Median Income, Adjusted for Family Size Appropriate for the Unit as determined in accordance with Health and Safety Code Sections 50093, 50105, and 50196, as applicable, and (iii) for the HCD 60% Units, a monthly rent that does not exceed one-twelfth (1/12th) of thirty percent (30%) of sixty percent (60%) of Area Median Income, Adjusted for Family Size Appropriate for the Unit as determined in accordance with Health and Safety Code Section 50053, and maximum household Gross Income determined in accordance with Health and Safety Code Sections 50093, 50105, and 50196, as applicable.

1.2 Adjusted for Family Size Appropriate for the Unit shall be determined consistent with Section 50052.5(h) of the California Health and Safety Code, subject to the application of federal rules and regulations applicable to Project financing sources, including Section 42(g)(2) of the Internal Revenue Code of 1986, as amended.

1.3 Annual Report. A report in substantially the form of Exhibit C attached to this Regulatory Agreement or in such other form as subsequently reasonably required by Housing Authority.

1.4 Applicant. An individual that completes and submits an application for occupancy of a Unit as an Eligible Household.

1.5 Application. Any agreement, application, certificate, document, or submission (or amendment of any of the foregoing): (a) necessary or appropriate for the Project, including any application for any building permit, certificate of occupancy, utility service or hookup, easement, covenant, condition, restriction, subdivision, or such other instrument as Developer may reasonably request for the Project; or (b) to enable Developer to seek any Approval or to use and operate the Project in accordance with this Regulatory Agreement.

1.6 Approval. Any license, permit, approval, consent, certificate, ruling, variance, authorization, conditional use permit, or amendment to any of the foregoing, as shall be necessary or appropriate under any Law to commence, perform, or complete the Construction of the Project.

1.7 “Area Median Income” or “AMI” “Median Income for the Area” means for the

30% TCAC Units (as defined in Section 2.7 below), the median income for Los Angeles County, California, adjusted for actual household size, as determined by CTCAC Regulations, and for 50% HCD Units and 60% HCD Units (as defined in Section 2.7 blow), the median income for Los Angeles County, California, adjusted for actual household size, as determined by HUD pursuant to Section 8 of the United States Housing Act of 1937 and as published from time to time by HCD in Section 6932 of Title 25 of the California Code of Regulations or successor provision.

1.8 Automobile Liability Insurance. Insurance coverage against claims of personal injury (including bodily injury and death) and property damage covering all owned, leased, hired and non-owned vehicles used by Developer regarding the Project, with minimum limits for bodily injury and property damage of Two Million Dollars (\$2,000,000). Such insurance shall be provided by a business or commercial vehicle policy and may be provided through a combination of primary and excess or umbrella policies, all of which shall be subject to pre-approval by Housing Authority, which approval shall not be unreasonably withheld.

1.9 Available. When a Unit is held available for occupancy by an Eligible Household. A Unit shall be considered to be held available for occupancy by an Eligible Household, until occupied or reoccupied by an Eligible Household appropriate to the income category of the Unit, provided that Developer is exercising bona fide good faith efforts to let or relet the Unit to an Eligible Household.

1.10 Bankruptcy Law, Title 11, United States Code, and any other or successor California or Federal statute relating to assignment for the benefit of creditors, appointment of a receiver or trustee, bankruptcy, composition, insolvency, moratorium, reorganization, or similar matters.

1.11 Bankruptcy Proceeding. Any proceeding, whether voluntary or involuntary, under any Bankruptcy Law.

1.12 Builder's Risk Insurance. Builder's risk or course of construction insurance covering all risks of loss, less policy exclusions, on a completed value (non-reporting) basis, in an amount sufficient to prevent coinsurance, but in any event not less than one hundred percent (100%) of the completed value of the subject Construction, including cost of debris removal (subject to a policy sublimit), but excluding foundation and excavations. Such insurance shall also: (a) grant permission to occupy; and (b) cover, for replacement cost, all materials on or about any offsite storage location intended for use in, or in connection with, the Property (subject to a policy sublimit).

1.13 Housing Authority. The Housing Authority of Avalon, a California municipal corporation.

1.14 Housing Authority Manager. The Housing Authority Manager of the Housing Authority or his/her designee.

1.15 Claim. Any claim, loss, cost, damage, expense, liability, lien, action, cause of action (whether in tort, contract, under statute, at law, in equity or otherwise), charge, award, assessment, fine or penalty of any kind.

1.16 Control. Possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether by ownership of equity interests, by contract or otherwise.

1.17 CPI. The United States Department of Labor, Bureau of Labor Statistics “Consumer Price Index” for all Urban Consumers (CPI-U) published for the Los Angeles-Riverside-Orange County, California, Metropolitan Statistical Area, with a base of 1982-1984 = 100, or a successor index. If the CPI ceases to be published, with no successor index, then the Parties shall reasonably agree upon a reasonable substitute index. The CPI for any date means the CPI last published before the calendar month that includes such date.

1.18 “CTCAC Regulations” means California Code of Regulations Title 4, Division 17, Chapter 1.

1.19 Default. The occurrence of any one or more of the following:

1.19.1 *Monetary Default.* A Monetary Default that continues for ten (10) calendar days after Notice from the non-defaulting Party, specifying in reasonable detail the amount of money not paid and the nature and calculation of each such payment;

1.19.2 *Reporting Default.* If Developer fails to deliver any Annual Report as and when required in Section 2.7.6 or fails or refuses to allow and cooperate with any Housing Authority audit of Project Records in accordance with Section 2.10, each after thirty (30) calendar days Notice of such failure;

1.19.3 *Bankruptcy or Insolvency.* Developer admits in writing that it is unable to pay its debts as they become due or becomes subject to any Bankruptcy Proceeding (except an involuntary Bankruptcy Proceeding dismissed within ninety (90) days after commencement), or a custodian or trustee is appointed to take possession of, or an attachment, execution or other judicial seizure is made with respect to, substantially all of Developer’s assets or Developer’s interest in this Regulatory Agreement (unless such appointment, attachment, execution, or other seizure was involuntary, and is contested with diligence and continuity and vacated and discharged within ninety (90) days);

1.19.4 *Transfer.* The occurrence of a Transfer, whether voluntarily or involuntarily or by operation of Law, in violation of the terms and conditions of this Regulatory Agreement;

1.19.5 *Non-Monetary Default.* Any Non-Monetary Default, other than those specifically addressed in Sections 1.27.2, 1.27.3, 1.27.4 or 1.27.6, that is not cured within thirty (30) days after Notice to the Party alleged to be in Default describing the Non-Monetary Default in reasonable detail, or, in the case of a Non-Monetary Default that cannot with reasonable diligence be cured within thirty (30) days after the effective date of such Notice, if the Party alleged to be in Default does not do all of the following: (a) within thirty (30) days after Notice of such Non-Monetary Default, advise the other Party of the intention of the Party alleged to be in Default to take all reasonable steps to cure such Non-Monetary Default; (b) duly commence such cure within such period, and then diligently prosecute such cure to completion; and (c) complete such cure within a reasonable time under the circumstances; or

1.20 Default Interest. Interest at an annual rate equal to the lesser of: (a) eight percent (8%) per annum; or (b) the Usury Limit.

1.21 Developer. _____ Housing LP, a California limited partnership, and any Person to whom Developer Transfers its interest in this Regulatory Agreement in compliance with the terms and conditions of this Regulatory Agreement.

1.22 Environmental Law. Any Law regarding any of the following at, in, under, above, or upon the Property: (a) air, environmental, ground water, or soil conditions; or (b) clean-up, remediation, control, disposal, generation, storage, release, discharge, transportation, use of, or liability or standards of conduct concerning, Hazardous Substances, as now or may, at any later time, be in effect.

1.23 Foreclosure Event. Defined in Section 3.14.7.

1.24 Government. Each and every governmental agency, authority, bureau, department, quasi-governmental body, or other entity or instrumentality having or claiming jurisdiction over the Property or the Project (or any activity this Regulatory Agreement requires or allows), including the government of the United States of America, the California and the County governments and their subdivisions and municipalities, including the Housing Authority and all other applicable governmental agencies, authorities, and subdivisions thereof, any planning agency, board of standards and appeals, department of buildings, city council, zoning board of appeals, design review board or committee or similar body having or claiming jurisdiction over the Property or any activities on or at the Property.

1.25 “Gross Income” shall have the meaning set forth in Section 6914 of Title 25 of the California Code of Regulations, as such section may be revised from time to time.

1.26 “Hazardous Substance”. Any flammable substances, explosives, radioactive materials, asbestos, asbestos-containing materials, polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, medical wastes, toxic substances or related materials, explosives, petroleum, petroleum products and any “hazardous” or “toxic” material, substance or waste that is defined by those or similar terms or is regulated as such under any Law, including any material, substance or waste that is: (a) defined as a “hazardous substance” under Section 311 of the Water Pollution Control Act (33 U.S.C. § 1317), as amended; (b) substances designated as “hazardous substances” pursuant to 33 U.S.C. § 1321; (c) defined as a “hazardous waste” under Section 1004 of the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901, *et seq.*, as amended; (d) defined as a “hazardous substance” or “hazardous waste” under Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Reauthorization Act of 1986, 42 U.S.C. § 9601, *et seq.*, or any so-called “superfund” or “superlien” law; (e) defined as a “pollutant” or “contaminant” under 42 U.S.C. § 9601(33); (f) defined as “hazardous waste” under 40 C.F.R. Part 260; (g) defined as a “hazardous chemical” under 29 C.F.R. Part 1910; (h) any matter within the definition of “hazardous substance” set forth in 15 U.S.C. § 1262; (i) any matter, waste or substance regulated under the Toxic Substances Control Act (“TSCA”) [15 U.S.C. Sections 2601, *et seq.*]; (j) any matter, waste or substance regulated under the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801, *et seq.*; (k) those substances listed in the United States Department

of Transportation (DOT)Table [49 C.F.R. 172.101]; (l) any matter, waste or substances designated by the EPA, or any successor authority, as a hazardous substance [40 C.F.R. Part 302]; (m) any matter, waste or substances defined as “hazardous waste” in Section 25117 of the California Health and Safety Code; (n) any substance defined as a “hazardous substance” in Section 25316 of the California Health and Safety Code; (o) any matter, waste, or substance that is subject to any other Law regulating, relating to or imposing obligations, liability or standards of conduct concerning protection of human health, plant life, animal life, natural resources, property or the enjoyment of life or property free from the presence in the environment of any solid, liquid, gas, odor or any form of energy from whatever source; or (p) other substances, materials, and wastes that are, or become, regulated or classified as hazardous or toxic under Law or in the regulations adopted pursuant to said Law, including manure, asbestos, polychlorinated biphenyl, flammable explosives and radioactive material. Notwithstanding the foregoing, “Hazardous Substances” shall not include such products in quantities as are customarily used in the construction, maintenance, development or management of residential developments or associated buildings and grounds, or typically used in residential activities in a manner generally used in other comparable residential developments, or substances commonly ingested by a significant population living within the Project including, without limitation, alcohol, aspirin, tobacco and saccharine.

1.27 Income Certification Form. A certification in substantially the form of Exhibit B attached to this Regulatory Agreement or in such other form as may be reasonably required by Housing Authority. The Housing Authority hereby acknowledges and agrees that the California Tax Credit Allocation Committee Initial Certification form shall be acceptable forms of certification for purposes of this Agreement.

1.28 Indemnify. Where this Regulatory Agreement states that any Indemnitor shall “indemnify” any Indemnitee from, against, or for a particular Claim, that the Indemnitor shall indemnify the Indemnitee and defend and hold the Indemnitee harmless from and against such Claim (alleged or otherwise). “**Indemnified**” shall have the correlative meaning.

1.29 Indemnitee. Any Person entitled to be Indemnified under the terms of this Regulatory Agreement.

1.30 Indemnitor. A Party that agrees to Indemnify any other Person under the terms of this Regulatory Agreement.

1.31 Law. Every law, ordinance, requirement, order, proclamation, directive, rule, and regulation of any Government applicable to the Property or the Project, in any way, including any development, use, maintenance, taxation, operation, or occupancy of, or environmental conditions affecting the Property or the Project, or relating to any taxes, or otherwise relating to this Regulatory Agreement or any Party’s rights, obligations or remedies under this Regulatory Agreement, or any Transfer of any of the foregoing, whether in force on the date of this Regulatory Agreement or passed, enacted, modified, amended or imposed at some later time, subject in all cases, however, to any applicable waiver, variance, or exemption.

1.32 Legal Costs. In reference to any Person, all reasonable costs and expenses such Person incurs in any legal proceeding (or other matter for which such Person is entitled to be

reimbursed for its Legal Costs), including reasonable attorneys' fees, court costs and expenses, and consultant and expert witness fees and expenses.

1.33 Lender. Any of the following: (a) a bank (California, Federal or foreign), trust company (in its individual or trust capacity), insurance company, credit union, savings bank (California or Federal), pension, welfare or retirement fund or system, real estate investment trust (or an umbrella partnership or other entity of which a real estate investment trust is the majority owner), Federal or California agency regularly making or guaranteeing mortgage loans, investment bank, a Fortune 500 company or a subsidiary of a Fortune 500 company; or (b) any Person that is an Affiliate of or is a combination of any one or more of the Persons described in "(a)" of this Section 1.41.

1.34 Liability Insurance. Commercial general liability insurance against claims for bodily injury, personal injury, death or property damage occurring upon, in, or about the Property, the Project or adjoining streets or passageways, at least as broad a Insurance Services Office Occurrence Form CG0001, with a minimum liability limit of Ten Million Dollars (\$10,000,000) combined single limit and Five Million Dollars (\$5,000,000) for any one occurrence and which may be provided through a combination of primary and excess or umbrella insurance policies. If commercial general liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the Project or the general aggregate limit shall be twice the required minimum liability limit for any one occurrence.

1.35 Eligible Household. A "Eligible Household" shall mean 30% AMI Tenants, 50% AMI Tenants and 60% AMI Tenants.

1.36 Maintenance Deficiency. Defined in Section 3.10.2.

1.37 Maintenance Standard. Defined in Section 3.10.1.

1.38 Manager's Unit. The Unit in the Project reserved for use by the Management Agent.

1.39 Management Agent. A Person with significant experience managing affordable rental housing projects substantially similar to the Project and that is, at the time, managing other financially self-supporting, successful affordable rental housing projects substantially similar to the Project.

1.40 Monetary Default. Any failure by a Party to pay or deposit, when and as this Regulatory Agreement requires, any amount of money, any bond or surety or evidence of any insurance coverage required to be provided under this Regulatory Agreement, whether to or with the non-defaulting Party or a Third Person.

1.41 Monthly Median Income. One-twelfth (1/12th) of the Area Median Income.

1.42 Non-Monetary Default. A Party's: (a) failure to perform any of its obligations under this Regulatory Agreement; (b) failure to comply with any affirmative or negative covenant or material restriction or prohibition in this Regulatory Agreement, excepting any such failure constituting a Monetary Default; or (c) any other event or circumstance that, with the passage of

time or giving of Notice, or both, or neither, would constitute a breach of this Regulatory Agreement.

1.43 Notice. Any consent, demand, designation, election, notice, or request relating to this Regulatory Agreement. All Notices must be in writing.

1.44 Permitted Encumbrance. Any Permitted Security Instrument, any utility easements, temporary easements and other temporary encumbrances now or hereafter recorded against the Property, a bona fide Senior Loan, a bona fide Refinancing and any other document required or expressly allowed to be recorded against the Property by the express terms of this Regulatory Agreement.

1.45 Permitted Lender. The holder of any Permitted Security Instrument.

1.46 Permitted Security Instrument. Any Security Instrument that secures a Senior Loan or any refinancing thereof.

1.47 Permitted Transfer. Any sale, transfer, assignment or conveyance of the Property or the Project that is approved by the Housing Authority or is expressly permitted by the terms of this Regulatory Agreement. For purposes of this Regulatory Agreement, the following shall be deemed to be “**Permitted Transfers**”:

- a. An assignment of this Agreement and all of Developer’s interests in the Property to an Affiliate or a conveyance back from the Affiliate to Developer, so long as approval of this assignment has been previously given by the Housing Authority or designee. However, notwithstanding the foregoing, if an assignment is made to or from a Permitted Transferee only notice of the assignment is required to be provided to the Housing Authority Manager.
- b. A conveyance of a security interest in the Property or any portion thereof or interest therein in connection with any Senior Loan;
- c. The inclusion of equity participation by additional and new limited partners or similar mechanism, and any transfers of limited partnership interests in Developer’s partnership;
- d. The lease for occupancy of all or any part of the Project on the Property so long as approval is previously obtained from the Housing Authority or designee;
- e. The granting of easements or permits to facilitate the development of the Property in accordance with this Agreement; and
- f. The withdrawal, removal and/or replacement of a general partner of Developer’s partnership pursuant to the terms of Developer’s partnership agreement, conveyance of Developer’s interest in the Property and the Project or a transfer of limited partnership interests to the managing general partner pursuant to the right of first refusal provided to that partner in Developer’s partnership agreement, conveyance of Developer’s interest in the Property and the Project or a transfer of limited partnership interests to either of the two general partners pursuant to the option provided to them in Developer’s partnership agreement.

g. Any transfer of an interest in Developer or the Property to a TSA Entity. For purposes hereof, “**TSA Entity**” means collectively, any one or more of (i) Thomas Safran & Associates, Inc., a California corporation and/or president thereof (or its successors), (ii) Thomas Safran & Associates, a California sole proprietorship (or its successors), (iii) Thomas L. Safran, an individual, or his administrators, executors and heirs, or (iv) any other senior executive employee of Thomas Safran & Associates, a California sole proprietorship, or (v) any corporation, limited liability company or limited partnership wholly owned or controlled by, or which owns and controls, any the persons or entities identified in (i) through (v) above.

1.48 Person. Any association, corporation, governmental entity or agency, individual, joint venture, joint-stock company, limited liability company, partnership, trust, unincorporated organization or other entity of any kind.

1.49 Prohibited Encumbrance. Any mortgage, lien, deed of trust, security instrument, mechanic’s lien, easement or other encumbrance recorded or asserted against the Property or the Project that is not a Permitted Encumbrance.

1.50 Prohibited Transferee. Any Person with whom Housing Authority is in litigation, any Person that Housing Authority reasonably determines has any connection with any terrorist organization, any Person entitled to claim diplomatic immunity, any domestic or foreign governmental entity, except as reasonably approved by Housing Authority, any Person that is immune or may elect to be immune from suit under California or Federal law, or any other Person that Housing Authority reasonably disapproves.

1.51 Project Records. All books, statements, contracts and other records of Developer, any Affiliate and any Management Agent relating in any way to the acquisition, Construction, use, occupancy or operation of the Property or the Project, including Income Certification Forms completed by applicants or tenants of the Project, Annual Reports, accounting of Project revenues, and accounting of Project expenses. All Project Records shall be prepared in accordance with industry standards and generally accepted accounting principles.

1.52 Property. That certain real property located in the City of Carson, County of Los Angeles, State of California, specifically described in the legal description attached as Exhibit A to this Regulatory Agreement, which is incorporated into this Regulatory Agreement by this reference.

1.53 Property Insurance. Insurance providing coverage for the Property and all improvements on or to the Property against loss, damage, or destruction by fire and other hazards (but specifically excluding earthquake and terrorism) encompassed under the broadest form of property insurance coverage then customarily used for like properties in the County, in an amount equal to one hundred percent (100%) of the replacement value (without deduction for depreciation) of all improvements comprising the Project (excluding excavations and foundations), and in any event sufficient to avoid co-insurance and with no co-insurance penalty provision, with “ordinance or law” coverage. To the extent customary for like properties in the County at the time, such insurance shall include coverage for explosion of steam and pressure boilers and similar apparatus located on the Property; an “increased cost of construction” endorsement; and an endorsement covering demolition and cost of debris removal, all subject to policy sublimits. Property Insurance shall also include rental or business interruption insurance in an amount, at least, equal to the

average annual gross revenue of the Project for the preceding three (3) calendar years and providing for a 12-month extended period of indemnity.

1.54 Refinancing. Any loan secured by a Permitted Security Instrument that Developer obtains from a Lender subsequent to recordation of the Senior Loan for any of the following purposes: (1) to pay off all or a portion of an existing loan secured by a Permitted Security Instrument where the Lender providing the new loan will disburse loan proceeds to or on behalf of Developer exceeding the amount of principal and interest under the existing loan being paid plus the amount of any reasonable and customary fees and costs associated with obtaining such new loan that are actually paid by Developer and not rebated or refunded to Developer, the aggregate amount of such fees and costs not to exceed three percent (3%) of the original principal amount of the new loan; (2) disbursing funds to or on behalf of Developer without paying off any existing loan secured by a Permitted Security Instrument; or (3) any loan extension, modification or equivalent regarding an existing loan to Developer secured by a Permitted Security Instrument that results in the Lender of the existing loan disbursing additional loan proceeds to or on behalf of Developer in excess of the original principal amount of the loan.

1.55 Security Instrument. Any security instrument, deed of trust, security deed, contract for deed, deed to secure debt, or other voluntary real property (including leasehold) security instrument(s) or agreement(s) intended to grant real property (including leasehold) security for any obligation (including a purchase-money or other promissory note) encumbering the Property, as entered into, renewed, modified, consolidated, increased, decreased, amended, extended, restated, assigned (wholly or partially), collaterally assigned, or supplemented from time to time, unless and until paid, satisfied, and discharged of record. If two or more such security instruments are consolidated or restated as a single lien or held by the same Lender (as applicable), then all such security instruments so consolidated or restated shall constitute a single Security Instrument. A participation interest in a security instrument (or partial assignment of the secured loan) does not itself constitute a Security Instrument.

1.56 Senior Citizen Housing Development shall mean a residential development developed, substantially rehabilitated or substantially renovated for senior citizens, which has at least 35 dwelling units as defined in Section 51.3(b)(4) of the California Civil Code.

1.57 Senior Household is defined as a household which meets one of the following: (1) all persons in the household are sixty-two (62) years of age or older and reside in a dwelling unit at a Senior Citizen Housing Development; or (2) at least one person in the household is fifty-five (55) years of age or older and resides in a dwelling unit at a Senior Citizen Housing Development, and all other persons residing in the same dwelling unit are a "qualified permanent resident" and/or "permitted health care resident," both as defined in California Civil Code Section 51.3(b).

1.58 Senior Loan. Any loan that Developer shall obtain from a Lender, the proceeds of which are to be used and applied solely to pay the reasonable costs of obtaining such loan for acquisition of the Property or for rehabilitation, installation and/or operation of the Project, or for the refinancing of any prior Senior Loan in accordance with the terms of this Agreement.

1.59 Term. The period of time beginning on the date of recordation of this Regulatory Agreement and ending on December 31, 2081.

1.60 Third Person. Any Person that is not a Party, an Affiliate of a Party, or an elected official, officer, director, manager, shareholder, member, principal, partner, employee or agent of a Party.

1.61 30% AMI Tenants” means persons or families with Gross Income that does not exceed thirty percent (30%) of the Median Income for the Area, Adjusted for Family Size Appropriate for the Unit.

1.62 50% AMI Tenants means persons or families with Gross Income that does not exceed fifty percent (50%) of the Median Income for the Area, Adjusted for Family Size Appropriate for the Unit.

1.63 60% AMI Tenants means persons or families with Adjusted Income that does not exceed sixty percent (60%) of the Median Income for the Area, Adjusted for Family Size Appropriate for the Unit.

1.64 Transfer. With respect to any property, right or obligation, any of the following, whether by operation of law or otherwise, whether voluntary or involuntary, and whether direct or indirect:

1.64.1 Any total or partial sale, assignment, conveyance, trust, power, or transfer in any other mode or form, by Developer of more than a 49% interest in Developer’s interest in this Regulatory Agreement, the Property, or the Project or a series of such sales, assignments and the like that, in the aggregate, result in a disposition of more than a 49% interest in Developer’s interest in this Regulatory Agreement, the Property or the Project, even if Developer is not technically the transferor; or

1.64.2 Any merger, consolidation, sale or lease of all or substantially all of the assets of Developer or a series of such sales, assignments and the like that, in the aggregate, result in a disposition of more than a 49% interest of all or substantially all of the assets of Developer; or

1.64.3 Any Property Transfer; or

1.64.4 The recordation of any deed of trust, mortgage, lien or similar encumbrance against all or any portion of the Property, other than a Permitted Security Instrument.

A “**Transfer**” shall not include a Permitted Transfer.

1.65 Unavoidable Delay. A delay in either Party performing any obligation under this Regulatory Agreement, except payment or deposit of money, arising from or on account of any cause whatsoever beyond the Party’s reasonable control, including strikes, labor troubles or other union activities, casualty, war, acts of terrorism, riots, litigation, governmental action or inaction, regional natural disasters or inability to obtain required materials. Unavoidable Delay shall not include delay caused by a Party’s financial condition, illiquidity, or insolvency.

1.66 Unit. Ninety (91) residential accommodations within the Project, which shall be restricted by Developer for rental to and occupancy by an Eligible Household at an Affordable Rent,

in accordance with the terms and conditions of the Regulatory Agreement. The Manager's Unit shall not be deemed a Unit.

1.67 Usury Limit. The highest rate of interest, if any, that Law allows under the circumstances.

1.68 Utility Allowance means a monthly allowance for Utility Services based on a utility allowance schedule published annually by Authority or the schedule provided in the California Utility Allowance Calculator.

1.69 Waiver of Subrogation. A provision in, or endorsement to, any insurance policy, by which the carrier agrees to waive rights of recovery by way of subrogation against either Party to this Regulatory Agreement for any loss such policy covers.

1.70 Workers Compensation Insurance. Workers compensation insurance complying with the provisions of California law and an employer's liability insurance policy or endorsement to a liability insurance policy, with a minimum liability limit of One Million Dollars (\$1,000,000) per accident for bodily injury or disease, covering all employees of Developer and the Management Agent.

2. AFFORDABLE RENTAL HOUSING COVENANTS AND RESTRICTIONS

2.1 Developer Acknowledgment of Potential Impact of Regulatory Agreement. Developer acknowledges and agrees that this Regulatory Agreement imposes certain covenants, conditions and restrictions on the use and occupancy of the Property and the Project during the Term that may result in less than all of the Units being leased or rented and that may not constitute the highest and best use of the Property.

Initials of Authorized
Developer Representative(s)

2.2 Agreement to Record. Developer agrees that Housing Authority may record this Regulatory Agreement against the Property in the official records of the Recorder of the County of Los Angeles, California.

2.3 Rehabilitation. Developer shall undertake and Housing Authority consents to the repairs at the Project required by the CTCAC and the holders of the Senior Debt (as defined below).

2.4 Affordable Residential Rental Property Restrictive Covenant. Developer covenants to and for the benefit of the Housing Authority that Developer shall develop, own, manage and operate, or cause the management and operation of, the Project to include the Affordable Units, which shall be occupied by or made Available for occupancy by individuals and families who, at the time of initial occupancy of the Affordable Units and continuously thereafter (subject to the other provisions of this Regulatory Agreement) are Eligible Households at an Affordable Rent and for no other purposes. In addition to the requirements in above, Developer

shall cause each of the Units in the Project excluding any manager's unit, to be rented to and occupied by or, if vacant, available for occupancy by a Senior Household.

2.5 Continuous Operation Covenant. Developer covenants to and for the benefit of Housing Authority to cause the Project to be continuously operated, in accordance with the other provisions of this Section 2, throughout the Term.

2.6 Abandonment. Developer shall not abandon or surrender the operation of all or any part of the Project during the Term, except due to material casualty or condemnation.

2.7 Affordable Rent. Throughout the term of this Agreement, subject to the conditions set forth in this Section: (i) not less than ten (10) of the residential units in the Project shall be both Rent Restricted and occupied (or if vacant, available for occupancy) by Eligible Households whose are 30% AMI Tenants ("**30% TCAC Units**") at an Affordable Rent determined in accordance with CTCAC Regulations, (ii) not less than an additional thirty-five (35) of the residential units in the Project shall be both Rent Restricted and occupied (or if vacant, available for occupancy) by Eligible Households who are 50% AMI Tenants at an Affordable Rent determined in accordance with Health and Safety Code Section 50053, and maximum household Gross Income determined in accordance with Health and Safety Code Sections 50093, 50105, and 50196, as applicable ("**HCD 50% Units**"), (iii) not less than an additional forty-six (46) of the residential units in the Project shall be both Rent Restricted and occupied (or if vacant, available for occupancy) by Eligible Households who are 60% AMI Tenants at an Affordable Rent determined in accordance with Health and Safety Code Section 50053, and maximum household Gross Income determined in accordance with Health and Safety Code Sections 50093, 50105, and 50196, as applicable ("**HCD 60% Units**"). A dwelling unit shall qualify as "**Rent Restricted**" if the gross rent payable by the tenant for such unit does not exceed the Affordable Rent for the applicable household income category as specified in this Section.

2.7.1 Rent Increases. Rent for Units may be increased only once per calendar year; provided that the rent for each Unit must never exceed an Affordable Rent for the Unit.

2.7.2 Determination of Household Income. Determination of Eligible Household income shall be made by Developer at the time of initial application of an Applicant. At the time of initial application, Developer shall require an Applicant to complete the Income Certification Form and certify the accuracy of the information provided on such form. On or before January 1st of each calendar year during the Term and within sixty (60) days following the expiration of the Term, Developer shall require each Eligible Household occupying a Unit to recertify the Eligible Household's income on the Income Certification Form. Developer shall make a good faith effort to verify the accuracy of income information provided in any Income Certification Form by an Applicant for occupancy of a Unit or by an Eligible Household occupying a Unit, by taking one or more of the following steps, as reasonably required or indicated: (1) obtain an income tax return and copy of each W2 Wage and Earnings Statement for the most recently concluded income tax year; (2) conduct a credit reporting agency or similar search; (3) obtain an income verification form from the Applicant's or the Eligible Household's current employer(s); (4) obtain an income verification form from the United States Social Security Administration and/or the California Department of Social Services, if the Applicant or the Eligible Household receives assistance from either of such agencies; or (5) if the Applicant or an Eligible Household

is unemployed and has no such income tax return, obtain another form of independent verification. For purposes of this Section 2.7.2, Developer may conclusively rely upon the evidence of the age of the occupant(s) of a Unit as presented in a valid California Driver's License, other form of identification issued by the State of California or the United States Government, which includes a date of birth. All such verification information shall only be obtained by Developer after obtaining the Applicant's or the Eligible Household's written consent for the release of such information to Developer. Failure to consent in writing to the release of such income verification information to Developer may disqualify an Applicant for occupancy of a Unit or be grounds for termination of Eligible Household's occupancy of a Unit.

2.7.3 The Units are not specifically assigned to any particular Eligible Household income category. The restricted income level of each Unit may change as Units become vacant, an Eligible Household tenant's income changes or other Units are occupied by Eligible Households. In all circumstances, though, the rent for each Unit shall be an Affordable Rent for the Unit as necessary to maintain the restricted income tenant mix required under Section 2.3. If the income category of an Eligible Household upon recertification is different from the previous income category of the Eligible Household, Developer or Management Agent shall rent the next available Unit to an Eligible Household.

2.7.4 Developer shall maintain on file all Income Certification Forms completed by Applicants and Eligible Households that occupied or are occupying Units in accordance with Section 2.10.1 and shall provide copies of the rent roll and Income Certification Forms to Housing Authority for its review and approval within fifteen (15) days following Notice by Housing Authority to Developer.

2.7.5 Developer and each Eligible Household occupying a Unit shall permit Housing Authority to conduct inspections of the Property, the Project and each Unit, from time-to-time, for purposes of verifying compliance with this Regulatory Agreement, upon five (5) days prior written notice to Developer.

2.7.6 Developer shall submit its first Annual Report to Housing Authority on June 30th following the recordation of the Certificate of Completion. Thereafter, on the same date each year during the Term, Developer shall submit an Annual Report to Housing Authority. Housing Authority shall maintain the confidentiality of the information contained in any Annual Report specifically relating to any particular Eligible Household occupying a Unit, to the extent reasonably allowed by Law, as determined by the Housing Authority Attorney.

2.8 Developer Covenant Regarding Lease of Units. Developer, for itself, its successors and assigns, covenants and agrees that, if any Unit is rented or leased during the Term, the rental or lease of the Unit shall be accomplished through a written lease agreement and all of the following restrictions shall apply:

2.8.1 An Eligible Household shall be the record tenant and only occupants of the Unit.

2.8.2 Developer shall, upon request of such prospective tenant, provide a legible copy of this Regulatory Agreement to each prospective tenant of any Unit, prior to entering

into a lease with such tenant for any Unit.

2.8.3 The lease for each Unit shall expressly state that it is subject and subordinate to this Regulatory Agreement.

2.8.4 The lease for each Unit shall be for an initial period of not less than six (6) months.

2.8.5 The lease for each Unit shall not contain any of the following provisions:

(a) An agreement by the Eligible Household to be sued, to admit guilt or to the entry of a judgment in favor of Developer in a lawsuit brought in connection with the lease;

(b) An agreement by the Eligible Household that Developer may take, hold or sell personal property of any member(s) of the Eligible Household, without notice to the Eligible Household and a court decision on the respective rights of Developer and the member(s) of the Eligible Household, other than an agreement by the Eligible Household concerning disposition of personal property remaining in the Unit after the Eligible Household has moved out of the Unit;

(c) An agreement by the Eligible Household not to hold Developer or its agents legally responsible for any willful misconduct or negligence attributable to Developer or its agents;

(d) An agreement by the Eligible Household that Developer may institute a lawsuit, involving or affecting the Eligible Household or any of its members, without notice to the Eligible Household;

(e) An agreement by the Eligible Household that Developer may evict the Eligible Household without instituting a civil court proceeding in which the Eligible Household has an opportunity to present a defense before a court decision on the respective rights of Developer and the Eligible Household;

(f) An agreement by the Eligible Household to waive any right to a trial by jury;

(g) An agreement by the Eligible Household to waive the Eligible Household's right to appeal or to otherwise challenge a court decision in connection with the lease;

(h) An agreement by the Eligible Household to pay attorney's fees or other legal costs, even if the Eligible Household wins in a court proceeding by Developer against the Eligible Household; provided, however, the Eligible Household may be obligated to pay costs if the Eligible Household loses such a legal action;

(i) An agreement by the Eligible Household to pay one (1) or more security deposits (or the equivalent) totaling in excess of the amount of one month's rent for such

Unit. Failure to pay any security deposit installment may constitute a breach of the lease.

2.8.6 Each lease for a Unit shall contain all of the following provisions:

(a) An agreement authorizing Developer to immediately terminate the tenancy of an Eligible Household occupying a Unit, where one or more members of that Eligible Household misrepresented any fact material to the qualification of such household as an Eligible Household;

(b) An agreement providing that each Eligible Household occupying a Unit shall be subject to annual certification or recertification of income as a condition to continued occupancy of the Unit;

(c) An agreement providing that each Eligible Household occupying a Unit may be subject to rental increases in accordance with this Regulatory Agreement; and

(d) Providing that Developer will not discriminate on the basis of race, creed, color, gender, sexual orientation, national origin, ancestry, religion, marital status, age, disability or receipt of public assistance or housing assistance in connection with rental of a Unit, or in connection with the employment or application for employment of persons for operation and management of the Project, and all contracts, applications and leases entered into for such purposes shall contain similar non-discrimination clauses to such effect.

2.8.7 Developer shall not terminate the tenancy or refuse to renew the lease or rental agreement of an Eligible Household except for: (i) violations of the terms and conditions of the lease; (ii) for violation of applicable Federal, California, or local law; or (iii) for other good cause. Developer shall, in connection with termination of the tenancy of an Eligible Household or a refusal to renew the lease or rental agreement of an Eligible Household, serve written notice upon the Eligible Household specifying the grounds for the action in accordance with all applicable Laws and at least thirty (30) days before the effective date of the termination of the tenancy, unless the termination is pursuant to a legal action in unlawful detainer.

2.9 Tenant Selection Policies and Criteria. Developer shall adopt written tenant selection policies and criteria that:

2.9.1 are consistent with the purpose of providing affordable rental housing for Eligible Households at an Affordable Rent;

2.9.2 are reasonably related to tenant eligibility and ability to perform the obligations of the lease for a Unit;

2.9.3 subject to applicable fair housing laws, give reasonable preference and consideration to the housing needs of individuals that are involuntarily displaced by activities of the Housing Authority;

2.9.4 provide for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable;

2.9.5 give prompt written notice to any rejected Applicant of the grounds for rejection;

2.9.6 provide for all of the Units to be Available for occupancy on a continuous basis to Eligible Households at an Affordable Rent;

2.9.7 do not give preference to any particular class or group of Persons in leasing or renting the Units, except as provided in 2.9.3 and to the extent that a tenant must be an Eligible Household;

2.9.8 provide that there shall be no discrimination against or segregation of any Person or group of Persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Property, nor shall Developer or any Person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the Property. Notwithstanding the immediately preceding sentence, with respect to familial status, this Section 2.9.8 shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in this Section 2.9.8 shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code. All deeds, leases or contracts made or entered into by Developer as to the Units, the Project or the Property shall contain covenants prohibiting discrimination, as set forth in Health and Safety Code Section 33436(b).

2.9.9 provide for a statement in all advertisements, notices and signs for the availability of Units for lease or rent to the effect that Developer is an equal housing opportunity provider.

2.10 Project Records Retention; Audit and Examination Rights.

2.10.1 Retention of Project Records. Developer shall prepare and maintain and/or cause its Management Agent to prepare and maintain complete and accurate Project Records during the Term. Developer shall, at all times during the Term and for a period of six (6) years following the end of the Term, maintain and cause to be maintained by the Management Agent, safe and intact, all of the Project Records. From time to time, upon request from Housing Authority, Developer shall make all Project Records, whether in the custody or control of Developer or Management Agent, available to Housing Authority, the Housing Authority's auditor, representative or agent for examination and copying at any reasonable time, on five (5) calendar days advance Notice. Developer shall also provide Housing Authority any additional information concerning the Units, the Project or the Property reasonably requested by Housing Authority.

2.10.2 Audit Procedures.

(a) Housing Authority may cause an audit of any and all Project Records by an independent auditor of Housing Authority's selection at Housing Authority's sole

cost and expense. Housing Authority shall preserve the confidentiality of information contained in the Project Records, to the extent permitted by Law, as determined by the Housing Authority Attorney.

(b) If Developer fails to provide any Annual Report to Housing Authority, as and when required under Section 2.7.6, Developer shall be in Default under this Regulatory Agreement. Notwithstanding any other provision of this Regulatory Agreement, if Developer fails to deliver any Annual Report to Housing Authority, within ten (10) calendar days after Notice specifying such Default, Housing Authority shall have the right, in addition to any other rights or remedies Housing Authority may have under this Regulatory Agreement regarding such Default, to conduct an audit of any and all Project Records to attempt to identify the information that should have been provided by Developer in such Annual Report. Developer shall reimburse Housing Authority for the cost of any audit conducted pursuant to this Section 2.10.2(b), on Notice of such cost from Housing Authority. Developer shall pay Default Interest to Housing Authority on the amount of any audit cost becoming due to Housing Authority from Developer pursuant to this Section 2.10.2(b), that is not paid within fifteen (15) calendar days following Notice requesting such payment, from the date of such Notice until paid in full.

2.11 Compliance. Developer shall, during the Term and at Developer's sole cost and expense, in all material respects: (a) comply with all Laws; and (b) procure and comply with all Approvals required by Law.

2.12 Coordination with Tax Credit Rents and Incomes. Developer and the Housing Authority agree and acknowledge that the Project will be financed, in part, with the proceeds of Federal Low-Income Housing Tax Credits ("**Tax Credits**") allocated to the Project by the California Tax Credit Allocation Committee ("**CTCAC**"). In the event of any conflict between the methodology of the calculation of income limits, occupancy standards, and/or rents between this Agreement and the policies, procedures and regulations of CTCAC, including, without limitation, the CTCAC Regulations, the policies, procedures and regulations of TCAC shall control.

3. PROJECT MANAGEMENT

3.1 Management. Developer and Management Agent shall operate the Project in a manner that will provide decent, safe and sanitary residential facilities to the occupants of the Project, will comply with all the provisions of this Regulatory Agreement, any other applicable contract or agreement between the Housing Authority and Developer, and all applicable Law. Developer shall be responsible for management of the Project, including, without limitation, the selection of Eligible Households, certification and recertification of household size and income for Eligible Households occupying all Units, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. Housing Authority shall have no responsibility for the management or operation of the Project or the Property. The Project shall at all times be managed by an experienced Management Agent reasonably acceptable to Housing Authority, with demonstrated ability to operate residential rental facilities similar to the Project in a manner that will provide decent, safe, and sanitary housing in a self-sufficient manner. The Housing Authority hereby approves Thomas Safran & Associates, Inc. as the initial Management Agent. For the purposes of this Regulatory Agreement, if Developer directly performs the functions of the Management Agent by its employees or by means of a service

contract with an Affiliate, Developer's role as the Management Agent shall be deemed approved by Housing Authority. If the Management Agent is a Person other than Developer or an Affiliate, Developer shall submit for Housing Authority's approval the identity of any proposed Management Agent, together with additional information relevant to the background, experience and financial condition of any proposed Management Agent, as reasonably requested by Housing Authority. If the proposed Management Agent meets the standard for a qualified Management Agent under this Regulatory Agreement, Housing Authority shall approve the proposed Management Agent by Notice to Developer within thirty (30) days following the Housing Authority's receipt of all requested information regarding such Management Agent, as provided for in the immediately preceding sentence. Unless the proposed Management Agent is disapproved by Housing Authority within such thirty (30) day period, the Management Agent shall be deemed approved by Housing Authority.

3.2 Insurance.

3.2.1 Developer to Insure. To protect Housing Authority against all insurable Claims resulting from the actions of Developer or the Management Agent in connection with this Regulatory Agreement, the Property or the Project, Developer shall maintain, at the sole cost and expense of Developer, the following insurance (or its then reasonably available equivalent): (a) Liability Insurance; (b) Property Insurance; (c) Automobile Liability Insurance if Developer owns or leases any vehicles; (d) Builder's Risk Insurance (regarding any Construction); and (e) Workers Compensation Insurance.

3.2.2 Nature of Insurance Program. All Liability Insurance, Property Insurance, Builder's Risk Insurance and Automobile Liability Insurance policies this Regulatory Agreement requires shall be issued by carriers that: (a) are listed in the then current "Best's Key Rating Guide—Property/Casualty—United States & Canada" publication (or its equivalent, if such publication ceases to be published) with a minimum financial strength rating of "A-" and a minimum financial size category of "VII" (exception may be made for the California Compensation Insurance Fund when not specifically rated); and (b) are authorized to do business in California. Developer may provide any insurance under a "blanket" or "umbrella" insurance policy, provided that: (1) such policy or a certificate of such policy shall specify the amount(s) of the total insurance allocated to Property and the Project, which amount(s) shall equal or exceed the amount(s) required by this Regulatory Agreement; and (2) such policy otherwise complies with the requirements of this Regulatory Agreement.

3.2.3 Policy Requirements and Endorsements. All insurance policies required by this Regulatory Agreement shall contain (by endorsement or otherwise) the following provisions:

(a) *Insured.* Liability Insurance and Automobile Liability Insurance policies shall name Housing Authority as "additional insured." Property Insurance and Builders Risk Insurance policies shall name Housing Authority as a "loss payee." The coverage afforded to Housing Authority shall be at least as broad as that afforded to Developer regarding the Property and the Project and may not contain any terms, conditions, exclusions or limitations applicable to Housing Authority that do not apply to Developer.

(b) *Primary Coverage.* Any insurance or self-insurance maintained by Housing Authority shall be excess of all insurance required under this Regulatory Agreement and shall not contribute with any insurance required by this Regulatory Agreement.

(c) *Contractual Liability.* Liability Insurance policies shall contain contractual liability coverage for Developer's indemnity obligations under this Regulatory Agreement. Developer's obtaining or failure to obtain such contractual liability coverage shall not relieve Developer from nor satisfy any indemnity obligation of Developer under this Regulatory Agreement.

(d) *Notice to Housing Authority.* Each insurance carrier shall give Housing Authority no less than thirty (30) calendar days' advance written notice of any cancellation or non-renewal of any insurance policy required by this Regulatory Agreement. Also, phrases such as "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company" shall not be included in the cancellation wording of any certificates of insurance or any coverage for Housing Authority. Developer shall immediately obtain replacement coverage for any insurance policy that is terminated, canceled, non-renewed, or whose policy limits are exhausted or upon insolvency of the insurer that issued the policy.

(e) *Deliveries to Housing Authority.* Evidence of Developer's maintenance of all insurance policies required by this Regulatory Agreement shall be delivered to Housing Authority on the date of this Regulatory Agreement. No later than three (3) days before any insurance required by this Regulatory Agreement expires, is cancelled or its liability limits are reduced or exhausted, Developer shall deliver to Housing Authority evidence of Developer's maintenance of all insurance this Regulatory Agreement requires. Each insurance policy required by this Regulatory Agreement shall be endorsed to state that coverage shall not be cancelled, suspended, voided, reduced in coverage or in limits, except after thirty (30) calendar days' advance written notice of such action has been given to Housing Authority by certified mail, return receipt requested; provided; however, that only ten (10) days' advance written notice shall be required for any such action arising from non-payment of the premium for the insurance. Phrases such as "endeavor to" and "but failure to mail such Notice shall impose no obligation or liability of any kind upon the company" shall not be included in the cancellation wording of any certificates or policies of insurance applicable to Housing Authority pursuant to this Regulatory Agreement.

(f) *Waiver of Certain Claims.* Developer shall cause each insurance carrier providing any Liability Insurance, Builder's Risk Insurance, Worker's Compensation Insurance, Automobile Liability Insurance or Property Insurance coverage under this Regulatory Agreement to endorse their applicable policy(ies) with a Waiver of Subrogation with respect to Housing Authority, if not already in the policy. To the extent that Developer obtains insurance with a Waiver of Subrogation, Developer and Housing Authority release each other, and their respective authorized representatives, from any Claims for damage to any Person or property to the extent such Claims are paid by such insurance policies obtained pursuant to or in satisfaction of the provisions of this Regulatory Agreement.

(g) *No Representation.* No Party makes any representation that the limits, scope, or forms of insurance coverage this Regulatory Agreement requires are adequate or sufficient.

(h) *No Claims Made Coverage.* None of the insurance coverage required under this Regulatory Agreement may be written on a claims-made basis.

(i) *Fully Paid and Non-Assessable.* All insurance obtained and maintained by Developer in satisfaction of the requirements of this Regulatory Agreement shall be fully paid for and non-assessable. However, Developer's policies may be subject to insurer audits.

(j) *Housing Authority Option to Obtain Coverage.* During the continuance of a Default arising from the failure of Developer to carry any insurance required by this Regulatory Agreement, Housing Authority may, at its sole option, purchase any such required insurance coverage and Housing Authority shall be entitled to immediate payment from Developer of any premiums and associated reasonable costs paid by Housing Authority for such insurance coverage. Any amount becoming due and payable to Housing Authority under this Section 3.2.3(j) that is not paid within fifteen (15) calendar days after written demand from Housing Authority for payment of such amount, with an explanation of the amounts demanded, will bear interest from the date of the demand at the rate of eight percent (8%) per annum or the Usury Limit, whichever is less. Any election by Housing Authority to purchase or not to purchase insurance otherwise required by the terms of this Regulatory Agreement to be carried by Developer shall not relieve Developer of its obligation to obtain and maintain any insurance coverage required by this Regulatory Agreement.

(k) *Separation of Insured.* All Liability Insurance and Automobile Liability Insurance shall provide for separation of insured for Developer and Housing Authority. Insurance policies obtained in satisfaction of or in accordance with the requirements of this Regulatory Agreement may provide a cross-suits exclusion for suits between named insured Persons, but shall not exclude suits between named insured Persons and additional insured Persons.

(l) *Deductibles and Self-Insured Retentions.* Any deductibles or self-insured retentions under insurance policies required by this Regulatory Agreement shall be declared to and approved by Housing Authority. Developer shall pay all such deductibles or self-insured retentions regarding Housing Authority or, alternatively, the insurer under each such insurance policy shall eliminate such deductibles or self-insured retentions with respect to Housing Authority.

(m) *No Separate Insurance.* Developer shall not carry separate or additional insurance concurrent in form or contributing in the event of loss with that required under this Regulatory Agreement, unless Housing Authority is made an additional insured thereon, as required by this Regulatory Agreement.

(n) *Insurance Independent of Indemnification.* The insurance requirements of this Regulatory Agreement are independent of Developer's indemnification and other obligations under this Regulatory Agreement and shall not be construed or interpreted in any way to satisfy, restrict, limit, or modify Developer's indemnification or other obligations or to limit Developer's liability under this Regulatory Agreement, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall the provision of such insurance preclude Housing Authority from taking such other

actions as are available to it under any other provision of this Regulatory Agreement or otherwise at law or in equity.

3.2.4 Insurance Independent of Indemnification. The insurance requirements of this Regulatory Agreement are independent of Developer's indemnification and other obligations under this Regulatory Agreement and shall not be construed or interpreted in any way to satisfy, restrict, limit, or modify Developer's indemnification or other obligations under this Regulatory Agreement or to limit Developer's liability under this Regulatory Agreement, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage. Further, Developer's provision of the insurance required by this Regulatory Agreement shall not preclude Housing Authority from taking such other actions as are available to Housing Authority under any other provision of this Regulatory Agreement or otherwise at law or in equity.

3.2.5 Deductibles and Self-Insured Retentions. All deductibles and self-insured retentions under Developer's insurance policies are subject to the Housing Authority's prior written approval, which shall not be unreasonably withheld. Developer shall pay or get the insurance company to waive any and all deductibles and self-insured retentions under all insurance policies issued in satisfaction of the terms of this Regulatory Agreement regarding any Claims relating to Housing Authority, except to the extent that any such Claims arise from the negligence or willful misconduct of Housing Authority.

3.2.6 No Separate Insurance. Developer shall not carry separate or additional insurance relating to the Project that is concurrent in form or contributing in the event of loss with the insurance required under this Regulatory Agreement, unless such insurance is endorsed in favor of Housing Authority as required by this Regulatory Agreement.

3.2.7 No Representation. Neither Party makes any representation that the limits, scope, or forms of insurance coverage this Regulatory Agreement requires are adequate or sufficient.

3.2.8 Increases in Coverage. All insurance liability limit amounts stated in this Regulatory Agreement shall be increased upon Developer's receipt of a written request by Housing Authority to increase said insurance liability limit amounts. Housing Authority shall only request an increase in insurance liability limit amounts pursuant to this Section 3.2.8 when the CPI has increased 15 points or more since the last increase in insurance liability limit amounts by Developer. The aggregated insurance liability limit amounts shall be increased by no less than \$1,000,000 for each 15 point increase in the CPI.

3.3 Hazardous Substances.

3.3.1 Restrictions. Developer shall not cause or permit to occur on, under or at the Project or the Property during the Term: (a) any violation of any Environmental Law; or (b) the use, generation, release, manufacture, refining, production, processing, storage, or disposal of any Hazardous Substance, or transportation to or from the Project or the Property of any Hazardous Substance, unless both: (i) reasonably necessary and customary to construct, operate or maintain the Project for uses this Regulatory Agreement permits; and (ii) in compliance with all

Environmental Laws.

3.3.2 Compliance; Clean-Up. Developer shall, at Developer's sole cost and expense: (a) comply with all Environmental Laws applicable to the Project and the Property and, to the extent Environmental Law requires, clean up any Hazardous Substance; (b) make all submissions to, deliver all information required by, and otherwise fully comply with all requirements of any Government under any Environmental Law; (c) if any Government requires any clean-up plan or clean-up because of a discharge of Hazardous Substances, prepare and submit the required plans and all related bonds and other financial assurances; (d) promptly and diligently carry out all such clean-up plans; and (e) Indemnify Housing Authority against any discharge of Hazardous Substances or violation of Environmental Law, in accordance with Section 3.7. Developer's obligations under this Section 3.3 shall not limit Developer's rights against Third Persons (exclusive of Housing Authority).

3.4 Restrictions on Change in Management or Control of Developer, Assignment and Transfer.

3.4.1 Restrictions. Developer acknowledges and agrees that the qualifications and identity of Developer are of particular importance and concern to Housing Authority. Developer further acknowledges and agrees that Housing Authority has relied and is relying on the specific qualifications and identity of Developer in entering into this Regulatory Agreement with Developer and that Housing Authority would not have entered into this Regulatory Agreement but for the specific qualifications and identity of Developer. As a consequence, Transfers are permitted only as expressly provided in this Regulatory Agreement. Developer represents to Housing Authority that it has not made and agrees that it will not create or permit to be made or created, any Transfer, other than a Permitted Transfer, either voluntarily, involuntarily or by operation of Law, without the prior written approval of Housing Authority, which may be given, withheld or conditioned in the sole and absolute discretion of Housing Authority. Any Transfer made in contravention of this Section 3.4 shall be voidable at the election of Housing Authority. Developer hereby acknowledges and agrees that the restrictions on Transfers set forth in this Section 3.4 are reasonable. Notwithstanding the foregoing, the Housing Authority shall not withhold its consent to a Transfer of the Property upon receipt of (i) evidence reasonably satisfactory to Housing Authority that Developer's purchaser or transferee has assumed, in writing and in full, Developer's obligations under this Agreement (which may include an opinion of counsel of the purchaser or transferee that the purchaser or transferee has duly assumed the obligations of Developer under this Agreement and that such obligations and this Agreement are binding on the purchaser or transferee), and (ii) evidence reasonably satisfactory to Housing Authority that either (a) the purchaser or transferee has at least three (3) years' experience in the ownership, operation and management of the type of affordable rental housing project(s) that comprise the Project, without a record of material violations of discrimination restrictions or other state or federal laws or regulations applicable to such projects, or (b) the purchaser or transferee agrees to retain a property management firm with the experience and record described in subclause (a) above, or (c) the purchaser or transferee is capable, financially and otherwise, of complying with, and is willing to comply with, the provisions of all agreements binding on such purchaser or transferee relating to the Project.

3.4.2 Delivery of Transfer Documents. All instruments and other legal

documents proposed to effect any proposed Transfer shall be submitted to Housing Authority for review, at least thirty (30) calendar days prior to the proposed date of the Transfer, and the written approval, disapproval or conditions of Housing Authority regarding the proposed Transfer shall be provided to Developer, within thirty (30) calendar days following Housing Authority's receipt of all proposed Transfer documents. Developer agrees to reimburse Housing Authority for all reasonable costs and expenses incurred by Housing Authority in connection with its review of each proposed Transfer, including all Legal Costs and other Third Person consultant fees and expenses.

3.5 Casualty. If any casualty occurs to the Project during the Term, Developer shall, except as otherwise provided in the Senior Loan Documents, restore the Project with reasonable promptness.

3.6 Condemnation. If any portion of the Project is taken by exercise of the power of eminent domain by a Government during the Term, then Developer shall, subject to the provisions of the Senior Loan Documents, restore the remaining portions of the Project with reasonable promptness, to the extent practicable.

3.7 Indemnity.

3.7.1 Developer Indemnity Obligations. Developer shall Indemnify Housing Authority against any Claim to the extent such Claim arises from any wrongful intentional act or negligence of Developer. Developer shall also Indemnify Housing Authority against any and all of the following: (a) any Application made by or at Developer's request; (b) any agreements that Developer (or anyone claiming by or through Developer) makes with a Third Person regarding the Property or the Project; (c) any workers' compensation claim or determination relating to any employee of Developer or their contractors; and (d) any Claim attributable to any action or failure to act by Developer.

3.7.2 No Housing Authority Liability. During the Term: (a) Developer is and shall be responsible for operation of the Property and the Project; and (b) Housing Authority shall not be liable for any injury or damage to any property (of Developer or any other Person) or to any Person occurring on or about the Property or the Project, except to the extent caused by the Housing Authority's wrongful intentional act or negligence.

3.7.3 Independent of Insurance Obligations. Developer's indemnification obligations under this Regulatory Agreement shall not be construed or interpreted as in any way restricting, limiting, or modifying Developer's insurance or other obligations under this Regulatory Agreement. Developer's obligation to Indemnify Housing Authority under this Regulatory Agreement is independent of Developer's insurance and other obligations under this Regulatory Agreement. Developer's compliance with its insurance obligations and other obligations under this Regulatory Agreement shall not in any way restrict, limit or modify Developer's indemnification obligations under this Regulatory Agreement and are independent of Developer's other obligations under this Regulatory Agreement.

3.7.4 Survival of Indemnification and Defense Obligations. The indemnity and defense obligations of Developer under this Regulatory Agreement shall survive the expiration or earlier termination of this Regulatory Agreement provided that the facts giving rise to such

claim first arose during the term of this Regulatory Agreement, until any and all actual or prospective Claims regarding any matter subject to an indemnity obligation under this Regulatory Agreement are fully, finally, absolutely and completely barred by the applicable statutes of limitations.

3.7.5 Immediate Duty to Defend. The duty to defend under this Regulatory Agreement includes Claims for which an Indemnitee may be liable without fault or strictly liable and applies regardless of whether the issues of negligence, liability, fault, default, or other obligation on the part of the Indemnitor or the Indemnitee have been determined. The duty to defend applies immediately, regardless of whether the Indemnitee has paid any sums or incurred any detriment arising out of or relating (directly or indirectly) to any Claims. It is the express intention of the Parties that an Indemnitee be entitled to obtain summary adjudication or summary judgment regarding an Indemnitor's duty to defend the Indemnitee at any stage of any claim or suit within the scope of the Indemnitor's indemnity obligations under this Regulatory Agreement.

3.8 Indemnification Procedures. Wherever this Regulatory Agreement requires any Indemnitor to Indemnify any Indemnitee:

3.8.1 Prompt Notice. The Indemnitee shall promptly Notify the Indemnitor of any Claim.

3.8.2 Selection of Counsel. The Indemnitor shall select counsel reasonably acceptable to the Indemnitee. Counsel to Indemnitor's insurance carrier that is providing coverage for a Claim shall be deemed reasonably satisfactory, except in the event of a potential or actual conflict of interest for such counsel regarding such representation or such counsel proves to be incompetent regarding such representation. Even though the Indemnitor shall defend the Claim, Indemnitee may, at its option and its own expense, engage separate counsel to advise it regarding the Claim and its defense. The Indemnitee's separate counsel may attend all proceedings and meetings. The Indemnitor's counsel shall actively consult with the Indemnitee's separate counsel. The Indemnitor and its counsel shall, however, control the defense, except to the extent that the Indemnitee waives its rights to indemnity and defense for such Claim.

3.8.3 Cooperation. The Indemnitee shall reasonably cooperate with the Indemnitor's defense of the Indemnitee.

3.8.4 Settlement. The Indemnitor may only settle a Claim without the consent of the Indemnitee, if the Claim is within the policy limits of applicable insurance policies provided in satisfaction of the requirements of this Regulatory Agreement and such settlement procures a release of Indemnitee from the subject Claims, does not require Indemnitee to make any payment to the claimant and neither Indemnitee nor Indemnitor on behalf of Indemnitee admits any liability. Notwithstanding the immediately preceding sentence or any other provision of this Regulatory Agreement, the Indemnitee's consent shall be required to settle any and all Claims under Builder's Risk Insurance.

3.8.5 Insurance Proceeds. The Indemnitor's obligations shall be reduced by net insurance proceeds the Indemnitee actually receives for the matter giving rise to indemnification obligation.

3.9 No Limitation. Developer hereby acknowledges and agrees that Developer's duties, obligations and liabilities under this Regulatory Agreement, including without limitation, under Sections 3.3 and Section 3.7, are in no way limited or otherwise affected by any information Housing Authority may have concerning the Project or the Property and/or the presence within the Project or the Property of any Hazardous Substance, whether Housing Authority obtained such information from Developer, or from its own investigations or from a Third Person.

3.10 Maintenance. Developer, for itself, its successors and assigns, covenants and agrees that:

3.10.1 Maintenance Standard. The entirety of the Property and the Project shall be maintained by Developer in good condition and repair and a neat, clean and orderly condition, normal wear and tear excepted, including, without limitation, maintenance, repair, reconstruction and replacement of any and all asphalt, concrete, landscaping, utility systems, irrigation systems, drainage facilities or systems, grading, subsidence, retaining walls or similar support structures, foundations, signage, ornamentation, and all other improvements on or to the Property, now existing or made in the future by or with the consent of Developer, as necessary to maintain the appearance and character of the Property, as improved with the Project. Developer's obligation to maintain the Property and the Project described in the immediately preceding sentence shall include, without limitation, all of the following, at Developer's sole cost and expense: (i) maintaining the surfaces in a level, smooth and evenly covered condition with the type of surfacing material originally installed or such substitute as shall in all respects be equal in quality, use, and durability; (ii) removing all papers, mud, sand, debris, filth and refuse and thoroughly sweeping areas to the extent reasonably necessary to keep areas in a clean and orderly condition; (iii) removing or covering graffiti with the type of surface covering originally used on the affected area, (iv) placing, keeping in repair and replacing any necessary and appropriate directional signs, markers and lines; (v) installing, operating, keeping in repair and replacing where necessary, such artificial lighting facilities as shall be reasonably required; (vi) maintaining, mowing, weeding, trimming and watering all landscaped areas and making such replacements of plants and other landscaping material as necessary to maintain the appearance and character of the landscaping; (vii) properly maintaining the windows, structural elements, and painted exterior surface areas of the Project in a clean and presentable manner; (viii) keeping the common areas of the Project and the Property free of accumulated debris, appliances, inoperable motor vehicles or motor vehicle parts, or free of storage of lumber, building materials or equipment not regularly in use on the Property; (ix) parking of any commercial motor vehicle in excess of 7,000 pounds gross weight anywhere on the Property on other than on a temporary basis; and (x) the use of garage areas on the Property for purposes other than the parking of motor vehicles and the storage of personal possessions and mechanical equipment of Developer or persons residing in Units on the Property. Developer's obligation to maintain the Project and the Property described in this Section 3.10.1 is, collectively, referred to in this Regulatory Agreement as the "**Maintenance Standard.**" Developer may contract with a maintenance contractor to provide for performance of all or part of the duties and obligations of Developer with respect to the maintenance of the Property or the Project; provided, however, that Developer shall remain responsible and liable for the maintenance of the Property and the Project, at all times.

3.10.2 Maintenance Deficiency. If, at any time during the Term, there is an occurrence of an adverse condition on any area of the Property or the Project in contravention of

the Maintenance Standard (each such occurrence being a “**Maintenance Deficiency**”), then Housing Authority may Notify Developer of the Maintenance Deficiency. If Developer fails to cure or commence and diligently pursue to cure the Maintenance Deficiency within thirty (30) calendar days following its receipt of Notice of the Maintenance Deficiency, Housing Authority may conduct a public hearing, following transmittal of Notice of the hearing to Developer, at least, ten (10) days prior to the scheduled date of such public hearing, to verify whether a Maintenance Deficiency exists and whether Developer has failed to comply with the provisions of Section 3.10.1. If, upon the conclusion of the public hearing, Housing Authority finds that a Maintenance Deficiency exists and remains uncured, Housing Authority shall have the right to enter the Property and/or the Project and perform all acts necessary to cure the Maintenance Deficiency, or to take any other action at law or in equity that may then be available to Housing Authority to accomplish the abatement of the Maintenance Deficiency. Any sum expended by Housing Authority for the abatement of a Maintenance Deficiency pursuant to this Section 3.10.2 shall be reimbursed to Housing Authority by Developer within thirty (30) calendar days after written demand to Developer for payment. If any amount becoming due to Housing Authority under this Section 3.10.2 is not paid within thirty (30) calendar days after written demand to Developer for payment, Developer shall also pay Default Interest on such amount until paid in full.

3.10.3 Graffiti. Graffiti, as defined in Government Code Section 38772, that has been applied to any exterior surface of a structure or improvement on the Property that is visible from any public right-of-way adjacent or contiguous to the Property, shall be removed by Developer by either painting over the evidence of such vandalism with a paint that has been color-matched to the surface on which the paint is applied, or graffiti may be removed with solvents, detergents or water, as appropriate. If any such graffiti is not removed within seventy-two (72) hours following the time of the discovery of the graffiti, Housing Authority shall have the right to enter the Property and/or the Project and remove the graffiti, without notice to Developer. Any sum expended by Housing Authority for the removal of graffiti pursuant to this Section 3.10.3, shall be limited to an amount not to exceed Five Hundred Dollars (\$500) per entry by Housing Authority and shall be reimbursed to Housing Authority by Developer within thirty (30) calendar days after written demand to Developer for payment. If any amount becoming due to Housing Authority for graffiti removal under this Section 3.10.3 is not paid within thirty (30) calendar days after written demand to Developer for payment, Developer shall also pay Default Interest in such amount, until paid in full.

3.11 No Housing Authority Responsibility for Project. Housing Authority shall have no responsibility for the Construction, installation, rehabilitation, management, operation or maintenance of the Project or the Property.

3.12 Only Permitted Encumbrances. Developer shall not record and shall not allow to be recorded against the Property any Security Instrument, lien or other encumbrance that is not a Permitted Encumbrance. Developer shall immediately remove or cause to be removed (or providing title insurance in form and substance reasonably acceptable to Housing Authority and issued by a title insurance company reasonably acceptable to Housing Authority, insuring the priority of this Regulatory Agreement and the Deed of Trust securing Housing Authority Loan, as superior to such lien), at Developer’s sole cost and expense, any Prohibited Encumbrance made or recorded against the Property or shall assure the complete satisfaction of any such Prohibited Encumbrance to the satisfaction of Housing Authority, in the Housing Authority’s sole and absolute discretion. The

covenants of Developer set forth in this Section 3.12 regarding the placement of encumbrances on the Property shall run with the land of the Property and bind successive Developers of the Property, until recordation (or deemed issuance) of the Certificate of Completion for the Project.

3.13 Housing Authority Right to Discharge Prohibited Encumbrances. After sixty (60) calendar days Notice to Developer of a Prohibited Encumbrance and provided that Developer has not caused such Encumbrance to be removed during such period, Housing Authority shall have the right, but not the obligation, to satisfy or remove any Prohibited Encumbrance against the Property or the Project and receive reimbursement from Developer for any amounts paid or incurred in satisfying or removing any such Prohibited Encumbrance, upon demand. Any amount expended by Housing Authority to discharge a Prohibited Encumbrance that is not reimbursed to Housing Authority by Developer within thirty (30) calendar days following written demand for payment from Housing Authority shall accrue Default Interest, until paid in full. Nothing in this Section 3.13, shall require Developer to pay or make provisions for the payment of any tax, assessment, lien or charge that Developer is in the process of contesting the validity or amount thereof, in good faith, and so long as such contest shall not subject all or any portion of the Property to forfeiture or sale.

3.14 Rights of Permitted Lender and Housing Authority Regarding Permitted Security Instruments.

3.14.1 Notice of Liens. Developer shall promptly Notify Housing Authority of any Security Instrument or lien asserted against or attached to all or any portion of the Project or the Property, whether by voluntary act of Developer or otherwise; provided, however, that no Notice of filing of preliminary notices or mechanic's liens need be given by Developer to Housing Authority, prior to suit being filed to foreclose any such mechanic's lien.

3.14.2 Notice of Default. Whenever a Permitted Lender delivers any Notice of Default to Developer, the Permitted Lender shall concurrently send a copy of such Notice of Default to the Housing Authority. Upon delivery of such Notice of Default, Housing Authority shall have the right, at its option, to commence the cure or remedy of any Default of Developer set forth in such Notice. If Housing Authority fails or refuses to cure or remedy any Default of Developer, as set forth in such Notice, within a period of sixty (60) days from delivery of such Notice or, if Developer notifies the Permitted Lender and Housing Authority that it intends to or is currently curing such Default, then sixty (60) days after Developer's right to cure the Default has expired or terminated, then the Permitted Lender shall thereafter have the right to commence the cure or remedy of the Default of Lender. Whenever Housing Authority delivers any Notice of Default to Developer under this Regulatory Agreement, Housing Authority shall send a copy of such Notice of Default to each Permitted Lender holding a Permitted Security Instrument of which Housing Authority has received Notice and a contact address for transmittal of such Notices. Each Permitted Lender receiving a copy of any such Notice of Default shall have the right, at its option, to commence the cure or remedy of any Default of Developer set forth in such Notice and to diligently and continuously proceed with such cure or remedy of such Default, within the cure period allowed to Developer under this Regulatory Agreement. Housing Authority shall accept such performance by a Permitted Lender with the same force and effect as if furnished by Developer.

3.14.3 No Termination of Permitted Security Instruments by Default. A

Default by Developer under this Regulatory Agreement shall not defeat or render invalid the lien of any Permitted Security Instrument made in good faith and for value as to all or any part of the Property, whether or not the Permitted Lender is subordinated to this Regulatory Agreement; but unless this Regulatory Agreement has otherwise been subordinated, this Regulatory Agreement shall be binding and effective against any owner of the Property, whose title thereto is acquired pursuant to a Permitted Security Instrument or from a Person holding or benefiting from a Permitted Security Instrument.

3.14.4 Permitted Lender Rights Regarding Termination or Modification.

No modification of this Regulatory Agreement shall be binding upon the Permitted Lender without its prior written consent.

3.14.5 Foreclosure of Permitted Security Instrument.

Foreclosure of any Permitted Security Instrument, whether by judicial proceedings or by power of sale, or any conveyance by deed in lieu of foreclosure (“**Foreclosure Event**”), shall not require the consent of Housing Authority or constitute a Default under this Regulatory Agreement. Following any Foreclosure Event, Housing Authority shall recognize as “Developer” under this Regulatory Agreement any purchaser or other transferee of the entire Property that assumes each and all the obligations of Developer under this Regulatory Agreement pursuant to an assumption agreement reasonably satisfactory to Housing Authority. If any Permitted Lender or its nominee or assignee acquires Developer’s title to the entire Property as a result of a Foreclosure Event, such Permitted Lender shall thereafter have the right to assign or transfer Developer’s interest under this Regulatory Agreement to an assignee upon obtaining the Housing Authority’s consent with respect to such assignee, which consent shall not be unreasonably withheld or delayed. Upon such acquisition of title by a Permitted Lender, or the assignee or nominee of a Permitted Lender, or the purchaser from a Permitted Lender or such assignee or nominee, the Housing Authority Manager, on behalf of the Housing Authority, shall execute and deliver an amendment to, or an assignment or assumption agreement for, this Regulatory Agreement with such Person, upon the written request of such Person given not later than one hundred twenty (120) days after such Person’s acquisition of title to the entire Property. Such amended Regulatory Agreement shall be substantially the same in form and content as the provisions of this Regulatory Agreement, except as to the parties thereto, and the acknowledgment or elimination of any requirements that have been fulfilled prior to the date of such amendment and shall have priority equal to the priority of this Regulatory Agreement. Nothing in this Regulatory Agreement shall be deemed to permit or authorize any Permitted Lender to devote all or any portion of the Property to any uses, or to construct any improvements thereon, other than those uses of the Project provided for or authorized by this Regulatory Agreement. This Section 3.14.5 shall not apply to any Permitted Lender with whom Housing Authority has executed a valid and binding subordination agreement subordinating this Regulatory Agreement.

4. COVENANTS RUN WITH THE LAND

4.1 Covenants to Run With the Land. Developer and Housing Authority hereby declare their mutual specific intent that the covenants, conditions, restrictions, reservations and agreements set forth in this Regulatory Agreement are part of a plan for the promotion and preservation of affordable rental housing within the territorial jurisdiction of Housing Authority and that each shall be deemed covenants running with the Property, binding upon each successor-in-

interest of Developer in the Project or the Property for the duration of the Term. Regardless of classification or characterization, each of the covenants, conditions, restrictions and agreements contained in this Regulatory Agreement touch and concern the Property and each of them is expressly declared to be for the benefit and in favor of Housing Authority for the duration of the Term, regardless of whether Housing Authority is or remains an owner of any land or interest in land to which such covenants, conditions, restrictions or agreements relate. Housing Authority, in the event of any breach of this Regulatory Agreement, has the right to exercise all of the rights and remedies, and to maintain any actions at law or suits in equity or other proper proceedings, to enforce the curing of such breach, as provided in this Regulatory Agreement, at law or in equity. Developer hereby expressly assumes the duty and obligation to perform each of the agreements and covenants and to honor each of the reservations and restrictions set forth in this Regulatory Agreement. Each and every contract, deed or other instrument hereafter executed covering or conveying all or any portion of the Property or the Project or any interest in the Property or the Project or any Unit shall incorporate all of the provisions of this Regulatory Agreement, either expressly or by reference, and any contract, deed or other instrument transferring any estate or interest in the Property or the Project shall conclusively be deemed to have been executed, delivered and accepted subject to the agreements, covenants, conditions, reservations, and restrictions of this Regulatory Agreement, regardless of whether such agreements, covenants, conditions, reservations and restrictions are set forth in or referenced such contract, deed or other instrument. After such transfer or assignment, all rights and obligations of the transferor Developer shall be assumed by the transferee Developer and the transferor Developer shall not incur any liability or have any obligation under this Agreement accruing after the date of such transfer or assignment.

5. REMEDIES

5.1 Remedies. If a Default occurs, then Housing Authority shall, at the Housing Authority's option, have any or all of the following described remedies, all cumulative (so exercise of one remedy shall not preclude exercise of another remedy), in addition to such other remedies as may be available at law or in equity or under any other terms of this Regulatory Agreement. The Housing Authority's remedies shall include:

5.1.1 Suits Before End of Term. Housing Authority may sue Developer for damages or other relief, from time to time, at the Housing Authority's election, without terminating this Regulatory Agreement, including by mandamus or other suit, action or proceeding at law or in equity, to require Developer to perform the covenants or agreements or observe the conditions or restrictions of this Regulatory Agreement, or enjoin any acts or things that may be unlawful or in violation of the rights of Housing Authority under this Regulatory Agreement; or by other action at law or in equity, as necessary or convenient to enforce the covenants, agreements, conditions or restrictions of this Regulatory Agreement.

5.1.2 Receipt of Moneys. No receipt of money by Housing Authority from Developer after any Notice of Default shall affect any Notice previously given to Developer, or waive the Housing Authority's right to enforce payment or deposit of any amount payable or later falling due, or the Housing Authority's right to enter the Project, it being agreed that after service of Notice of Default or the commencement of suit or proceedings, or after final order or judgment, Housing Authority may demand, receive, and collect any moneys due or thereafter falling due,

without in any manner affecting such Notice, proceeding, order, suit or judgment, all such moneys collected being deemed payments on account of Developer's liability to Housing Authority.

5.1.3 No Waiver. No failure by Housing Authority to insist upon strict performance of any condition, covenant, agreement, restriction or reservation of this Regulatory Agreement or to exercise any right or remedy upon a Default, and no acceptance of full or partial payment of any amount due or becoming due to Housing Authority during the continuance of any such Default, shall waive any such Default or such condition, covenant, agreement, restriction or reservation. No obligation of Developer under this Regulatory Agreement, and no Default, shall be modified, except by a written instrument executed by Housing Authority. No waiver of any Default shall modify this Regulatory Agreement. Each and every covenant, agreement, condition, restriction and reservation of this Regulatory Agreement shall continue in full force and effect with respect to any other then-existing or subsequent Default of such condition, covenant, agreement, restriction or reservation of this Regulatory Agreement.

5.1.4 Damages. Housing Authority may recover from Developer all damages Housing Authority incurs by reason of Developer's Default and reimbursement of the Housing Authority's reasonable out of pocket costs, including Legal Costs and bank fees for dishonored checks. Housing Authority may recover such damages at any time after Developer's Default, including after the expiration of the Term. Notwithstanding any Law to the contrary, Housing Authority need not commence separate actions to enforce Developer's obligations for each amount or payment not paid, or each month's accrual of damages and costs for Developer's Default, but may bring and prosecute a single combined action for all such damages and costs.

5.1.5 Injunction of Breaches. Whether or not a Default has occurred, Housing Authority may obtain a court order enjoining Developer from continuing any Default or from committing any threatened Default. Developer specifically and expressly acknowledges that damages would not constitute an adequate remedy to Housing Authority for any Non-Monetary Default.

5.2 Specific Enforcement. Developer agrees that if Developer breaches any such obligation, potential monetary damages to Housing Authority, as well as to prospective Eligible Households, would be difficult, if not impossible, to evaluate and quantify. Therefore, in addition to any other relief to which Housing Authority may be entitled as a consequence of Developer's default under this Regulatory Agreement, Developer agrees to the imposition of the remedy of specific performance against Developer under this Regulatory Agreement.

5.3 Enforcement. Housing Authority shall have the power to enforce this Regulatory Agreement and no other Person shall have any right or power to enforce any provision of this Regulatory Agreement on behalf of Housing Authority or to compel Housing Authority to enforce any provision of this Regulatory Agreement against Developer, the Project, the Property or any Unit. Further, pursuant to Health and Safety Code Section 33334.3(f)(7), this Regulatory Agreement shall be enforceable by the Housing Authority, any resident of a Unit, any resident association with members who reside in Units, former residents of Units who last resided in any such Unit, Applicants for occupancy of Units and persons on an affordable housing waiting list, subject to the specific requirements of such law.

5.4 Termination by Agreement. Any provision of this Regulatory Agreement may be terminated upon written agreement between Housing Authority and Developer if Housing Authority, in its sole and absolute discretion, determines that such a termination will not adversely affect the affordable rental housing goals or requirements of Housing Authority.

6. GENERAL PROVISIONS

6.1 Relationship of Parties. Nothing contained in this Regulatory Agreement shall be interpreted or understood by any of the Parties, or by any Third Person, as creating the relationship of employer and employee, principal and agent, limited or general partnership, or joint venture between Housing Authority and Developer or Developer's agents, employees or contractors. Developer shall at all times be deemed an independent contractor and shall be wholly responsible for the manner in which it or its agents, or both, perform any services required of them by the terms of this Regulatory Agreement regarding the Project or the Property. Except as otherwise expressly provided in this Regulatory Agreement, Developer has the right to exercise full control of employment, direction, compensation and discharge of all Persons assisting Developer in the development, operation or maintenance of the Project or the Property. Developer shall be solely responsible for all matters relating to payment of its employees, including compliance with tax withholding and all other Laws governing such employees. Developer shall be solely responsible for its own acts and those of its agents and employees.

6.2 Subordination. The Housing Authority agrees that this Regulatory Agreement be made junior and subordinate to liens given in connection with Loans required for the financing of the rehabilitation of the Project, including any refinancing thereof. The Housing Authority Manager is hereby authorized and directed to execute such subordination agreements, modifications to this Agreement and/or other documents as may be requested by the Lender(s) to evidence subordination to the Loan(s), without further authorization from the Housing Authority, provided that the Housing Authority Manager reserves the right to review, modify and negotiate, in good faith, the terms and conditions of such agreements.

6.3 No Claims. Nothing contained in this Regulatory Agreement shall create or justify any claim against Housing Authority by any Person that Developer may have employed or with whom Developer may have contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the operation or maintenance of the Project or the Property.

6.4 Approvals.

6.4.1 Any approvals required from Housing Authority under this Regulatory Agreement shall not be unreasonably withheld, conditioned or delayed, except where otherwise specifically provided in this Regulatory Agreement. Wherever this Regulatory Agreement states that a Party's approval shall be "reasonable" or not unreasonably withheld: (a) such approval shall not be unreasonably withheld, delayed or conditioned; (b) no withholding of approval shall be deemed reasonable, unless withheld by Notice specifying reasonable grounds, in reasonable detail, for such withholding, and indicating specific reasonable changes in the proposal under consideration that would make it acceptable; and (c) if a Party grants its consent to any matter, this shall not waive its rights to require such consent for any further or similar matter.

6.4.2 Except as otherwise specifically provided in this Regulatory Agreement, whenever this Regulatory Agreement calls for approval by a Party of a proposed document to be submitted by the other Party, the receiving Party shall notify the other Party of its approval or disapproval of such document within thirty (30) calendar days after receipt of the proposed document. Unless otherwise provided in this Regulatory Agreement, a Party's failure to respond within such thirty (30) calendar day period shall be deemed the Party's approval. A Party shall provide specific reasons for any disapproval.

6.5 Warranty Against Payment of Consideration for Regulatory Agreement. Developer represents and warrants to Housing Authority that: (a) it has not employed or retained any Person to solicit or secure this Regulatory Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees of Developer and Third Persons to whom fees are paid for professional services related to planning, design or Construction of the Project or documentation of this Regulatory Agreement; and (b) no gratuities, in the form of entertainment, gifts or otherwise have been or will be given by Developer or any of its agents, employees or representatives to any elected or appointed official or employee of either the Housing Authority or Housing Authority in an attempt to secure this Regulatory Agreement or favorable terms or conditions for this Regulatory Agreement. Breach of the representations or warranties of this Section 6.5 shall entitle Housing Authority to terminate this Regulatory Agreement upon seven (7) days' notice to Developer. Upon any such termination of this Regulatory Agreement, Developer shall immediately refund any payments made to or on behalf of Developer by the Housing Authority pursuant to this Regulatory Agreement or otherwise related to the Property, any Approval, or the Project, prior to the date of any such termination.

6.6 Non-liability of Housing Authority Officials or Employees. No Housing Authority official, employee or agent shall be personally liable to Developer, or any successor in interest to Developer, in the event of any Default by Housing Authority under this Regulatory Agreement.

6.7 Non-liability of Developer Officers or Employees. No member, official, employee, attorney or consultant of Developer shall be personally liable to Housing Authority, or any successor in interest, in the event of any default or breach by Developer or for any amount which may become due to Housing Authority or to its successor, or on any obligations under the terms of this Regulatory Agreement.

6.8 Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California, without application of conflicts of laws principles.

6.9 Amendment. This Regulatory Agreement may be amended only by a written instrument executed by both Developer and Housing Authority.

6.10 Principles of Interpretation. No inference in favor of or against any Party shall be drawn from the fact that such Party has drafted any part of this Regulatory Agreement. The Parties have both participated substantially in the negotiation, drafting, and revision of this Regulatory Agreement, with advice from counsel and other advisers of their own selection. A term defined in the singular in this Regulatory Agreement may be used in the plural, and vice versa, all in accordance with ordinary principles of English grammar, which govern all language in this

Regulatory Agreement. The words “include” and “including” in this Regulatory Agreement shall be construed to be followed by the words: “without limitation.” Each collective noun in this Regulatory Agreement shall be interpreted as if followed by the words “(or any part of it),” except where the context clearly requires otherwise. Every reference to any document, including this Regulatory Agreement, refers to such document as modified from time to time (except, at the Housing Authority’s option, any modification that violates this Regulatory Agreement), and includes all exhibits, schedules, and riders to such document. The word “or” in this Regulatory Agreement includes the word “and.”

6.11 Attorney’s Fees. In the event that a Party brings an action to enforce this Regulatory Agreement or that otherwise arises out of this Regulatory Agreement, the prevailing Party in such action shall be entitled to recover from the other Party Legal Costs to be fixed by the court in which a judgment is entered, as well as the costs of such suit. For the purposes of this Regulatory Agreement, the words “reasonable attorneys’ fees,” in the case of Housing Authority, include the salaries, costs and overhead of the lawyers employed in the Office of the Housing Authority Attorney, as allocated on an hourly basis.

6.12 Severability. If any term or provision of this Regulatory Agreement or its application to any Person or circumstance shall to any extent be invalid or unenforceable, then the remainder of this Regulatory Agreement, or the application of such term or provision to Persons or circumstances, other than those as to which it is invalid or unenforceable, shall not be affected by such invalidity. All remaining provisions of this Regulatory Agreement shall be valid and be enforced to the fullest extent allowed by Law.

6.13 Time is of the Essence. Time is of the essence with respect to the performance of each term, provision, covenant, condition, restriction, reservation or agreement contained in this Regulatory Agreement.

6.14 Unavoidable Delay; Extension of Time of Performance.

6.14.1 Notice. Subject to any specific provisions of this Regulatory Agreement stating that they are not subject to Unavoidable Delay or otherwise limiting or restricting the effects of an Unavoidable Delay, performance by either Party under this Regulatory Agreement shall not be deemed or considered to be in Default, where any such Default is due to the occurrence of an Unavoidable Delay. Any Party claiming an Unavoidable Delay shall Notify the other Party: (a) within ten (10) days after such Party knows of any such Unavoidable Delay; and (b) within five (5) days after such Unavoidable Delay ceases to exist. To be effective, any Notice of an Unavoidable Delay must describe the Unavoidable Delay in reasonable detail. The Party claiming an extension of time to perform due to an Unavoidable Delay shall exercise its commercially reasonable best efforts to cure the condition causing the Unavoidable Delay, within a reasonable time.

6.14.2 Assumption of Economic Risks. EACH PARTY EXPRESSLY AGREES THAT ADVERSE CHANGES IN ECONOMIC CONDITIONS, OF EITHER PARTY SPECIFICALLY OR THE ECONOMY GENERALLY, OR CHANGES IN MARKET CONDITIONS OR DEMAND OR CHANGES IN THE ECONOMIC ASSUMPTIONS OF EITHER PARTY THAT MAY HAVE PROVIDED A BASIS FOR ENTERING INTO THIS

REGULATORY AGREEMENT SHALL NOT OPERATE TO EXCUSE OR DELAY THE PERFORMANCE OF EACH AND EVERY ONE OF EACH PARTY'S OBLIGATIONS AND COVENANTS ARISING UNDER THIS REGULATORY AGREEMENT. ANYTHING IN THIS REGULATORY AGREEMENT TO THE CONTRARY NOTWITHSTANDING, THE PARTIES EXPRESSLY ASSUME THE RISK OF UNFORESEEABLE CHANGES IN ECONOMIC CIRCUMSTANCES AND/OR MARKET DEMAND/CONDITIONS AND WAIVE, TO THE GREATEST EXTENT ALLOWED BY LAW, ANY DEFENSE, CLAIM, OR CAUSE OF ACTION BASED IN WHOLE OR IN PART ON ECONOMIC NECESSITY, IMPRACTICABILITY, CHANGED ECONOMIC CIRCUMSTANCES, FRUSTRATION OF PURPOSE, OR SIMILAR THEORIES. THE PARTIES EXPRESSLY ASSUME THE RISK OF SUCH ADVERSE ECONOMIC OR MARKET CHANGES, WHETHER OR NOT FORESEEABLE AS OF THE EFFECTIVE DATE.

Initials of Authorized
Representative(s) of Housing Authority

Initials of Authorized
Representative(s) of Developer

6.15 Titles and Headings for Reference Only. The titles and headings of the articles, paragraphs and sections of this Regulatory Agreement are for convenience and reference only and are not to be considered a part of this Regulatory Agreement and shall not in any way interpret, modify or restrict the meaning of any term, provision, covenant, condition, restriction, reservation or agreement contained in this Regulatory Agreement.

6.16 Notices.

6.16.1 Any and all Notices sent by either Party to the other Party pursuant to or as required by this Regulatory Agreement shall be proper, if in writing and transmitted to the principal office of Housing Authority or Developer, as applicable, as designated in Section 6.16.2, by one or more of the following methods: (i) messenger for immediate personal delivery, (ii) a nationally recognized overnight delivery service (i.e., Federal Express, United Parcel Service, etc.) or (iii) registered or certified United States mail, postage prepaid, return receipt requested. Such Notices may be sent in the same manner to such other addresses as either Party may from time to time designate by Notice, in accordance with this Section 6.16. Any such Notice shall be deemed to be received by the addressee, regardless of whether or when any return receipt is received by the sender or the date set forth on such return receipt, on the day that it is delivered by personal delivery, on the date of delivery by a nationally recognized overnight courier service or three (3) calendar days after it is placed in the United States mail, as provided in this Section 6.16. Rejection, other refusal to accept or the inability to deliver a Notice because of a changed address of which no notice was given, shall be deemed receipt of the Notice.

6.16.2 The following are the authorized addresses for the submission of Notices to the Parties:

Beneficiary: Carson Housing Authority
701 E. Carson Street
Carson, California 90745

Attn: Executive Director

With a copy to: Aleshire & Wynder, LLP
1 Park Plaza Suite 1000
Irvine, CA 92614
Attn: Sunny K. Soltani, Esq.

Trustor: _____ Housing LP
c/o Thomas Safran & Associates
Attention: Anthony Yannatta
1181 San Vicente Boulevard
Los Angeles, CA 90049-5063

With a copy to:

Bocarsly Emden Cowan Esmail & Arndt, LLP
633 W. 5th Street, Suite 5880
Los Angeles, CA 90071
Attention: Nicole Deddens, Esq.

Copy to Limited Partner: _____

With a copy to: Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, Suite 5880
Los Angeles, CA 90071
Attn: Nicole Deddens, Esq.

6.17 Subordination. Developer and Housing Authority acknowledge that the Agreement is subordinate to the liens executed in connection with [insert reference to the new Freddie Mac Tax-Exempt First Mortgage (17-year term, 40-year amortization)] (“**Senior Debt**”). The Housing Authority shall execute and record a subordination agreement in order to implement the provisions of this section, which shall provide that the Senior Debt is senior to the Agreement and that the terms and conditions of the Senior Debt shall prevail over the terms and conditions of this Regulatory Agreement to the extent of any inconsistency.

6.18 Entire Agreement.

6.18.1 Counterpart Execution. This Regulatory Agreement may be executed in counterpart originals, each of which shall be deemed to be an original, and all of which together shall constitute one and the same instrument.

6.18.2 No Merger. None of the terms, conditions, covenants, restrictions, reservations, terms, provisions or agreements set forth in this Regulatory Agreement shall be deemed to be merged with any deed conveying title to any estate or interest in the Property or the Project.

6.18.3 E-Signatures. Signatures in compliance with E-SIGN and UETA via a system such as DocuSign or AdobeSign shall be binding on the Parties, however, that original signature(s) shall be required for any documents to be recorded.

6.18.4 Real Property Tax Abatement. Developer shall have the right to apply for and obtain an abatement and/or exemption of the Project from real property taxes in accordance with all applicable rules and regulations, including Section 214(g) of the California Revenue and Taxation Code.

6.18.5 Housing Authority Approvals and Actions. The Housing Authority Manager shall have the authority to make approvals, issue interpretations, waive provisions, grant extensions of time, approve amendments to this Agreement and execute documents on behalf of the Housing Authority so long as such actions do not materially or substantially change the number of the Units, the method for calculating the affordability of the Units or reduce the length of the affordability of the Project or add to the costs incurred or to be incurred by Housing Authority as specified herein. The Housing Authority Manager reserves the right, in its sole and absolute discretion, to submit any requested modification, interpretation, amendment or waiver to the Housing Authority Council if the Housing Authority Manager determines or believes that such action could increase the risk, liability or costs to Housing Authority, or change the affordability covenants or reduce the length of affordability of the Project.

[Signatures on following page]

**SIGNATURE PAGE
TO
REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE
COVENANTS, CONDITIONS AND RESTRICTIONS
RESTRICTING USE OF PROPERTY FOR AFFORDABLE HOUSING**

IN WITNESS WHEREOF, Housing Authority and Developer have executed this Regulatory Agreement by and through the signatures of their duly authorized representative(s) as of the date(s) set forth below:

NOTE: PARTIES TO INITIAL SECTIONS 2.1 & 6.14 AS APPLICABLE

DEVELOPER:

_____ HOUSING LP,
a California limited partnership

By: _____ Housing LLC,
a California limited liability company,
Its General Partner

By: _____
Jordan Pynes, President

By: Housing Corporation of America,
a Utah nonprofit corporation,
Its managing general partner

By: _____
Carol Cromar, President

HOUSING AUTHORITY:

CARSON HOUSING AUTHORITY, a
public body, corporate and politic

By: _____
David C. Roberts, Jr., Executive Director

ATTESTED:

Dr. Khaleah Bradshaw, Authority Secretary

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP.

By: _____
Sunny Soltani, Authority Counsel

[SIGNATURES MUST BE NOTARY ACKNOWLEDGED FOR RECORDING]

EXHIBIT A
TO
REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE
COVENANTS, CONDITIONS AND RESTRICTIONS
RESTRICTING USE OF PROPERTY FOR AFFORDABLE HOUSING

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCEL 1:

THE NORTH 110 FEET OF THE EAST 365 FEET OF LOT 12 OF TRACT NO. 2982, IN THE CITY OF CARSON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 35, PAGE 31](#), OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THE EASTERLY 25 FEET OF THE NORTHERLY 110 FEET OF SAID LOT.

PARCEL 2:

THE SOUTHERLY 65 FEET OF LOTS 1 TO 7 INCLUSIVE OF TRACT NO. 23353, IN THE CITY OF CARSON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 613, PAGES 66, 67, AND 68](#) OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT ALL OIL, GAS, HYDROCARBON AND MINERAL SUBSTANCES LYING BENEATH A DEPTH OF 500 FEET FROM THE SURFACE OF SAID LAND, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED BY HERMINIA DIEGO MIGUELEZ, A MARRIED WOMAN AS HER SOLE AND SEPARATE PROPERTY, WHO ACQUIRED TITLE AS HERMINIA DIEGO AND FIDEL MIGUELEZ, HER HUSBAND, IN DEED RECORDED JANUARY 17, 1957, IN [BOOK 53396, PAGE 161, OFFICIAL RECORDS](#).

[APN: 7335-013-011](#), 7335-013-018 AND 7335-013-019

EXHIBIT B
TO
REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE
COVENANTS, CONDITIONS AND RESTRICTIONS
RESTRICTING USE OF PROPERTY FOR AFFORDABLE HOUSING

Income Certification Form

[Attached behind this cover page]

Income Certification Form

NOTE TO TENANT: This form is designed to assist you in computing “Adjusted Income” in accordance with the method set forth in the United States Department of Housing and Urban Development (“HUD”) Regulations at United States Code of Federal Regulations, Title 24, Part 5, Section 5.611. You should make certain that this form is at all times up-to-date with the HUD Regulations.

Re: [Address of Unit]

1. Members of Household. I/We, the undersigned state that I/we have read and answered fully, frankly and personally each of the following questions for all persons who are to occupy the unit being applied for in the above apartment project. Listed below are the names of all persons who intend to reside in the unit:

Names of Members of Household	Relationship to Head of Household	Age	Social Security Number	Place of Employment
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

2. Adjusted Income Computation. The total anticipated annual income, calculated in accordance with the provisions of this Section 2, of all persons over the age of 18 years listed in Section 1 for the 12-month period beginning the date that: (i) I/we plan to move into a unit; or (ii) the date of this Certification, whichever is later, is \$ _____.

(a) Annual income means all amounts, monetary or not, which:

(1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; or

(2) Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and

(3) Which are not specifically excluded in paragraph (c) of this Section 2.

(4) Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

(b) Annual income includes, but is not limited to:

(1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;

(2) The net income from the operation of a business or profession. Expenditures

for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;

(3) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (b)(2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD;

(4) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in paragraph (c)(14) of this Section 2);

(5) Payments in lieu of earnings, such as unemployment and disability compensation, workers compensation and severance pay (except as provided in paragraph (c)(3) of this Section 2);

(6) Welfare assistance payments.

(i) Welfare assistance payments made under the Temporary Assistance for Needy Families (TAN) program are included in annual income only to the extent such payments:

(A) Qualify as assistance under the TAN program definition at 45 C.F.R. 260.31; and

(B) Are not otherwise excluded under paragraph (c) of this Section 2.

(ii) If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:

(A) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus

(B) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably

reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.

(7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;

(8) All regular pay, special pay and allowances of a member of the Armed Forces (except as provided in paragraph (c)(7) of this Section 2).

(c) Annual income does not include the following:

(1) Income from employment of children (including foster children) under the age of 18 years;

(2) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);

(3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workers compensation), capital gains and settlement for personal or property losses (except as provided in paragraph (b)(5) of this Section 2);

(4) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;

(5) Income of a live-in aide, as defined in 24 C.F.R. 5.403;

(6) The full amount of student financial assistance paid directly to the student or to the educational institution;

(7) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;

(8) (i) Amounts received under training programs funded by HUD;

(ii) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);

(iii) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program;

(iv) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for Housing Authority or Developer, on a part-time basis, that enhances the

quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the Housing Authority Council. No resident may receive more than one such stipend during the same period of time;

(v) Incremental earnings and benefits resulting to any family member from participation in qualifying California or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;

(9) Temporary, nonrecurring or sporadic income (including gifts);

(10) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;

(11) Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);

(12) Adoption assistance payments in excess of \$480 per adopted child;

(13) Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.

(14) Amounts received by the family in the form of refunds or rebates under California or local law for property taxes paid on the Unit;

(15) Amounts paid by a California agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or

(16) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 C.F.R. 5.609(c) apply.

3. Capital Asset and Savings Information. Do the persons whose income or contributions are included in Section 2 above:

(a) have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the values of necessary items of personal property such as furniture and automobiles and interests in Indian trust land)? ___ Yes ___ No; or

(b) have they disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value? ___ Yes ___ No

(c) If the answer to (a) or (b) above is yes, does the combined total value of all such

assets owned or disposed of by all such persons total more than \$5,000? ___Yes ___No

(d) If the answer to (c) is yes, state:

(1) the amount of income expected to be derived from such assets in the 12-month period beginning on the date of initial occupancy in the unit that you propose to rent: \$_____; and

(2) the amount of such income, if any, that was included in Section 2 above: \$_____

4. Full-Time Student Information.

(a) Are all of the individuals who propose to reside in the unit full-time students*? ___Yes ___No

*A full-time student is an individual enrolled as a full-time student during each of five calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance and is not an individual pursuing a full-time course of institutional or farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

(b) If the answer to 4(a) is yes, is at least one of the proposed occupants of the unit a husband and wife entitled to file a joint federal income tax return? ___Yes ___No

5. No Relationship With Developer. Neither myself nor any other occupant of the unit I/we propose to rent is an owner of the rental housing project in which the unit is located (hereinafter the “**Owner**”), has any family relationship to Owner or owns, directly or indirectly, any interest in the ownership. For purposes of this section, indirect ownership by an individual shall mean ownership by a family member, ownership by a corporation, partnership, estate or trust in proportion to the ownership or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member, and ownership, direct or indirect, by a partner of the individual.

6. Certification of Accuracy of Information. This certificate is made with the knowledge that it will be relied upon by Developer to determine maximum income for eligibility to occupy the unit; and I/we declare that all information set forth herein is true, correct and complete and, based upon information I/we deem reliable and that the statement of total anticipated income contained in this Section 6 is reasonable and based upon such investigation as the undersigned deemed necessary. I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with Developer to lease the unit and will entitle Developer to prevent or terminate my/our occupancy of the unit by institution of an action for eviction or other appropriate action or proceedings. I/we will assist Developer in obtaining any information or documents required to verify the statements made herein, including either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding calendar year.

7. Housing Issuer Statistical Information (Optional--will be used for reporting purposes only):

Marital Status: _____

Race (Head of Household)

White _____ Asian _____ Hispanic _____
African-American _____ Native American _____ Other _____

Physical Disability: Yes _____ No _____

I/we declare under penalty of perjury under the laws of the United States of America and the laws of the State of California that the foregoing is true and correct.

Executed this _____ day of _____, 20__ in the County of Los Angeles, California.

Applicant

Applicant

[Signature of all persons over the age of 18 years listed in Section 1 above required]

FOR COMPLETION BY DEVELOPER ONLY:

8. Calculation of eligible income:

(a) Enter amount entered for entire household in Section 2: \$ _____

(b)(1) If answer to Section 3(c) is "yes," enter the total amount entered in paragraph 3(d)(1), subtract from that figure the amount entered in 3(d)(2) and enter the remaining balance (\$ _____);

(2) Multiply the amount entered in Section 8(b)(1) times the current passbook savings rate to determine what the total annual earnings on the amount in Section 8(b)(1) would be if invested in passbook savings (\$ _____), subtract from that figure the amount entered in Section 8(b)(1) and enter the remaining balance

(3) Enter at right the greater of the amount calculated under (1) or (2) above: \$ _____;

(c) **TOTAL ELIGIBLE INCOME**
(Line 8(a) plus line 8(b)(3)): \$ _____

9. The amount entered in Line 8(c):

_____ Qualifies the applicant(s) as a **[insert income category of Eligible Household.]**

_____ Does not qualify the applicant(s) as an Eligible Household.

10. Unit number assigned: _____

Rent: \$ _____ monthly/annually

11. The unit specified in Section 10 above [was/was not] last occupied for a period of, at least, 31 consecutive days by persons whose aggregate anticipated annual income, as certified in the above manner upon their initial occupancy of the unit, qualified them as an Eligible Household that was a lower income household.

12. Method used to verify applicant(s) income:

_____ Employer income verification.

_____ Copies of tax returns.

_____ Other (_____)

Management Agent

**EXHIBIT C
TO
REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE
COVENANTS, CONDITIONS AND RESTRICTIONS
RESTRICTING USE OF PROPERTY FOR AFFORDABLE HOUSING**

Annual Report

[Attached behind this cover page]

Annual Report

The undersigned, _____, as the authorized representative of _____ Housing LP (“**Developer**”), has read and is thoroughly familiar with the provisions of the various documents associated with the financial assistance provided by the Housing Authority of Avalon (“**Housing Authority**”), as established in numerous documents including that certain Restated and Amended Regulatory Agreement and Declaration of Restrictive Covenants, Conditions, and Restrictions Restricting Use of Property for Affordable Housing, dated as of _____, 202_ (“**Regulatory Agreement**”), between Developer and Housing Authority.

As of the date of this Annual Report, the following percentage of completed residential units in the Project are: (i) occupied by Eligible Households (as such term is defined in the Regulatory Agreement); or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the later of: (y) the date of a Certificate of Occupancy was issued for the unit or (z) an Eligible Household vacated such unit, as indicated:

Number of Units occupied by lower income households: _____

Number of Vacant Units: _____

Number of Eligible Households who commenced occupancy during the preceding reporting period: _____

Attached is a separate sheet (“**Occupancy Summary**”) listing, among other items, the appropriate information for each apartment unit in the Project; the number of apartment units, the occupants of each unit and the rent paid for each unit. The information contained in the Occupancy Summary is true and accurate based on information submitted to Developer and is certified in writing as true and accurate under penalty of perjury under the laws of the United States and the laws of the State of California by each tenant.

The undersigned hereby certifies that: (1) a review of the activities of Developer during such reporting period and of Developer's performance under the Regulatory Agreement has been made under the supervision of the undersigned; and (2) to the best of the knowledge of the undersigned, based on the review described in clause 1, Developer is not in default under any of the terms and provisions of the Regulatory Agreement

Dated: _____, 20__

DEVELOPER:

_____ HOUSING LP,
a California limited partnership

By: _____ Housing LLC,
a California limited liability company,
Its General Partner

By: _____
Jordan Pynes, President

By: Housing Corporation of America,
a Utah nonprofit corporation,
Its managing general partner

By: _____
Carol Cromar, President

OCCUPANCY SUMMARY

Total Units occupied by Eligible Households: _____

Total Units available for rent to Eligible Households: _____

ATTACHED IS THE FOLLOWING INFORMATION:

- A. Resident and rental information on each occupied apartment in the Project.
- B. An Income Certification Form for all new Eligible Households who have moved into the Project since the filing of the last Occupancy Summary. The same are true and correct to the best of the undersigned’s knowledge and belief.

Dated: _____, 20__

DEVELOPER:

_____ HOUSING LP,
a California limited partnership

By: _____ Housing LLC,
a California limited liability company,
Its General Partner

By: _____
Jordan Pynes, President

By: Housing Corporation of America,
a Utah nonprofit corporation,
Its managing general partner

By: _____
Carol Cromar, President