

THIRD AMENDMENT TO REDEVELOPMENT LOAN AGREEMENT

THIS THIRD AMENDMENT TO REDEVELOPMENT LOAN AGREEMENT (the “**Amendment**”) is made effective and executed as of the 29th day of January, 2024, by and between the CARSON HOUSING AUTHORITY, a public body, corporate and politic (“**Agency**”), as successor to the housing assets and functions of the Carson Redevelopment Agency (“**Former RDA**”), and GRACE HOUSING LIMITED PARTNERSHIP, a California limited partnership (“**Developer**”), modifies and amends that certain agreement entitled “Redevelopment Loan Agreement” by and between the Agency and Developer and dated June 1, 1997, as amended by that certain First Amendment to Note, Deed of Trust and Redevelopment Loan Agreement (the “**First Amendment**”) dated June 27, 2001, and which First Amendment was recorded in the Official Records of Los Angeles County, California (the “**Records**”) on July 17, 2001, as Instrument No. 01-1244306, and further amended by that certain Loan Modification Agreement dated September 15, 2003 (the “**Second Amendment**”), and further affected and amended by that certain Clarification Agreement and Mutual Release executed on December 12, 2013 (the “**Clarification Agreement**”), and which Clarification Agreement is memorialized by that certain Notice of Clarification Agreement and Mutual Release dated December 12, 2013, and recorded in the Records on December 12, 2013, as Instrument No. 20131756605 (collectively, the “**Loan Agreement**”), in connection with the real property legally described in Exhibit A attached hereto (the “**Residential Site**”) thereupon which located those improvements comprising a 84-unit residential housing apartment known as “Villaggio I” and having an address at 535 East Carson Street, Carson, Los Angeles County, California (the “**Improvements**” and together with the Residential Site are collectively, the “**Residential Project**”). The Agency and Developer are herein referred to collectively, as the “**Parties**” and singularly, a “**Party**.”

RECITALS

A. The Developer was the owner of that certain real property (the “**Site**”) upon which the Developer constructed a mixed-use development complex comprising the Residential Project and approximately 11,500 square feet of commercial/retail/restaurant space (the “**Retail Project**” and together with the Residential Project are collectively, the “**Project**”).

B. Pursuant to that certain Parcel Map No. 24997, in Book 292, Pages 40, 41, 42, and 43 of the Book of Maps in the Records (the “**Parcel Map**”), the Site was subdivided to create a separate legal parcel for each Project such that Parcel 1 of Parcel Map contains the Retail Project (the “**Commercial Site**”) and Parcel 2 of the Parcel Map contains the Residential Project (i.e. the Residential Site).

C. In connection with the Developer’s acquisition of the Site and development of the Project, Former RDA agreed to provide financial assistance to the Developer in the amounts of: (i) the original principal amount of Four Million One Hundred Twenty-Three Thousand Seven Hundred Fifty-Six and 00/100 Dollars (\$4,123,756.00) for the purposes of acquiring and

constructing the Residential Project (the “**Original Residential Loan**”), and (ii) the original principal amount of One Million Two Hundred Forty-One Thousand Two Hundred Eighty and 00/100 Dollars (\$1,241,280.00) for the purpose of acquiring and construction the Retail Project (the “**Original Commercial Loan**” and together with the Original Residential Loan are collectively, the “**Original Loans**”), with the terms and conditions of both financial assistance documented by the Loan Agreement.

D. The Original Residential Loan was evidenced by a promissory note dated September 1, 1997, granted by the Developer for the benefit of the Agency in amount of \$4,123,756.00, as amended by the First Amendment (collectively, the “**Original Residential Note**”) and secured with a Construction Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated September 1, 1997, and recorded in the Records on September 10, 1997, under Instrument No. 97-1399460, as amended by the First Amendment, and subsequently amended by that certain Deed of Trust Modification dated September 15, 2003 (the “**Residential Deed of Trust Second Modification**”), and recorded in the Records on November 10, 2003, as Instrument No. 03-3367522 (collectively, the “**Original Residential Deed of Trust**”).

E. Pursuant to the Second Amendment and the Residential Deed of Trust Second Modification, the Agency and Developer entered into that certain Amended and Restated Promissory Note Secured by Deed of Trust (Grace Residential Project) dated September 15, 2003, in the principal amount of Four Million One Hundred Twenty-Three Thousand Seven Hundred Fifty-Six and 00/100 Dollars (\$4,123,756.00) (the “**A&R Residential Note**”), and which A&R Residential Note amended, restated, replaced, and superseded the Original Residential Note in its entirety and which A&R Residential Note is secured by the Residential Deed of Trust.

F. The Original Commercial Loan was evidenced by a promissory note dated September 1, 1997, granted by the Developer for the benefit of the Agency in amount of \$1,241,280.00 (the “**Original Commercial Note**”) and secured with a Construction Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated September 1, 1997, and recorded in the Records on September 10, 1997, under Instrument No. 97-1399459 (the “**Commercial Deed of Trust**”).

G. Pursuant to that certain Quitclaim Deed dated May 24, 2000, and recorded in the Records on June 2, 2000, as Instrument No. 00-0850011, the Developer conveyed the Commercial Site to Thomas L. Safran (“**Safran**”) and, with the consent of the Agency, the Developer assigned, and Safran assumed, the obligations of the Original Commercial Loan and the Agency released the Developer from the obligations of the Original Commercial Loan, all pursuant to that certain Assignment and Assumption Agreement dated May 22, 2000, and recorded in the Records on June 2, 2000, as Instrument No. 08-850012.

H. Pursuant to the terms of the Loan Agreement, the Developer covenanted with the Agency to comply with certain use restrictions and, more specifically, as to **Affordability Requirements** (as such term is defined in the Loan Agreement) in order to ensure certain units within the Residential Project are available for rental to very low income households and/or those

households with an income not exceeding 60% of area median gross income for a specified period, all as more particularly set forth therein.

I. In order to secure the Developer's obligations pursuant to the Affordability Requirements, the Developer and Agency entered into that certain Regulatory Agreement, dated September 1, 1997, and recorded in the Records on September 10, 1997, as Instrument Number 97-1399458, as affected and amended by that Clarification Agreement, and which Clarification Agreement is memorialized by that certain Notice of Clarification Agreement and Mutual Release dated December 12, 2013, and recorded in the Records on December 12, 2013, as Instrument No. 20131756605 (collectively, the "**Agency Regulatory Agreement**" and together with the A&R Residential Note and Original Residential Deed of Trust are collectively, the "**Original Financing Documents**").

J. With the dissolution of the Former RDA, the Agency has elected to retain all the housing assets and functions previously performed by the Former RDA and has transferred all rights, powers, duties, and obligations of the Former RDA, including, without limitation, the Original Loans, to the Agency.

K. Developer has obtained a loan (the "**FHA Loan**") from CBRE HMF, Inc., a Delaware corporation ("**FHA Lender**"), a portion of which shall be used for rehabilitation of the Project with the funds to be disbursed pursuant to an Escrow Agreement for Deferred Repairs, and which FHA Loan shall be insured by the U.S. Department of Housing and Urban Development ("**HUD**") pursuant to Section 207, pursuant to Section 223(f) of the National Housing Act of 1934, as amended, and to be secured by a Multifamily Deed of Trust, Assignment of Leases and Rents and Security Agreement ("**Security Instrument**") and HUD's form of Regulatory Agreement ("**FHA Regulatory Agreement**") and all other documents required by HUD or FHA Lender in connection with the FHA Loan (collectively, the "**FHA Mortgage Loan Documents**").

L. As a condition of insuring the FHA Loan, HUD requires that the Loan Agreement be amended to subordinate the Affordability Requirements to the FHA Mortgage Loan Documents as required by HUD.

M. The Agency and Developer wish to amend certain other terms of the Loan Agreement to facilitate the FHA Loan.

N. Developer intends to perform certain repair works within the Residential Project using the proceeds of the FHA Loan and, in connection therewith, Developer has requested that Agency amend, modify and restate the terms of the Original Financing Documents to extend the maturity date and modify certain other terms therein.

O. The Agency and Developer have agreed to modify the Loan Agreement in accordance with the terms of this Amendment.

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. **Definitions.** Unless specifically defined herein, all other capitalized terms not defined in this Amendment shall have the same meaning as set out in the Loan Agreement.

2. **Recitals.** All of the above Recitals, and each of them, are true and correct and are hereby incorporated herein by this reference.

3. **Original Residential Loan; Accrued Interest.** Developer and Agency each hereby acknowledge and agree that: (i) prior to the Effective Date, Agency has disbursed all sums that Agency was obligated to provide pursuant to the Original Financing Documents, and (ii) Agency has no obligation to disburse additional funds to Developer. At Close of Escrow (as defined in Section 4.1), a portion of accrued interest due to Agency under the Original Loan Documents shall be paid to Agency in the amount of \$962,500.00 ("**Accrued Interest**").

4. **Modification of Documents.**

4.1 **Close of Escrow; Effective Date.** Agency hereby acknowledges and agrees that all obligations of Developer under the Loan Agreement with respect to the construction required by the Loan Agreement have been satisfied. Agency further agrees to modify the terms of the Original Residential Loan in accordance with the terms set forth herein which shall close concurrently with the Developer's FHA Loan at Commonwealth Land Title Company ("**Escrow**"). This Agreement shall be effective as of the Close of Escrow ("**Effective Date**"). Escrow shall close at such time as the Escrow will issue the (i) Agency's Title Policy (pursuant to Section 6); and (ii) holds and will deliver the Accrued Interest to Agency ("**Close of Escrow**").

4.2 **Amendment of Loan Documents.**

(a) **Loan Agreement.** As of the Effective Date, the Loan Agreement is hereby amended as follows:

i. Paragraph 2.5 (Interest on, and Maturity of, Agency's Loans) of the Loan Agreement is hereby deleted in its entirety and any and all references to Interest and Maturity shall be replaced with, and refer to, the provisions of Paragraph 3 of the Second A&R Residential Note are hereby incorporated by this reference and made part of the Loan Agreement as if fully set forth therein.

ii. Paragraph 2.6.1 (Annual Payments) of the Loan Agreement is hereby deleted in its entirety and any and all references to Annual Payments shall be replaced with, and refer to, the provisions of Paragraph 3.4 of the Second A&R Residential Note containing the Annual Installment Payment and other related provisions therein.

iii. Paragraph 2.6.2 (Refinancing or Sale Payments) is hereby deleted in its entirety and any and all references to Refinancing or Sale Payments shall be replaced with, and refer to, the provisions of Paragraph 3.5 and 3.6 of the Second A&R Residential Note, which Paragraphs are hereby incorporated by this reference and made part of the Loan Agreement as if fully set forth therein.

iv. In Paragraph 2.7.1, the definition of “Agency’s Percentage” is hereby deleted in its entirety and replaced with the definition for “Authority’s Percentage” as set forth in Paragraph 3.4.1 of the Second A&R Residential Note which Paragraph is hereby incorporated by this reference and made part of the Loan Agreement as if fully set forth therein.

v. In Paragraph 2.7.2, the definition of “Positive Net Cash Flow” is hereby deleted in its entirety and replaced with the definition for “Net Positive Cash Flow” as set forth in Paragraph 3.4.1 of the Second A&R Residential Note which Paragraph is hereby incorporated by this reference and made part of the Loan Agreement as if fully set forth therein.

vi. In Paragraph 2.7.3, the definition of “Sale” is hereby deleted in its entirety and replaced with the definition of “Sale” as set forth in Paragraph 3.7 of the Second A&R Residential Note, which Paragraph is hereby incorporated by this reference and made part of the Loan Agreement as if fully set forth therein.

vii. In Paragraph 2.7.4, the definition of “Refinancing” is hereby deleted in its entirety and replaced with the definition of “Refinancing” as set forth in Paragraph 3.7 of the Second A&R Residential Note which Paragraph is hereby incorporated by this reference and made part of the Loan Agreement as if fully set forth therein.

viii. In Paragraph 2.7.5, the definition of “Gross Sales Proceeds” is hereby deleted in its entirety and replaced with the definition of “Gross Sales Proceeds” as set forth in Paragraph 3.7 of the Second A&R Residential Note which Paragraph is hereby incorporated by this reference and made part of the Loan Agreement as if fully set forth therein.

ix. In Paragraph 2.7.6, the definition of “Excess Proceeds” (with respect to any Refinancing) is hereby deleted in its entirety and replaced with the definition of “Excess Proceeds” with respect to any Refinancing as set forth in Paragraph 3.7 of the Second A&R Residential Note which Paragraph is hereby incorporated by this reference and made part of the Loan Agreement as if fully set forth therein.

x. In Paragraph 2.7.7, the definition of “Excess Proceeds” (with respect to any Sale) is hereby deleted in its entirety and replaced with the definition of “Excess Proceeds” with respect to any Sale as set forth in Paragraph 3.7 of the

Second A&R Residential Note which Paragraph is hereby incorporated by this reference and made part of the Loan Agreement as if fully set forth therein.

xi. In Paragraph 2.7.8, the definition of “Deductible Expenses” is hereby deleted in its entirety and replaced with the definition of “Deductible Expenses” as set forth in Paragraph 3.7 of the A&R Residential Note.

xii. Paragraph 10.1 of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

“10.1 Notices, Demands and Communications. Except as otherwise specified in this Agreement, all notices to be sent pursuant to this Agreement or any other Loan Documents shall be made in writing, and sent to the Agency and Developer at their respective addresses specified below or to such other address as a party may designate by written notice delivered to the other party 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.

Agency: 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.

Developer: Grace Housing Limited Partnership
c/o Thomas Safran & Associates
Attention: Anthony Yannatta
11811 San Vicente Boulevard
Los Angeles, CA 90049-5063

Notwithstanding that the Amended Financing Documents amends, restate, supersedes and replaces the Original Financing Documents, any specific terms and provisions within the First Amendment and the Clarification Agreement that amends the Loan Agreement shall continue to be construed as amending and affecting the Loan

Agreement and shall not be extinguished, superseded, or replaced except only as set forth herein.

(b) **Second A&R Residential Note.** Developer's obligation to repay the Original Residential Loan shall be evidenced by that certain Second Amended and Restated Promissory Note Secured by Deed of Trust herewith in the form substantially similar to that set forth on Exhibit B attached hereto to be executed by the Developer and delivered to the Agency through Escrow (the "**Second A&R Residential Note**").

(c) **A&R Residential Deed of Trust.** Performance of the obligations under the Second A&R Residential Note shall be secured by the First Amended and Restated Deed of Trust With Assignment Rents, Security Agreement and Fixture Filing in a form substantially similar to that set forth on Exhibit C attached hereto to be executed by Developer and recorded in the Records on or before the Close of Escrow (the "**A&R Residential Deed of Trust**"). Upon recordation, the A&R Residential Deed of Trust shall be returned by the Office of the Recorder of Los Angeles County ("**County**") to the Agency.

(d) **Amendment to Regulatory Agreement.** The Agency Regulatory Agreement shall be amended by the First Amendment to Regulatory Agreement in a form substantially similar to that set forth in Exhibit D attached hereto to be executed by Developer and Agency and recorded in the Records on or before the Close of Escrow (the "**Amendment to Regulatory Agreement**" and, together with the Agency Regulatory Agreement are collectively, the "**Amended Agency Regulatory Agreement**"). Upon recordation, the Amendment to Regulatory Agreement shall be returned by the County to the Agency.

(e) **Subordination Agreement.** Agency agrees to execute the Subordination Agreement in a form substantially similar to that set forth in Exhibit E attached hereto to be executed by Agency to subordinate the A&R Residential Deed of Trust to the FHA Loan and recorded in the Records on or before the Close of Escrow (the "**Subordination Agreement**"). The FHA Loan documents provide funds for rehabilitation of the Project to be disbursed pursuant to an Escrow Agreement for Deferred Repairs. Full and complete copies of the FHA Loan documents shall have been provided to Agency prior to the Close of Escrow.

The Second A&R Residential Note, the A&R Residential Deed of Trust and Amendment to Regulatory Agreement are collectively hereinafter sometimes referred to as the "**Amended Financing Documents.**"

4.3 Document Delivery. The Amended Financing Documents and the Subordination Agreement (as required by Paragraph 5) shall be delivered by Agency to Escrow on or before five (5) business days prior to Close of Escrow for delivery and recordation of the Subordination Agreement and applicable Amended Financing Documents on or before two (2) business days

prior to Close of Escrow in accordance with HUD's closing protocol and this Amendment. Notwithstanding the Agency's agreement to follow HUD's closing protocol, the Amended Financing Documents and Subordination Agreement shall not be effective until Close of Escrow.

5. **HUD Required Provisions.** Agency shall execute and deliver a subordination agreement to Escrow in accordance with the terms of this Amendment in order to implement the provisions of this section, which shall provide that the FHA Loan is senior to the Second A&R Residential Note, A&R Residential Deed of Trust and the Amended Agency Regulatory Agreement that the terms and conditions of the FHA Loan shall prevail over the terms and conditions of the Amended Financing Documents to the extent of any inconsistency. The Rider to Redevelopment Loan Agreement ("**HUD Restrictive Covenants Rider**"), attached hereto as Exhibit F is hereby adopted as Attachment No. 14 to the Loan Agreement and is incorporated by reference into the Loan Agreement for such time as the Residential Project is subject to a mortgage, deed of trust or security instrument insured or held by the HUD and which HUD Restrictive Covenants Rider may not be amended or revised without the prior written consent of HUD and the FHA Lender. Copies of relevant documents related to the FHA Mortgage Loan Documents shall be provided to Agency for its review and consent not to be unreasonably withheld, conditioned or delayed and final copies of all executed FHA Mortgage Loan Documents shall be delivered Agency after Close of Escrow.

6. **Agency's Title Policy.** As a condition to Close of Escrow, Commonwealth Land Title Company shall issue to Agency an ALTA Lender's Policy of Title Insurance for the benefit and protection of the Agency showing title vested in Developer ("**Agency's Title Policy**") in the amount of the Second A&R Residential Note insuring that the lien of the A&R Residential Deed of Trust is subject only to (i) the FHA Mortgage Loan Documents; and (ii) such other defects, liens, conditions, encumbrances, restrictions, easements and exceptions as Agency may reasonably approve in writing and containing such endorsements as Agency may reasonably require, with the cost of such Agency's Title Policy, as well as any escrow fees or costs and recording fees to be paid by Developer.

7. **Representations and Warranties.** Developer acknowledges that Agency shall rely upon Developer's representations made herein notwithstanding any investigation made by or on behalf of Agency. Developer hereby represents and warrants as follows:

7.1 **Organization.** Developer 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.

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

7.3 **Authority of Persons Executing Documents.** This Amendment and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to or in connection with this Amendment, 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 Developer, and all actions required under Developer's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Amendment and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to or in connection with this Amendment, 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.

7.4 Valid and Binding Agreements. This Amendment 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 Amendment 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.

7.5 No Breach of Law or Agreement. Neither the execution nor delivery of this Amendment or any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to or in connection with this Amendment, 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 Developer, or any provision of the organizational documents of Developer, or will conflict with or constitute a breach of or a default under any agreement to which Developer is a party, or will result in the creation or imposition of any lien upon any assets or property of Developer, other than liens established pursuant hereto.

7.6 Pending Proceedings. Except as disclosed in writing to the Agency prior to execution of this Amendment, Developer 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 Developer's principals, there are no claims, actions, suits or proceedings pending or, to the knowledge of Developer's principals, threatened against or affecting Developer or the Project, at law or in equity, before or by any court, board, commission or agency. Developer is not the subject of a bankruptcy or insolvency proceeding.

7.7 Repair Works. As of the Close of Escrow, all permits required for the repair works have been issued by the applicable governmental authorities.

7.8 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. Attorneys' Fees. If either Party fails to perform any of its obligations under this Amendment, 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.

9. **Waivers; Modification.** No waiver of any breach of any covenant or provision of this Amendment 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 Amendment may be amended or modified only by a written instrument executed by the Parties.

10. **Binding on Successors.** This Amendment shall bind and inure to the benefit of the Parties and their respective permitted successors and assigns. Any reference in this Amendment 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 Amendment or under law.

11. **Survival.** All representations made by Developer hereunder and all of Developer's obligations to provide indemnity to the Agency shall survive the expiration or termination of this Amendment.

12. **Headings; Interpretation; Statutory References.** The section headings and captions used herein are solely for convenience and shall not be used to interpret this Amendment. The Parties acknowledge that this Amendment 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 Amendment, this Amendment 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 Financing 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.

13. **Action or Approval.** Whenever action and/or approval by Agency is required under this Amendment, the Agency'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.

14. **Entire Agreement.** This Amendment, including Exhibits A through F attached hereto and incorporated herein by this reference, together with the other Agency's 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.

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

16. No Third Party Beneficiaries. Except as expressly set forth herein (or in the Agency's Loan Documents), nothing contained in this Amendment 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.

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

18. Time of the Essence; Calculation of Time Periods. Time is of the essence for each condition, term, obligation and provision of this Amendment. Unless otherwise specified, in computing any period of time described in this Amendment, 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 Project. For purposes of this Amendment, a "business day" means a day that is not a Saturday, Sunday, a federal holiday or a state holiday under the laws of California.

19. Governing Law; Venue. This Amendment 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 Amendment 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.

20. Counterparts. This Amendment 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 Amendment may be delivered to the other Party by facsimile and shall be deemed as binding as if an originally signed counterpart was delivered.

21. Electronic Execution. This Amendment may be executed electronically provided such execution is in compliance with UETA and ESIGN using providers such as DocuSign or AdobeSign. The Parties understand that the originals of the exhibits will need to be executed by wet signatures only and delivered to Escrow.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties have entered into this Third Amendment to Redevelopment Loan Agreement as of the Effective Date first written above.

DEVELOPER:

GRACE HOUSING LIMITED
PARTNERSHIP,
a California limited partnership

By: Housing Corporation of America,
a Utah nonprofit corporation,
Its: Managing General Partner

By: *Carol Cromar*
Carol Cromar, President

By: Grace Housing TSA LLC,
a California limited liability company,
Its: Administrative General Partner

By: _____
Renee Groves,
Chief Financial Officer

AGENCY:

CARSON HOUSING AUTHORITY, a
public body, corporate and politic

By: _____
John Raymond,
Assistant Executive Director

ATTESTED:

Dr. Khaleah Bradshaw, Authority Secretary

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP.

By: _____
Sunny Soltani, Authority Counsel

IN WITNESS WHEREOF, the Parties have entered into this Third Amendment to Redevelopment Loan Agreement as of the Effective Date first written above.


DEVELOPER:

GRACE HOUSING LIMITED
PARTNERSHIP,
a California limited partnership

By: Housing Corporation of America,
a Utah nonprofit corporation,
Its: Managing General Partner

By: _____
Carol Cromar, President

By: Grace Housing TSA LLC,
a California limited liability company,
Its: Administrative General Partner

By:  _____
Renee Groves,
Chief Financial Officer

AGENCY:

CARSON HOUSING AUTHORITY, a
public body, corporate and politic

By: _____
John Raymond,
Assistant Executive Director

ATTESTED:

Dr. Khaleah Bradshaw, Authority Secretary

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP.

By: _____
Sunny Soltani, Authority Counsel

IN WITNESS WHEREOF, the Parties have entered into this Third Amendment to Redevelopment Loan Agreement as of the Effective Date first written above.

DEVELOPER:

GRACE HOUSING LIMITED
PARTNERSHIP,
a California limited partnership

By: Housing Corporation of America,
a Utah nonprofit corporation,
Its: Managing General Partner

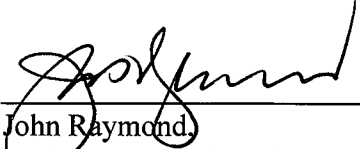
By: _____
Carol Cromar, President

By: Grace Housing TSA LLC,
a California limited liability company,
Its: Administrative General Partner

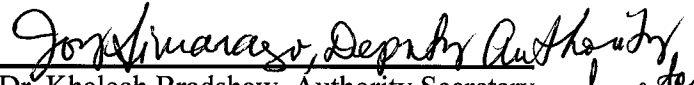

By: _____
Renee Groves,
Chief Financial Officer

AGENCY:

CARSON HOUSING AUTHORITY, a
public body, corporate and politic

By: 
John Raymond,
Assistant Executive Director

ATTESTED:


for Dr. Khaleah Bradshaw, Authority Secretary 

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP.

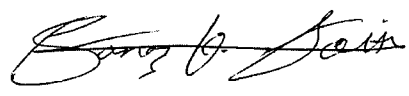
By: 
Sunny Soltani, Authority Counsel

EXHIBIT A

LEGAL DESCRIPTION OF SITE

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

PARCEL A:

PARCEL 2 OF PARCEL MAP 24997, IN THE CITY OF CARSON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 292, PAGES 40, 41, 42 AND 43 OF MAPS, AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY.

PARCEL B:

NON-EXCLUSIVE EASEMENTS FOR INGRESS AND EGRESS, EMERGENCY ACCESS, AMPHITHEATER, COMMUNITY FACILITIES, CHILDREN'S SPACE, PEDESTRIAN ACCESS, VISITOR PARKING, UTILITIES, VEHICULAR ACCESS, MAINTENANCE, CONSTRUCTION AND SUPPORT ENCROACHMENTS, AND VARIOUS OTHER PURPOSES OVER PARCELS 1 AND 2 OF PARCEL MAP 24996, IN THE CITY OF CARSON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 292, PAGES 44, 45, 46 AND 47 OF MAPS, AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY, AS CREATED BY THE FOLLOWING DOCUMENTS: "EASEMENT, JOINT USE AND MAINTENANCE AGREEMENT" AS RECORDED JANUARY 14, 2000 AS INSTRUMENT NO. 2000-0064755 OFFICIAL RECORDS, AND "GRACE MIXED-USE DEVELOPMENT DECLARATION ESTABLISHING RECIPROCAL EASEMENTS AND COVENANTS RUNNING WITH THE LAND" AS RECORDED JANUARY 14, 2000 AS INSTRUMENT NO. 2000-0064757 OFFICIAL RECORDS.

APN: 7337-011-043

EXHIBIT B

**FORM OF SECOND AMENDED & RESTATED PROMISSORY NOTE
SECURED BY DEED OF TRUST**

(See following page)

SECOND AMENDED AND RESTATED PROMISSORY NOTE

SECURED BY DEED OF TRUST

(Villaggio I – formerly known as Carson Residential Project)

\$4,123,756.00 _____, 2024 (“**Note Date**”)

FOR VALUE RECEIVED, GRACE HOUSING LIMITED PARTNERSHIP, a California limited partnership (“**Maker**”) hereby promises to pay to the order of the CARSON HOUSING AUTHORITY, a public body, corporate and politic (“**Authority**”), as successor to the housing assets and functions of The Carson Redevelopment Agency, at a place designated by Authority, the principal sum of Four Million One Hundred Twenty-Three Thousand Seven Hundred Fifty-Six and 00/100 Dollars (\$4,123,756.00) (“**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 Loan Agreement (as defined below) pertaining to Maker’s acquisition and construction of that certain 84-unit residential housing apartment known as “Villaggio I” (“**Project**”) forming part of an improved real property defined in the Loan Agreement 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. First Amended and Restated Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing dated as of even date herewith made by and among Maker as trustor, Authority as beneficiary, and Commonwealth Land Title Company as trustee, and recorded in the Official Records of Los Angeles County, California (the “**Records**”) against the Property contemporaneously herewith (“**Deed of Trust**”). The Deed of Trust secures repayment of this Note.
- ii. Regulatory Agreement, dated September 1, 1997, made by and among Maker and Authority and recorded in the Records on September 10, 1997, as Instrument Number 97-1399458, as affected and amended by that certain Clarification Agreement and Mutual Release executed on December 12, 2013 (the “**Clarification Agreement**”), and which Clarification Agreement is memorialized by that certain Notice of Clarification Agreement and Mutual Release dated December 12, 2013, and recorded in the Records on December 12, 2013, as Instrument No. 20131756605, as amended by that certain First Amendment to Regulatory Agreement dated as of even date herewith and recorded in the Records against the Property contemporaneously herewith (collectively, the “**Regulatory Agreement**”).
- iii. Redevelopment Loan Agreement by and between the Authority and Maker and dated June 1, 1997, as amended by that certain First Amendment to Note, Deed of Trust and Redevelopment Loan Agreement (the “**First Amendment**”) dated June 27, 2001, and which First Amendment was recorded in the Records on July 17, 2001, as Instrument No. 01-1244306, and further amended by that certain Loan Modification Agreement dated

September 15, 2003, and further affected and amended by the Clarification Agreement, and which Clarification Agreement is memorialized by that certain Notice of Clarification Agreement and Mutual Release dated December 12, 2013, and recorded in the Records on December 12, 2013, as Instrument No. 20131756605, and further amended by that certain Third Amendment to Redevelopment Loan Agreement dated of even date herewith (collectively, the “**Loan Agreement**”).

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 Loan Agreement.

1. **Purpose of Loan.** This Note evidences the debt due to Authority in accordance with the Loan Agreement.
2. **Principal Amount.** The principal amount of this Note shall be the Note Amount.
3. **Interest; Maturity Date; Repayment.**

3.1 Maker intends to make certain repairs to the Project in accordance with the scope of repairs (the “**Repairs**”) approved by the Senior Lender (hereinafter defined in Paragraph 18) in connection with the Senior Note (hereinafter defined in Paragraph 18). Distribution of funds for the Repairs under the Senior Note shall be distributed pursuant to a disbursement control system.

3.2 If the Repairs are not commenced by the date required by the Senior Lender and the U.S. Department of Housing and Urban Development (including force majeure) and Authority declares a default under the Loan Agreement, Authority has the right to declare this Note due and payable upon written notice to Maker.

3.3 Interest on the Note Amount accruing prior to the Note Date has accrued at a simple interest rate of three percent (3.0%) per annum pursuant to the First Amended and Restated Note (hereinafter defined). From and after the Note Date, interest on the Note Amount shall continue to accrue at a simple interest rate of three percent (3.0%) per annum.

3.4 Maker shall pay to Authority annually an amount equal to the Authority’s Percentage (as defined below) of Net Positive Cash Flow (the “**Annual Installment Payment**”) and the Developer shall be entitled to retain the remainder of such Net Positive Cash Flow. The Annual Installment Payment shall be due on January 31st of each calendar year with respect to the period of January 1st through December 31st of the preceding calendar year. Any such Annual Installment Payments shall be applied first to accrued but unpaid interest on the applicable Loan, and the remainder, if any, shall be applied in reduction of the principal balance of the applicable Loan. The Maker shall deposit all Cash Flow into an interest bearing account and interest earned thereon shall be added to such

Net Positive Cash Flow. The Authority shall not be entitled to receive any portion of the Net Positive Cash Flow from the applicable portion of the Project following repayment in full of the Loan and all accrued interest thereon. The Annual Installment Payments shall continue to be paid until January 31, 2059; provided however that all unpaid principal and accrued interest shall be due and payable in full on December 31, 2059 (the “**Maturity Date**”).

3.4.1 For purposes of this Section 3.4, the “**Authority’s Percentage**” means (i) with respect to an Annual Installment Payment, fifty percent (50%) from Net Positive Cash Flow; and (ii) with respect to a Refinancing Payment (as defined below) or Sale Payment (as defined below), one hundred percent (100%) of Excess Proceeds (as defined below). The term “**Net Positive 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**”), and, for avoidance of doubt, the partnership management fee payable to the nonprofit general partner of the Maker shall be an amount equal to \$14,998.00 (effective as of the year 2012) and, thereafter, adjusted annually by increases in gross income of the Maker but, in no cases, shall the partnership management fee decrease in amount; (ii) Management Fee (as defined below); (iii) if applicable, 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 Owner Advances including, but not limited to the Owner Pre-Development Advances. For avoidance of doubt, the calculation of Net Positive Cash Flow shall be based on the same methodology set forth in the Clarification Agreement. The term “**Cash Flow**” means: (A) all income derived by Maker from the residential component of 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 residential portion of Property and Project (“**Gross Income**”); less (B) (i) Operating Expenses; (ii) 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) resident services expenses in an amount not to exceed on an annual basis Thirty Thousand Dollars (\$30,000), increased annually by the CPI; and (iii) 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. The term “**Operating Expenses**” means expenses actually and reasonably incurred by Maker in owning, leasing, operating, maintaining, and repairing the residential component of 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 Project, 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 Project), management costs, developer fees (and deferred developer fees). The term “**Management Fee**” means property management fees not in excess of six percent (6%) of effective gross income of the Project measured annually and, for avoidance of doubt, calculated pursuant to the methodology set forth in the Clarification Agreement. The term “**Owner Advances**” means any unsecured loan, cash advances, and/or additional capital contributions to Maker made by a partner of Maker in accordance with the terms of Maker’s agreement of limited partnership which was used for the Project and was approved by the Authority, which approval shall not be unreasonably withheld.

3.4.2 For purposes of Section 3.4.1, the term “**Capital Replacement Reserve**” means an annual amount not less than Two Hundred Fifty Dollars (\$250) per residential unit per year increased annually 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. The term “**Owner Pre-Development Advances**” means those certain advances and/or unsecured loans to Maker in the aggregate amount of up to Three Hundred Fifty Thousand Dollars (\$350,000) provided by the administrative general partner of Maker for payment of pre-development expenses for the Property.

3.4.3 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 Positive Cash Flow as Authority may reasonably request.

3.4.4 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.

3.4.5 Subject to Paragraph 18 this Note may be prepaid in whole or in part at any time without penalty.

3.5 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.

3.6 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 (“**Sale 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.

3.7 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 Maker 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 Maker from or by any source in any way, relating to any Refinancing, minus (ii) the sum of (aa) Deductible Expenses relating to such Refinancing, (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 residential portion of the Property, or any interest therein; and (cc) repayment of any Owner Advances including, but not limited to, the Owner Pre-Development Advances. 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 residential portion of the Property or any interest therein; and (ii) repayment of any Owner Advances including, but not limited to, the Owner Pre-Development Advances.

“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 Maker actually receives such payments. Authority agrees that Maker 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 Maker actually receives such payment.

“Refinancing” shall mean any act or process by which Maker borrows any funds, credit or allowance, repayment or reimbursement of which is secured in whole or in part by Maker’s interest in the Property or the Project, or by any direct or indirect interest in Maker. 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 Maker’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, Maker’s interest in any of the foregoing, or any interest in Maker or any partner of Maker (including any transfer of limited partnership interests or transfers to facilitate the syndication of interests in Maker or the Project) except as collateral securing the performance of any obligation, or (ii) a loan secured by deed of trust which is recorded against the residential portion of the Property with a higher priority than the Deed of Trust.

“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 a loan secured by deed of trust which is recorded against the residential portion of the Property with a higher priority than the Deed of Trust or any Refinancing, (ii) any transfer of all or any part of the Property, the Project, Maker’s interest in any of the foregoing, or any interest in Maker or any partner of Maker as collateral securing performance of any obligation, (iii) any transfer of limited partnership interests or transfers to facilitate the syndication of interests in Maker 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 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: Grace Housing Limited Partnership
c/o Thomas Safran & Associates
Attention: Anthony Yannatta
11811 San Vicente Boulevard
Los Angeles, CA 90049-5063

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 that certain Amended and Restated Promissory Note Secured by Deed of Trust made between the Maker and Authority dated September 15, 2003, in the principal amount of \$4,123,756.00 (the “**First Amended and Restated Note**”) in its entirety which First Amended and Restated 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. **HUD Provisions.** As long as the U.S. Department of Housing and Urban Development (“**HUD**”) is the insurer or holder of a loan to Maker by CBRE HMF, Inc., a Delaware corporation (“**Senior Lender**”), as evidenced by a Note (Multistate) (“**Senior Note**”), relating to that certain project known as Villaggio I (“**Project**”) under FHA Project No. 122-11518, the following provisions (“**HUD Provisions**”) shall be in full force and effect:

18.1 Any terms not defined within this Paragraph 18 shall have the same meaning as set forth in HUD’s Program Obligations set forth in that certain Multifamily Deed of Trust, Assignment of Leases and Rents and Security Agreement granted by Maker in favor of Senior Lender, as the same may be supplemented, amended or modified (“**Security Instrument**”), and/or the Regulatory Agreement between Maker and HUD with respect to the Project, as the same may be supplemented, amended or modified from time to time (“**HUD Regulatory Agreement**”), as the context so requires;

18.2 Any payments due under this Note shall be payable only (i) from permissible distributions from Surplus Cash of the Project; but in no event greater than seventy-five percent (75%) of the total amount of Surplus Cash; or (ii) from monies received from Non-Project Sources. In no event may payments due under all subordinate debt of Maker cumulatively exceed 75% of available Surplus Cash. The restriction on payment imposed by this paragraph shall not excuse any default caused by the failure of the Maker to pay the indebtedness evidenced by this Note;

18.3 No prepayment of this Note shall be made until after final endorsement by HUD of the Senior Note, unless such prepayment is made from Non-Project Sources and is approved in writing by HUD.

18.4 This Note is non-negotiable and may not be sold, transferred, assigned, or pledged by the holder of this Note except with the prior written approval of HUD;

18.5 Interest on this Note shall not be compounded as long as HUD is the insurer or holder of the Senior Note secured by the Security Instrument;

18.6 Maker hereby waives presentment, demand, protest and notice of demand, protest and nonpayment of this Note;

18.7 The terms and provisions of this Note are also for the benefit of and are enforceable by HUD against any party hereto, their successors and assigns. This Note may not be modified or amended without the written consent of HUD; and

18.8 In the event of any conflict between the terms of the Note and the HUD Provisions set forth within this Paragraph 18, the terms of the HUD Provisions shall control.

[SIGNATURE PAGE FOLLOWS]

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

MAKER:

GRACE HOUSING LIMITED PARTNERSHIP,
a California limited partnership

By: Housing Corporation of America,
a Utah nonprofit corporation
Its: Managing General Partner

By: _____
Carol Cromar, President

By: Grace Housing TSA LLC,
a California limited liability company
Its: Administrative General Partner

By: _____
Renee Groves, Chief Financial Officer

EXHIBIT C

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

(See following page)

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

**FIRST AMENDED AND RESTATED 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 FIRST AMENDED AND RESTATED DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING (“Deed of Trust”), is made _____, 2024, between GRACE HOUSING LIMITED PARTNERSHIP, a California limited partnership (“**Trustor**”), whose address is 11811 San Vicente Boulevard, Los Angeles, CA 90049-5063, in favor of CARSON HOUSING AUTHORITY, a public body, corporate and politic (“**Beneficiary**”), as successor to the housing assets and functions of The Carson Redevelopment Agency, 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, Assignment of Rents, Security Agreement and Fixture Filing dated September 1, 1997, and recorded in the Official Records of Los Angeles County, California (“**Records**”) on September 10, 1997, under Instrument No. 97-1399460, as amended by that certain First Amendment to Note, Deed of Trust and Redevelopment Loan Agreement dated June 27, 2001, and which First Amendment was recorded in the Records on July 17, 2001, as Instrument No. 01-1244306 (collectively, “**Original Deed of Trust**”).

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 Four Million One Hundred Twenty-Three Thousand Seven Hundred Fifty-Six and 00/100 Dollars (\$4,123,756.00) with interest thereon according to the terms of that certain Second Amended and Restated Promissory Note Secured by Deed of Trust dated as 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.

[BALANCE OF PAGE LEFT INTENTIONALLY BLANK]
[SIGNATURE PAGE FOLLOWS]

SIGNATURE PAGE TO
FIRST AMENDED AND RESTATED DEED OF TRUST WITH ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING

TRUSTOR:

GRACE HOUSING LIMITED PARTNERSHIP,
a California limited partnership

By: Housing Corporation of America,
a Utah nonprofit corporation
Its: Managing General Partner

By: _____
Carol Cromar, President

By: Grace Housing TSA LLC,
a California limited liability company
Its: Administrative General Partner

By: _____
Renee Groves, Chief Financial Officer

[NOTARY ACKNOWLEDGEMENTS FOLLOW]

STATE OF UTAH)
) ss:
COUNTY OF SALT LAKE)

On _____, 2024, before me, _____, a notary public, personally appeared Carol Cromar, known to me to be the person whose name is subscribed in the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

NOTARY PUBLIC in and for the State of Utah

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 _____, 2024, before me, _____, a notary public, personally appeared **Renee Groves**, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: _____ [Seal]

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

THIS RIDER TO FIRST AMENDED AND RESTATED DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING (“Rider”) is executed this ____ day of _____, 2024, by and GRACE HOUSING LIMITED PARTNERSHIP, a California limited partnership (“**Trustor**”) in favor of the CARSON HOUSING AUTHORITY, a public body, corporate and politic (“**Beneficiary**”), as successor to the housing assets and functions of the Carson Redevelopment Agency, the same parties to that certain “First Amended and Restated Deed of Trust With Assignment of Rents, Security Agreement and Fixture Filing” dated as of even date herewith (“**Deed of Trust**”) 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) Second Amended and Restated Promissory Note made by Trustor as “Maker” in favor of Authority as “Beneficiary” dated as of even date herewith, the repayment of which by Trustor is secured by this Deed of Trust (“**Note**”); (ii) that certain Redevelopment Loan Agreement by and between the Beneficiary as “Agency” and Trustor as “Developer” and dated June 1, 1997, as amended by that certain First Amendment to Note, Deed of Trust and Redevelopment Loan Agreement dated June 27, 2001, and which First Amendment was recorded in the Official Records of Los Angeles County, California (“**Records**”) on July 17, 2001, as Instrument No. 01-1244306, and further amended by that certain Loan Modification Agreement dated September 15, 2003, and further affected and amended by that certain Clarification Agreement and Mutual Release executed on December 12, 2013 (the “**Clarification Agreement**”), and which Clarification Agreement and Mutual Release is memorialized by that certain Notice of Clarification Agreement and Mutual Release dated December 12, 2013, and recorded in the Records on December 12, 2013, as Instrument No. 20131756605, and further amended by that certain Third Amendment to Redevelopment Loan Agreement dated as of even date herewith (collectively, the “**Loan Agreement**”); and (iii) that certain Regulatory Agreement between Beneficiary as “Agency” and Trustor as “Developer” dated September 1, 1997, and recorded in the Records on September 10, 1997, as Instrument Number 97-1399458, as affected and amended by the Clarification Agreement, and which Clarification Agreement is memorialized by that certain Notice of Clarification Agreement and Mutual Release dated December 12, 2013, and recorded in the Records on December 12, 2013, as Instrument No. 20131756605, as amended by First Amendment to Regulatory Agreement dated as of even date herewith and recorded in the Records contemporaneously herewith (collectively, “**Regulatory Agreement**”). The Note, Loan Agreement, 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 Loan Agreement and Regulatory Agreement are **not** secured by this Deed of Trust. However, any default under the Loan Agreement 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: Grace Housing Limited Partnership
c/o Thomas Safran & Associates
Attention: Anthony Yannatta
11811 San Vicente Boulevard
Los Angeles, CA 90049-5063

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 Loan Agreement, 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 an 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. 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.

16. 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.

17. 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.

18. 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.

19. 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.

20. 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:

GRACE HOUSING LIMITED PARTNERSHIP,
a California limited partnership

By: Housing Corporation of America,
a Utah nonprofit corporation
Its: Managing General Partner

By: _____
Carol Cromar, President

By: Grace Housing TSA LLC,
a California limited liability company
Its: Administrative General Partner

By: _____
Renee Groves, Chief Financial Officer

[NOTARY ACKNOWLEDGEMENTS FOLLOW]

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 _____, 2024, before me, _____, a notary public, personally appeared **Renee Groves**, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: _____ [Seal]

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 A:

PARCEL 2 OF PARCEL MAP 24997, IN THE CITY OF CARSON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 292, PAGES 40, 41, 42 AND 43 OF MAPS, AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY.

PARCEL B:

NON-EXCLUSIVE EASEMENTS FOR INGRESS AND EGRESS, EMERGENCY ACCESS, AMPHITHEATER, COMMUNITY FACILITIES, CHILDREN'S SPACE, PEDESTRIAN ACCESS, VISITOR PARKING, UTILITIES, VEHICULAR ACCESS, MAINTENANCE, CONSTRUCTION AND SUPPORT ENCROACHMENTS, AND VARIOUS OTHER PURPOSES OVER PARCELS 1 AND 2 OF PARCEL MAP 24996, IN THE CITY OF CARSON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 292, PAGES 44, 45, 46 AND 47 OF MAPS, AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY, AS CREATED BY THE FOLLOWING DOCUMENTS: "EASEMENT, JOINT USE AND MAINTENANCE AGREEMENT" AS RECORDED JANUARY 14, 2000 AS INSTRUMENT NO. 2000-0064755 OFFICIAL RECORDS, AND "GRACE MIXED-USE DEVELOPMENT DECLARATION ESTABLISHING RECIPROCAL EASEMENTS AND COVENANTS RUNNING WITH THE LAND" AS RECORDED JANUARY 14, 2000 AS INSTRUMENT NO. 2000-0064757 OFFICIAL RECORDS.

APN: 7337-011-043

EXHIBIT D

**FORM OF
FIRST AMENDMENT TO REGULATORY AGREEMENT**

(See following page)

**Recording Requested By
and When Recorded Mail to:**

Attn: Executive Director
Carson Housing Authority
701 East Carson Street
Carson, CA 90745

FIRST AMENDMENT TO REGULATORY AGREEMENT

This FIRST AMENDMENT TO REGULATORY AGREEMENT (the “**Amendment**”) is made as of _____, 2024, amending that certain Regulatory Agreement, dated September 1, 1997, and recorded in the Official Records of the County of Los Angeles, State of California (“**Records**”) on September 10, 1997, as Instrument Number 97-1399458, as affected and amended by that certain Clarification Agreement and Mutual Release executed on December 12, 2013 (the “**Clarification Agreement**”), and which Clarification Agreement is memorialized by that certain Notice of Clarification Agreement and Mutual Release dated December 12, 2013, and recorded in the Records on December 12, 2013, as Instrument No. 20131756605 (collectively, the “**Regulatory Agreement**”) by and among CARSON HOUSING AUTHORITY, a public body corporate and politic (“**Agency**”), as successor to the housing assets and functions of the Carson Redevelopment Agency (“**Former RDA**”), and GRACE HOUSING LIMITED PARTNERSHIP, a California limited partnership (“**Developer**” and together with the Agency are collectively, the “**Parties**” and singularly, a “**Party**”).

WHEREAS, the Developer is the owner of that certain real property located within the City of Carson, California and described in the legal description attached hereto as Exhibit “A” and incorporated by reference herein (the “**Lands**”) on which that certain development consisting of a eighty-four (84) unit affordable housing project thereon known as Villaggio I (the “**Project**”);

WHEREAS, the Agency provided financial assistance to the Developer for the acquisition, development, construction and operation of the Project;

WHEREAS, Developer has obtained a loan (the “**FHA Loan**”) from CBRE HMF, Inc., a Delaware corporation (“**Lender**”), to be insured by the U.S. Department of Housing and Urban Development by and through the Secretary, his or her successors, assigns or designates (“**HUD**”), under Section 207, pursuant to 223(f) of the National Housing Act of 1934, as amended, and to be secured by a Multifamily Deed of Trust, Assignment of Leases and Rents, and Security Agreement (“**Security Instrument**”) and HUD’s form of Regulatory Agreement (“**HUD Regulatory Agreement**”) and all other documents required by HUD or Lender in connection with the FHA Loan (collectively, the “**Mortgage Loan Documents**”);

WHEREAS, as a condition of insuring the FHA Loan, HUD requires that the Regulatory Agreement be amended to be subordinate to the Mortgage Loan Documents; and

WHEREAS, the Agency and Developer have agreed to amend the Regulatory Agreement in accordance with the terms of this Amendment.

NOW, THEREFORE, in consideration of the foregoing and for other consideration the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Unless specifically defined herein, all other capitalized terms not defined in this Amendment shall have the same meaning as set out in the Regulatory Agreement, as the context so requires.

2. HUD Requirements. The Regulatory Agreement is hereby amended to add a new Paragraph 16 as follows:

“16. HUD-REQUIRED PROVISIONS.

The Rider to Regulatory Agreement, attached hereto as Exhibit C is incorporated by reference into this Agreement for such time as the Project is subject to a mortgage, deed of trust or security instrument insured or held by the U.S. Department of Housing and Urban Development by and through the Secretary, his or her successors, assigns or designates (“HUD”).”

3. The Rider to Regulatory Agreement (“HUD Restrictive Covenants Rider”) attached to this Amendment as Exhibit ”B” is hereby adopted, attached and incorporated by reference to the Regulatory Agreement and which HUD Restrictive Covenants Rider may not be amended or revised without the prior written consent of HUD. To the extent of any inconsistency between the provisions of the Regulatory Agreement and the provisions of this HUD Restrictive Covenants Rider, the provisions of the HUD Restrictive Covenants Rider shall control.

4. The Regulatory Agreement, as hereby amended, is hereby ratified and approved, and remains in full force and effect.

5. The provisions of this Amendment shall be binding upon and inure to the benefit of the heirs, representatives, successors and permitted assigns of the Parties hereto.

6. Further Assurances. The Parties shall execute, acknowledge, and deliver to the other such other documents and instruments, and take such other actions, as either shall reasonably request as may be necessary to carry out the intent of this Amendment.

7. Headings; Construction. The headings of the sections and paragraphs of this Amendment are for convenience only and shall not be used to interpret this Amendment. The language of this Amendment shall be construed as a whole according to its fair meaning and not strictly for or against any Party.

8. Governing Law. This Amendment shall be construed in accordance with the laws of the State of California and the United States of America.

9. Severability. If any provision of this Amendment is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired thereby.

10. Counterparts. This Amendment may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

[SIGNATURE PAGES FOLLOW]

SIGNATURE PAGE TO
FIRST AMENDMENT TO REGULATORY AGREEMENT

CARSON HOUSING AUTHORITY,
a public body corporate and politic

By: _____
John Raymond,
Assistant Executive Director

ATTEST:

By: _____
Dr. Khaleah Bradshaw, Authority Secretary

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

By: _____
Sunny Soltani, Authority Counsel

[NOTARY ACKNOWLEDGEMENT FOLLOWS]

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 _____, **2024**, before me, _____, a notary public, personally appeared **JOHN RAYMOND**, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: _____ [Seal]

SIGNATURE PAGE TO
FIRST AMENDMENT TO REGULATORY AGREEMENT

GRACE HOUSING LIMITED PARTNERSHIP,
a California limited partnership

By: Housing Corporation of America,
a Utah nonprofit corporation
Its: Managing General Partner

By: _____
Carol Cromar, President

By: Grace Housing TSA LLC,
a California limited liability company
Its: Administrative General Partner

By: _____
Renee Groves, Chief Financial Officer

[NOTARY ACKNOWLEDGEMENTS FOLLOW]

STATE OF UTAH)
) ss:
COUNTY OF SALT LAKE)

On _____, 2024, before me, _____, a notary public, personally appeared Carol Cromar, known to me to be the person whose name is subscribed in the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

NOTARY PUBLIC in and for the State of Utah

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 _____, **2024**, before me, _____, a notary public, personally appeared **Renee Groves**, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: _____ [Seal]

EXHIBIT "A"

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

PARCEL A:

PARCEL 2 OF PARCEL MAP 24997, IN THE CITY OF CARSON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 292, PAGES 40, 41, 42 AND 43 OF MAPS, AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY.

PARCEL B:

NON-EXCLUSIVE EASEMENTS FOR INGRESS AND EGRESS, EMERGENCY ACCESS, AMPHITHEATER, COMMUNITY FACILITIES, CHILDREN'S SPACE, PEDESTRIAN ACCESS, VISITOR PARKING, UTILITIES, VEHICULAR ACCESS, MAINTENANCE, CONSTRUCTION AND SUPPORT ENCROACHMENTS, AND VARIOUS OTHER PURPOSES OVER PARCELS 1 AND 2 OF PARCEL MAP 24996, IN THE CITY OF CARSON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 292, PAGES 44, 45, 46 AND 47 OF MAPS, AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY, AS CREATED BY THE FOLLOWING DOCUMENTS: "EASEMENT, JOINT USE AND MAINTENANCE AGREEMENT" AS RECORDED JANUARY 14, 2000 AS INSTRUMENT NO. 2000-0064755 OFFICIAL RECORDS, AND "GRACE MIXED-USE DEVELOPMENT DECLARATION ESTABLISHING RECIPROCAL EASEMENTS AND COVENANTS RUNNING WITH THE LAND" AS RECORDED JANUARY 14, 2000 AS INSTRUMENT NO. 2000-0064757 OFFICIAL RECORDS.

APN: 7337-011-043

EXHIBIT “B”
(of First Amendment to Regulatory Agreement)

Rider to Regulatory Agreement

This RIDER TO REGULATORY AGREEMENT (“Rider”) is attached and made a part of that certain Regulatory Agreement, dated September 1, 1997, and recorded in the Official Records of the County of Los Angeles, State of California (“Records”) on September 10, 1997, as Instrument No. 97-1399458, as affected and amended by that certain Clarification Agreement and Mutual Release executed on December 12, 2013, and which Clarification Agreement is memorialized by that certain Notice of Clarification Agreement and Mutual Release dated December 12, 2013, and recorded in the Records on December 12, 2013, as Instrument No. 20131756605, by and between Grace Housing Limited Partnership, a California limited partnership (“Developer”), and the Carson Housing Authority, a public body corporate and politic (the “Agency”).

WHEREAS, Developer has obtained financing from CBRE HMF, Inc., a Delaware corporation (“Lender”) for the benefit of the project known as Villaggio I (“Project”), which loan is secured by a Multifamily Deed of Trust, Assignment of Leases and Rents, and Security Agreement (“Security Instrument”) dated as of January 1, 2024, and recorded in the Records contemporaneously herewith, and is insured by the United States Department of Housing and Urban Development (“HUD”);

WHEREAS, Developer has received a loan from The Carson Redevelopment Agency (“Former RDA”), which Former RDA has required certain restrictions be recorded against the Project;

WHEREAS, Developer and Agency entered into that certain Regulatory Agreement, dated September 1, 1997, and recorded in the Records on September 10, 1997, as Instrument No. 97-1399458, as affected and amended by that certain Clarification Agreement and Mutual Release executed on December 12, 2013, and which Clarification Agreement is memorialized by that certain Notice of Clarification Agreement and Mutual Release dated December 12, 2013, and recorded in the Records on December 12, 2013, as Instrument No. 20131756605 (“Restrictive Covenants”);

WHEREAS, the Agency is successor to the housing assets and functions of the Former RDA;

WHEREAS, HUD requires as a condition of its insuring Lender’s financing to the Project, that the lien and covenants of the Restrictive Covenants be subordinated to the lien, covenants, and enforcement of the Security Instrument; and

WHEREAS, the Agency has agreed to subordinate the Restrictive Covenants to the lien of the Mortgage Loan in accordance with the terms of this Rider.

NOW, THEREFORE, in consideration of the foregoing and for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

- (a) In the event of any conflict between any provision contained elsewhere in the Restrictive Covenants and any provision contained in this Rider, the provision contained in this Rider shall govern and be controlling in all respects as set forth more fully herein.

- (b) The following terms shall have the following definitions:

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

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

“HUD Regulatory Agreement” means the Regulatory Agreement between Developer and HUD with respect to the Project, as the same may be supplemented, amended or modified from time to time.

“Lender” means CBRE HMF, Inc., a Delaware corporation, its successors and assigns.

“Mortgage Loan” means the mortgage loan made by Lender to the Developer pursuant to the Mortgage Loan Documents with respect to the Project.

“Mortgage Loan Documents” means the Security Instrument, the HUD Regulatory Agreement and all other documents required by HUD or Lender in connection with the Mortgage Loan.

“National Housing Act” means the National Housing Act, 12 USC § 1701 et seq., as amended.

“Program Obligations” has the meaning set forth in the Security Instrument.

“Residual Receipts” has the meaning specified in the HUD Regulatory Agreement.

“Security Instrument” means the Multifamily Deed of Trust, Assignment of Leases and Rents and Security Agreement from Developer in favor of Lender, as the same may be supplemented, amended or modified.

“Surplus Cash” has the meaning specified in the HUD Regulatory Agreement.

- (c) Notwithstanding anything in the Restrictive Covenants to the contrary, the provisions hereof are expressly subordinate to (i) the Mortgage Loan Documents, including without limitation, the Security Instrument, and (ii) Program Obligations (the Mortgage Loan Documents and Program Obligations are collectively referred to herein as the “HUD Requirements”). Developer covenants that it will not take or permit any action that would result in a violation of the Code, HUD Requirements or Restrictive Covenants. In the event of any conflict between the

provisions of the Restrictive Covenants and the provisions of the HUD Requirements, HUD shall be and remains entitled to enforce the HUD Requirements. Notwithstanding the foregoing, nothing herein limits the Agency's ability to enforce the terms of the Restrictive Covenants, provided such terms do not conflict with statutory provisions of the National Housing Act or the regulations related thereto. The Developer represents and warrants that to the best of Developer's knowledge the Restrictive Covenants impose no terms or requirements that conflict with the National Housing Act and related regulations.

- (d) In the event of foreclosure (or deed in lieu of foreclosure), the Restrictive Covenants (including without limitation, any and all land use covenants and/or restrictions contained herein) shall automatically terminate.
- (e) Developer and the Agency acknowledge that Developer's failure to comply with the covenants provided in the Restrictive Covenants does not and will not serve as a basis for default under the HUD Requirements, unless a separate default also arises under the HUD Requirements.
- (f) Except for the Agency's reporting requirements, in enforcing the Restrictive Covenants the Agency will not file any claim against the Project, the Mortgage Loan proceeds, any reserve or deposit required by HUD in connection with the Security Instrument or HUD Regulatory Agreement, or the rents or other income from the property other than a claim against:
 - i. Available Surplus Cash, if the Developer is a for-profit entity;
 - ii. Available distributions of Surplus Cash and Residual Receipts authorized for release by HUD, if the Developer is a limited distribution entity;
 - iii. Available Residual Receipts authorized for release by HUD, if the Developer is a non-profit entity; or
 - iv. A HUD-approved collateral assignment of any HAP contract.
- (g) For so long as the Mortgage Loan is outstanding, Developer and Agency shall not further amend the Restrictive Covenants, with the exception of clerical errors or administrative correction of non-substantive matters, without HUD's prior written consent.
- (h) Subject to the HUD Regulatory Agreement, the Agency may require the Developer to indemnify and hold the Agency harmless from all loss, cost, damage and expense arising from any claim or proceeding instituted against Agency relating to the subordination and covenants set forth in the Restrictive Covenants, provided, however, that Developer's obligation to indemnify and hold the Agency harmless shall be limited to available Surplus Cash and/or Residual Receipts of the Developer.

- (i) Intentionally omitted.

The statements and representations contained in this rider and all supporting documentation thereto are true, accurate, and complete. This certification has been made, presented, and delivered for the purpose of influencing an official action of HUD in insuring a multifamily loan, and may be relied upon by HUD as a true statement of the facts contained therein.

Warning: Federal law provides that anyone who knowingly or willfully submits (or causes to submit) a document containing any false, fictitious, misleading, or fraudulent statement/certification or entry may be criminally prosecuted and may incur civil administrative liability. Penalties upon conviction can include a fine and imprisonment, as provided pursuant to applicable law, which includes, but is not limited to, 18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802, 24 C.F.R. Parts 25, 28 and 30, and 2 C.F.R. Parts 180 and 2424.

EXHIBIT E

FORM OF SUBORDINATION AGREEMENT

(See following page)

**Subordination Agreement -
Public**

U.S. Department of Housing
and Urban Development
Office of Housing

OMB Approval No. 2502-0598
(Exp. 04/30/24)

Public Reporting Burden for this collection of information is estimated to average 0.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Response to this request for information is required in order to receive the benefits to be derived. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number. While no assurance of confidentiality is pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information Act request.

Warning: Federal law provides that anyone who knowingly or willfully submits (or causes to submit) a document containing any false, fictitious, misleading, or fraudulent statement/certification or entry may be criminally prosecuted and may incur civil administrative liability. Penalties upon conviction can include a fine and imprisonment, as provided pursuant to applicable law, which includes, but is not limited to, 18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802, 24 C.F.R. Parts 25, 28 and 30, and 2 C.F.R. Parts 180 and 2424.

Project Name: Villaggio I
HUD Project No: 122-11518

THIS **SUBORDINATION AGREEMENT ("Agreement")** is entered into this 1st day of January, 2024, by and among (i) CBRE HMF, Inc., a Delaware corporation ("**Senior Lender**"), (ii) CARSON HOUSING AUTHORITY, a public body, corporate and politic, as successor to the housing assets and functions of the Carson Redevelopment Agency ("**Subordinate Lender**"), and (iii) GRACE HOUSING LIMITED PARTNERSHIP, a California limited partnership ("**Borrower**").

Recitals

WHEREAS, Borrower is the owner of that certain 84 unit residential rental development known as " Villaggio I" ("**Project**"), located at the City of Carson, Los Angeles County, California. Senior Lender has made or is making the senior mortgage loan as described on Schedule A hereto to Borrower in the original principal amount(s) as shown on Schedule A, evidenced by the Note described in Schedule A ("**Senior Note**"), and secured by, among other things, the Security Instrument as described in Schedule A (collectively, "**Senior Security Instrument**"), covering the property described in Exhibit A attached hereto together with all improvements thereon and personal property used relative thereof, all as more particularly described in the Senior Security Instrument ("**Mortgaged Property**").

WHEREAS, Subordinate Lender made a subordinate loan to Borrower in the amount of \$4,123,756.00 ("**Subordinate Loan**"), pursuant to the Subordinate Loan Documents as defined below, and secured by, among other things, a mortgage lien against the Mortgaged Property.

WHEREAS, Senior Lender, with the approval of the U.S. Department of Housing and Urban Development ("**HUD**"), has agreed to permit Subordinate Lender to keep the Subordinate Loan outstanding and maintain a subordinate mortgage lien against the

Mortgaged Property subject to all of the conditions contained in this Agreement and in accordance with Program Obligations. **"Program Obligations"** means (1) all applicable statutes and any regulations issued by the Secretary pursuant thereto that apply to the Project, including all amendments to such statutes and regulations, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and (2) all current requirements in HUD handbooks and guides, notices, and mortgagee letters that apply to the Project, and all future updates, changes and amendments thereto, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and provided that such future updates, changes and amendments shall be applicable to the Project only to the extent that they interpret, clarify and implement terms in this Agreement rather than add or delete provisions from such document. Handbooks, guides, notices, and mortgagee letters are available on HUD's official website: Handbooks, guides, notices, and mortgagee letters are available on "HUDCLIPS," at www.hud.gov.

NOW, THEREFORE, in order to induce Senior Lender to permit Subordinate Lender to keep outstanding the Subordinate Loan to Borrower and to place a subordinate mortgage lien against the Mortgaged Property, and in consideration thereof, Senior Lender, Subordinate Lender and Borrower agree as follows:

1. Definitions.

In addition to the terms defined in the Recitals to this Agreement, for purposes of this Agreement the following terms have the respective meanings set forth below:

(a) "Affiliate" is any person or business concern that directly or indirectly controls policy of a principal or has the power to do so is an affiliate. Persons and business concerns controlled by the same third party are also affiliates.

(b) "Bankruptcy Proceeding" means any bankruptcy, reorganization, insolvency, composition, restructuring, dissolution, liquidation, receivership, assignment for the benefit of creditors, or custodianship action or proceeding under any federal or state law with respect to Borrower, any guarantor of any of the Senior Indebtedness, any of their respective properties, or any of their respective partners, members, officers, directors, or shareholders.

(c) "Borrower" means all entities identified as "Borrower" in the first paragraph of this Agreement, together with any successors, heirs, and assigns (jointly and severally). Borrower shall include any entity taking title to the Mortgaged Property, whether or not such entity assumes the Senior Note, provided that the term "Borrower" shall not include Senior Lender in the event that Senior Lender may acquire title to the Mortgaged Property. Whenever the term "Borrower" is used herein, the same shall be deemed to include the obligor of the debt secured by the Senior Security Instrument.

(d) "Business Day" means any day other than Saturday, Sunday or any other day on which Senior Lender or HUD is not open for business.

(e) **"Covenant Event of Default"** is defined in the Senior Security Instrument.

(f) **"Entity"** means an estate, trust, partnership, corporation, limited liability company, limited liability partnership, governmental department or agency or any other entity which has the legal capacity to own property.

(g) **"Monetary Event of Default"** is defined in the Senior Security Instrument.

(h) **"Non-Project Sources"** means any funds that are not derived from Project Sources.

(i) **"Project Sources"** means the Mortgaged Property (as defined in the Senior Security Instrument), any proceeds of the Senior -Indebtedness, and any reserve or deposit made with Senior Lender or any other party as required by HUD in connection with the Senior Indebtedness.

(j) **"Senior Indebtedness"** means all present and future indebtedness, obligations, and liabilities of Borrower to Senior Lender under or in connection with the Senior Loan Documents.

(k) **"Senior Lender"** means the Entity named as such in the first paragraph on page 1 of this Agreement, its successors and assigns.

(l) **"Senior Loan Documents"** means the Senior Note, the Senior Security Instrument, and the Regulatory Agreement between Borrower and HUD, as such documents may be amended from time to time and all other documents at any time evidencing, securing, guaranteeing, or otherwise delivered in connection with the Senior Indebtedness, as identified in Schedule A.

(m) **"Senior Security Instrument Default"** means a "Monetary Event of Default" or a "Covenant Event of Default" as defined in the Senior Security Instrument.

(n) **"Subordinate Indebtedness"** means all present and future indebtedness, obligations, and liabilities of Borrower to Subordinate Lender under or in connection with the Subordinate Loan or the Subordinate Loan Documents.

(o) **"Subordinate Lender"** means the Entity named as such in the first paragraph on page 1 of this Agreement.

(p) **"Subordinate Loan Documents"** means the Subordinate Note, the Subordinate Mortgage, and all other documents at any time evidencing, securing, guaranteeing, or otherwise delivered in connection with the Subordinate Indebtedness, as identified in Schedule B. The terms Subordinate Note and Subordinate Mortgage are defined in Schedule B.

(q) **"Subordinate Loan Enforcement Action"** means the acceleration of all or any part of the Subordinate Indebtedness, the advertising of or commencement of any foreclosure or trustee's sale proceedings, the exercise of any power of sale, the acceptance of a deed or assignment in lieu of foreclosure

or sale, the collecting of rents, the obtaining of or seeking of the appointment of a receiver, the seeking of default interest, the taking of possession or control of any of the Mortgaged Property, the commencement of any suit or other legal, administrative, or arbitration proceeding based upon the Subordinate Note or any other of the Subordinate Loan Documents, the exercising of any banker's lien or rights of set-off or recoupment, or the taking of any other enforcement action against Borrower, any other party liable for any of the Subordinate Indebtedness or obligated under any of the Subordinate Loan Documents, or the Mortgaged Property.

(r) "Subordinate Mortgage Default" means any act, failure to act, event, conditions, or occurrence which allows (but for any contrary provision of this Agreement), or which with the giving of notice or the passage of time, or both, would allow (but for any contrary provision of this Agreement), Subordinate Lender to take a Subordinate Loan Enforcement Action.

(s) "Surplus Cash" is defined herein to mean the same as that term is defined in the Regulatory Agreement between Borrower and HUD.

2. Permission to Allow Mortgage Lien Against Mortgaged Property.

Senior Lender consents, subject to the provisions of this Agreement, to the Subordinate Mortgage and other recorded Subordinate Loan Documents against the Mortgaged Property (which are subordinate in all respects to the lien of the Senior Security Instrument) to secure Borrower's obligation to repay the Subordinate Note and all other obligations, indebtedness and liabilities of Borrower to Subordinate Lender under and in connection with the Subordinate Loan. Senior Lender agrees that the existence of the Subordinate Loan does not create a basis for default of the Senior Indebtedness. Such consent is subject to the condition that each of the representations and warranties made by Borrower and Subordinate Lender in Section 3 are true and correct on the date of this Agreement. If any of the representations and warranties made by Borrower and Subordinate Lender in Section 3 are not true and correct on the date of this Agreement, the provisions of the Senior Loan Documents applicable to unpermitted liens on the Mortgaged Property shall apply.

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

Borrower and, with respect to subsections (a) through (d) below, Subordinate Lender each make the following representations and warranties to Senior Lender:

(a) Subordinate Loan Documents. The Subordinate Loan is evidenced by the Subordinate Note and is secured by the Subordinate Mortgage.

(b) Terms of the Subordinate Loan. The original principal amount of the Subordinate Note is \$3,361,587.00. Interest on the Subordinate Note accrues annually at the simple interest rate of three percent (3.0 %) per annum. The Subordinate Note is due and payable in full on December 31, 2059, ("Maturity"). The Maturity term of the Subordinate Note does not end before the maturity term of the Senior Note, unless the Subordinate Note is forgivable as set

forth below and Borrower satisfies all requirements in the Subordinate Loan Documents to result in the Subordinate Note being eligible for forgiveness. The principal of the Subordinate Note will have a balloon principal payment of all unpaid principal and accrued interest at Maturity. The promissory note evidencing the Subordinate Note obligates Borrower to make payments as follows: (i) Annual Installment Payment (as that term is defined in the Subordinate Note) of the Authority's Percentage (as that term is defined in the Subordinate Note) of Net Positive Cash Flow (as that term is defined in the Subordinate Note), every January 31st of each calendar year thereafter with respect to the period of January 1 through December 31 of the preceding calendar year, until January 31, 2059, provided however that all unpaid principal and accrued interest shall be due and payable in full at Maturity; and (ii) in the event of Refinancing or Sale (as those two terms are defined in the Subordinate Note), a payment to the Agency of a Refinancing Payment (as that term is defined in the Subordinate Note) derived from such Refinancing or a payment to the Agency of a Sale Payment (as that term is defined in the Subordinate Note) derived from such Sale to the extent of all principal and accrued interest have not previously been paid in full, subject to Section 3(c) immediately below.

(c) Required HUD Language in Subordinate Note. The Subordinate Note contains or incorporates the following provisions:

"As long as HUD is the insurer or holder of the Senior Note (as such term and other capitalized terms are defined in the form Subordination Agreement, HUD-92420M) on FHA Project No. 122-11518, the following provisions ("**HUD Provisions**") shall be in full force and effect:

(1) any payments due under the Subordinate Note shall be payable only (i) from permissible distributions from Surplus Cash of the Project; but in no event greater than seventy-five percent (75%) of the total amount of Surplus Cash; or (ii) from monies received from Non-Project Sources. In no event may payments due under all subordinate debt of Maker cumulatively exceed 75% of available Surplus Cash. The restriction on payment imposed by this paragraph shall not excuse any default caused by the failure of the Borrower to pay the indebtedness evidenced by the Subordinate Note;

(2) no prepayment of the Subordinate Note shall be made until after final endorsement by HUD of the Senior Note, unless such prepayment is made from Non-Project Sources and is approved in writing by HUD.

(3) this Subordinate Note is non-negotiable and may not be sold, transferred, assigned, or pledged by the Subordinate Lender except with the prior written approval of HUD;

(4) interest on the Subordinate Note shall not be compounded as long as HUD is the insurer or holder of the Note secured by the Security Instrument;

(5) Maker hereby waives presentment, demand, protest and notice of demand, protest and nonpayment of this Subordinate Note;

(6) the terms and provisions of this Subordinate Note are also for the benefit of and are enforceable by HUD against any party hereto, their successors and assigns. This Subordinate Note may not be modified or amended without the written consent of HUD; and

(7) in the event of any conflict between the terms of the Subordinate Note and the HUD Provisions, the terms of the HUD Provisions shall control.”

(d) Relationship of Borrower to Subordinate Lender. Subordinate Lender is not an Affiliate of Borrower.

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

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

4. Deliveries.

Borrower shall submit the following items to Senior Lender and HUD at closing:

(a) Title Evidence. Evidence of title (title policy or title policy endorsement, as appropriate) insuring the lien of the Senior Security Instrument which insures that (i) the lien of the Subordinate Mortgage is subordinate to the lien of the Senior Mortgage, and (ii) this Agreement has been recorded among the applicable land records.

(b) Loan Documents. A complete set of the Subordinate Loan Documents, including this Subordination Agreement.

5. Terms of Subordination.

(a) Agreement to Subordinate. Senior Lender and Subordinate Lender agree that: (i) the indebtedness evidenced by the Subordinate Loan Documents is and shall be subordinated in right of payment, to the extent and in the manner provided in this Agreement, to the prior payment of the indebtedness evidenced by the Senior Loan Documents, and (ii) the Subordinate Mortgage and the other Subordinate Loan Documents are and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the Senior Security Instrument and the other Senior Loan Documents and to all advances heretofore made or which may hereafter be made pursuant to the Senior Security Instrument and the other Senior Loan Documents (including but not limited to, all sums advanced for the purposes of (1) protecting or further securing the lien of the Senior Security Instrument, curing defaults by Borrower under the Senior Loan Documents or for any other purpose expressly permitted by the Senior Security Instrument, or (2) constructing, renovating, repairing, furnishing, fixturing or equipping the Mortgaged Property).

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

(c) Payments Before Senior Security Instrument Default. Until Subordinate Lender receives a default notice of a Senior Security Instrument Default from Senior Lender, Subordinate Lender shall be entitled to retain for its own account all payments made under or pursuant to the Subordinate Loan Documents provided that such payments are otherwise permitted under the terms of this Agreement.

(d) Payments After Senior Security Instrument Default. Borrower agrees that, after it receives notice (or otherwise acquires knowledge) of a Senior Security Instrument Default, it will not make any payments under or pursuant to the Subordinate Loan Documents (including but not limited to principal, interest, additional interest, late payment charges, default interest, attorney's fees, or any other sums secured by the Subordinate Mortgage) without Senior Lender's prior written consent. Subordinate Lender agrees that, after it receives a default notice from Senior Lender with written instructions directing Subordinate Lender not to accept payments from Project Sources on account of the Subordinate Loan, it will not accept any payments under or pursuant to the Subordinate Loan Documents (including but not limited to principal, interest, additional interest, late payment charges, default interest, attorney's fees, or any other sums secured by the Subordinate Mortgage) unless either (i) such payment is being made solely from Non-Project Sources or (ii) such payment is made with Senior Lender's prior written

consent. If Subordinate Lender receives written notice from Senior Lender that the Senior Security Instrument Default which gave rise to Subordinate Lender's obligation not to accept payments has been cured, waived, or otherwise suspended by Senior Lender, the restrictions on payment to Subordinate Lender in this Section 5 shall terminate, and Senior Lender shall have no right to any subsequent payments made to Subordinate Lender by Borrower prior to Subordinate Lender's receipt of a new default notice from Senior Lender in accordance with the provisions of this Section 5(d).

(e) Remitting Subordinate Loan Payments to Senior Lender. If, after Subordinate Lender receives a default notice from Senior Lender in accordance with subsection (d) above, Subordinate Lender receives any payments under the Subordinate Loan Documents (other than payments permitted under subsection (d) above), Subordinate Lender agrees that such payment or other distribution will be received and held in trust for Senior Lender and unless Senior Lender otherwise notifies Subordinate Lender in writing, will be promptly remitted, in kind to Senior Lender, properly endorsed to Senior Lender, to be applied to the principal of, interest on and other amounts due under the Senior Loan Documents in accordance with the provisions of the Senior Loan Documents. By executing this Agreement, Borrower specifically authorizes Subordinate Lender to endorse and remit any such payments to Senior Lender, and specifically waives any and all rights to have such payments returned to Borrower or credited against the Subordinate Loan. Borrower and Senior Lender acknowledge and agree that payments received by Subordinate Lender, and remitted to Senior Lender under this Section 5, shall not be applied or otherwise credited against the Subordinate Loan, nor shall the tender of such payment to Senior Lender waive any Subordinate Mortgage Default which may arise from the inability of Subordinate Lender to retain such payment or apply such payment to the Subordinate Loan.

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

6. Default Under Subordinate Loan Documents.

(a) Notice of Default and Cure Rights. Subordinate Lender shall deliver to Senior Lender a default notice within five Business Days in each case where Subordinate Lender has given a default notice to Borrower. Failure of Subordinate Lender to send a default notice to Senior Lender shall not prevent the exercise of Subordinate Lender's rights and remedies under the Subordinate Loan Documents, subject to the provisions of this Agreement. Senior Lender shall have the opportunity, but not the obligation, to cure any Subordinate Mortgage Default within 60 days following the date of such notice; provided, however that Subordinate Lender shall be entitled, during such 60-day period, to continue to pursue its rights and remedies under the Subordinate Loan Documents, subject to the limitations set forth in Section 6(b) below.

(b) Subordinate Lender's Exercise of Remedies After Notice to Senior Lender.

(1) If a covenant Subordinate Mortgage Default occurs and is continuing, Subordinate Lender agrees that it will not, for a period of one hundred eighty (180) days after giving notice of such Subordinate Mortgage Default to Senior Lender and HUD (the “**Standstill Period**”), commence foreclosure proceedings with respect to the Mortgaged Property under the Subordinate Loan Documents or exercise any other rights or remedies it may have under the Subordinate Loan Documents with respect to the Mortgaged Property, including, but not limited to accelerating the Subordinate Loan, collecting rents, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies thereunder without Senior Lender’s prior written consent. During the Standstill Period, Subordinate Lender agrees to use best efforts to resolve the Subordinate Mortgage Default, in an effort to avoid the pursuit of available remedies by the Subordinate Lender. After the expiration of the Standstill Period and in the event Subordinate Lender forecloses on the Mortgaged Property, the purchaser must comply with HUD’s Previous Participation regulations and processes, Transfer of Physical Asset requirements, and Program Obligations before it can take title to the Mortgaged Property.

(2) Subordinate Lender further agrees that if a monetary Subordinate Mortgage Default occurs and is continuing, it will not commence foreclosure proceedings with respect to the Mortgaged Property under the Subordinate Loan Documents or exercise any other rights or remedies it may have under the Subordinate Loan Documents with respect to the Mortgaged Property, including, but not limited to accelerating the Subordinate Loan, collecting rents, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies thereunder without Senior Lender’s prior written consent. The preceding prohibition on foreclosure for a monetary Subordinate Mortgage Default excludes the acceleration of any part or all of the Subordinate Indebtedness resulting from a covenant Subordinate Mortgage Default.

(3) Nothing in this subsection (b) shall (i) limit Subordinate Lender’s right to bring an action seeking recovery solely from Non-Project Sources or (ii) preclude Subordinate Lender from exercising or enforcing all the rights available to Subordinate Lender under the Subordinate Loan Documents and/or under applicable law to enforce covenants and agreements of Borrower relating to income, rent or affordability restrictions.

7. Default Under Senior Loan Documents.

(a) Notice of Default and Cure Rights. Senior Lender shall deliver to Subordinate Lender a default notice within five Business Days in each case where

Senior Lender has given a default notice to Borrower (provided that Senior Lender shall have no liability to Borrower, Subordinate Lender or to any other Entity for failure to timely give such notice). Failure of Senior Lender to send a default notice to Subordinate Lender shall not prevent the exercise of Senior Lender's right and remedies under the Senior Loan Documents, subject to the provisions of this Agreement. Borrower agrees that Subordinate Lender shall have the opportunity, but not the obligation, to cure either a Monetary Event of Default or a Covenant Event of Default within 30 days following the date of such notice, or any time prior to an assignment of the Senior Security Instrument from Senior Lender to HUD, whichever date is later. Subordinate Lender acknowledges that Senior Lender shall be entitled during such period described above to continue to pursue its remedies under the Senior Loan Documents. Subordinate Lender shall have the opportunity to cure a Covenant Event of Default during such period described above so long as there is no Monetary Event of Default under the Senior Loan Documents. All amounts paid by Subordinate Lender to Senior Lender to cure any default under the Senior Loan Documents shall be deemed to have been advanced by Subordinate Lender pursuant to, and shall be secured by the lien of, the Subordinate Mortgage.

(b) Cross Default. Subordinate Lender certifies that the Subordinate Loan Documents do not contain a cross default provision. Notwithstanding any contrary provision contained in the Subordinate Loan Documents, a Senior Security Instrument Default shall not constitute a default under the Subordinate Loan Documents if no other default occurred under the Subordinate Loan Documents.

8. Conflict.

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

9. Rights and Obligations of Subordinate Lender under the Subordinate Loan Documents and of Senior Lender under the Senior Loan Documents.

Subject to each of the other terms of this Agreement, all of the following provisions

shall supersede any provisions of the Subordinate Loan Documents covering the same subject matter:

(a) Protection of Security Interest. Subordinate Lender shall not, without the prior written consent of Senior Lender in each instance, take any action which has the effect of increasing the indebtedness outstanding under, or secured by, the Subordinate Loan Documents, except that Subordinate Lender shall have the right to advance funds to cure Senior Security Instrument Defaults pursuant to Section 7(a) above and advance funds pursuant to the Subordinate Mortgage for the purpose of paying real estate taxes and insurance premiums, making necessary repairs to the Mortgaged Property and curing other defaults by Borrower under the Subordinate Loan Documents.

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

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

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

(c) No Modification of Subordinate Loan Documents. Borrower and Subordinate Lender each agrees that, until the principal of, interest on and all other

amounts payable under the Senior Loan Documents have been paid in full, it will not, without the prior written consent of Senior Lender in each instance, increase the amount of the Subordinate Loan, increase the required payments due under the Subordinate Loan, decrease the term of the Subordinate Loan, increase the interest rate on the Subordinate Loan, or otherwise amend the Subordinate Loan terms in a manner that creates an adverse effect upon Senior Lender under the Senior Loan Documents. Any unauthorized amendment of the Subordinate Loan Documents without Senior Lender's consent shall be void ab initio and of no effect whatsoever.

10. Modification of Senior Loan Documents; Refinancing of Senior Indebtedness; Transfer of Physical Assets.

- (a) Subordinate Lender consents to any agreement or arrangement in which Senior Lender waives, postpones, extends, reduces or modifies any provisions of the Senior Loan Documents, including any provision requiring the payment of money, provided however, there shall be no modification of the Senior Loan Documents without the consent of the Subordinate Lender if such modification would increase the principal amount of the Senior Indebtedness beyond the original principal amount of the Senior Indebtedness (excluding any amounts having been advanced by Senior Lender for the protection of its security interest pursuant to the Senior Loan Documents), increase the interest rate of the Senior Indebtedness, or decrease the original maturity term of the Senior Indebtedness.
- (b) Subordinate Lender agrees that its agreement to subordinate hereunder shall extend to any new mortgage debt which is for the purpose of refinancing all or any part of the Senior Indebtedness in accordance with Program Obligations (including reasonable and necessary costs associated with the closing and/or the refinancing); and that all the terms and covenants of this Agreement shall inure to the benefit of any holder of any such refinanced debt; and that all references to the Senior Indebtedness, the Senior Note, the Senior Security Instrument, the Senior Loan Documents and Senior Lender shall mean, respectively, the indebtedness related to the refinance loan, the refinance note, the security instrument securing the refinance note, all documents evidencing, securing or otherwise pertaining to the refinance note and the holder of the refinance note, provided however, there shall be no refinancing of the Senior Indebtedness without the consent of the Subordinate Lender if such refinancing would increase the principal amount of the Senior Indebtedness beyond the original principal amount of the Senior Indebtedness (excluding any amounts having been advanced by Senior Lender for the protection of its security interest pursuant to the Senior Loan Documents), increase the interest rate of the Senior Indebtedness, or decrease the original maturity term of the Senior Indebtedness.
- (c) Subordinate Lender agrees that the term of the Subordinate Indebtedness will be extended if HUD grants a deferment of amortization or forbearance that

results in an extended maturity of the Senior Indebtedness.

- (d) Subordinate Lender agrees that the term of the Subordinate Indebtedness will be extended if the Subordinate Note is due, and there are no Surplus Cash funds or Residual Receipts (if applicable) available for repayment, and the Senior Indebtedness has not been repaid in full. (The parties agree that distributions of Residual Receipts must be approved by HUD and can only be approved by the terms of a written agreement between HUD and the Borrower).
- (e) Subordinate Lender further agrees that the Subordinate Indebtedness is assumable when a sale or transfer of physical assets occurs, and the Senior Indebtedness remains in place.

11. Default by Subordinate Lender or Senior Lender.

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

12. Notices.

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

SENIOR LENDER:

CBRE HMF, Inc.
929 Gessner Road, Suite 1700
Houston, TX 77204
Attention: FHA Servicing

With a copy to:

U.S. Department of Housing and Urban Development
 Director - Office of Multifamily Asset Management
 Room 6160
 451 Seventh Street, S.W.
 Washington, DC 20410

SUBORDINATE LENDER:

Carson Housing Authority
 701 East Carson Street
 Carson, CA 90745
 Attention: Assistant Executive Director, John Raymond

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

13. General.

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

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

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

(d) Further Assurances; UCC Financing Statements. Subordinate Lender, Senior Lender and Borrower each agree, at Borrower's expense, to execute and deliver all additional instruments and/or documents reasonably required by any other party to this Agreement in order to evidence that the Subordinate Loan Documents are subordinate to the lien, covenants and conditions

of the Senior Loan Documents, or to further evidence the intent of this Agreement. Senior Lender is hereby authorized to file any and all UCC financing statement amendments required to reflect the priority of the Senior Indebtedness.

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

(f) Governing Law. This Agreement shall be governed by the laws of the State in which the Mortgaged Property is located, except, so long as the Senior Indebtedness is insured or held by HUD, and solely as to rights and remedies of HUD, federal jurisdiction may be appropriate pursuant to any federal requirements. The State courts, and with respect to HUD's rights and remedies, federal courts, and governmental authorities in the State in which the Mortgaged Property is located, shall have exclusive jurisdiction over all controversies which shall arise under or in relation to the Subordinate Loan Documents. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

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

(h) Term. The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (i) the payment of all of the principal of, interest on and other amounts payable under the Senior Loan Documents; (ii) the payment of all of the principal of, interest on and other amounts payable under the Subordinate Loan Documents, other than by reason of payments which Subordinate Lender is obligated to remit to Senior Lender pursuant to Section 5 hereof; (iii) the acquisition by Senior Lender of title to the Mortgaged Property pursuant to a foreclosure; or (iv) the acquisition by Subordinate Lender of title to the Mortgaged Property pursuant to a foreclosure or a deed in lieu of foreclosure of, or the exercise of a power of sale contained in, the Subordinate Mortgage, but only if such acquisition of title does not violate any of the terms of this Agreement. Notwithstanding the foregoing, in the event the Senior Indebtedness is refinanced or a transfer of physical assets occurs, the term of this Agreement shall continue and the Subordinate Indebtedness and Subordinate Loan Documents shall be subordinate to any such indebtedness related to the refinanced or transferred loan as provided in Section 10 above.

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

Each signatory below hereby certifies that each of their statements and

representations contained in this Agreement and all their supporting documentation thereto are true, accurate, and complete. This Agreement has been made, presented, and delivered for the purpose of influencing an official action of HUD in insuring the Loan, and may be relied upon by HUD as a true statement of the facts contained therein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

[SIGNATURE PAGES FOLLOW]

SIGNATURE PAGE TO
SUBORDINATION AGREEMENT

SENIOR LENDER:

CBRE HMF, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

STATE OF _____)
) ss:
COUNTY OF _____)

The foregoing instrument was acknowledged before me, the undersigned, a Notary Public, duly commissioned, qualified and acting, within and for the said County and State, this _____ day of _____, 2024, by _____, to me personally well known (or satisfactorily proven to be), who stated he/she was the _____ of CBRE HMF, Inc., a Delaware corporation, and was duly authorized in his/her capacity to execute the foregoing instrument for and in the name and on behalf of said corporation, and further stated and acknowledged that he/she had so signed, executed, and delivered the foregoing instrument for the consideration, uses, and purposes therein mentioned and set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this _____ day of _____, 2024.

[Seal]

Notary Public in and to said State
My Commission Expires: _____

SIGNATURE PAGE TO
SUBORDINATION AGREEMENT

SUBORDINATE LENDER:

CARSON HOUSING AUTHORITY,
a public body and corporate politic

By: _____
John Raymond,
Assistant Executive Director

ATTEST:

By: _____
Dr. Khaleah Bradshaw, Authority Secretary

Date: _____

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

By: _____
Sunny Soltani, Authority Counsel

Date: _____

[NOTARIAL ACKNOWLEDGEMENT ON NEXT PAGE]

SIGNATURE PAGE TO
SUBORDINATION AGREEMENT

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 _____, 2024, before me, _____, a notary public, personally appeared JOHN RAYMOND, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is /are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: _____ [Seal]

[SIGNATURES CONTINUED ON NEXT PAGE]

SIGNATURE PAGE TO
SUBORDINATION AGREEMENT

ACKNOWLEDGEMENT AND CONSENT:

BORROWER:

GRACE HOUSING LIMITED PARTNERSHIP,
a California limited partnership

By: Housing Corporation of America,
a Utah nonprofit corporation,
its Managing General Partner

By: _____
Carol Cromar, President

By: Grace Housing TSA LLC,
a California limited liability company,
its Administrative General Partner

By: _____
Renee Groves, Chief Financial Officer

[NOTARIAL ACKNOWLEDGEMENTS FOLLOW]

SIGNATURE PAGE TO
SUBORDINATION AGREEMENT

STATE OF UTAH)
)
COUNTY OF _____) SS:

On _____, 2024, before me, _____,
a notary public, personally appeared Carol Cromar, known to me to be the person whose
name is subscribed in the within instrument and acknowledged to me that she executed
the same in her authorized capacity, and that by her signature on the instrument the
person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

NOTARY PUBLIC in and for the State of Utah

Signature: _____ [Seal]

Warning:

Any person who knowingly presents a false, fictitious, or fraudulent statement or claim in a matter within the jurisdiction of the U.S. Department of Housing and Urban Development is subject to criminal penalties, civil liability, and administrative sanctions.

Schedule A – List of Senior Loan Documents

Schedule B – List of Subordinate Loan Documents

EXHIBIT A

LEGAL DESCRIPTION

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

PARCEL A:

PARCEL 2 OF PARCEL MAP 24997, IN THE CITY OF CARSON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 292, PAGES 40, 41, 42 AND 43 OF MAPS, AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY.

PARCEL B:

NON-EXCLUSIVE EASEMENTS FOR INGRESS AND EGRESS, EMERGENCY ACCESS, AMPHITHEATER, COMMUNITY FACILITIES, CHILDREN'S SPACE, PEDESTRIAN ACCESS, VISITOR PARKING, UTILITIES, VEHICULAR ACCESS, MAINTENANCE, CONSTRUCTION AND SUPPORT ENCROACHMENTS, AND VARIOUS OTHER PURPOSES OVER PARCELS 1 AND 2 OF PARCEL MAP 24996, IN THE CITY OF CARSON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 292, PAGES 44, 45, 46 AND 47 OF MAPS, AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY, AS CREATED BY THE FOLLOWING DOCUMENTS: "EASEMENT, JOINT USE AND MAINTENANCE AGREEMENT" AS RECORDED JANUARY 14, 2000 AS INSTRUMENT NO. 2000-0064755 OFFICIAL RECORDS, AND "GRACE MIXED-USE DEVELOPMENT DECLARATION ESTABLISHING RECIPROCAL EASEMENTS AND COVENANTS RUNNING WITH THE LAND" AS RECORDED JANUARY 14, 2000 AS INSTRUMENT NO. 2000-0064757 OFFICIAL RECORDS.

APN: 7337-011-043

SCHEDULE A

SENIOR LOAN DOCUMENTS

The Project is being financed with the proceeds of a mortgage loan (the “**Loan**”) from CBRE HMF, Inc., a Delaware corporation (“**Senior Lender**”) to Grace Housing Limited Partnership, a California limited partnership, (the “**Borrower**”), which Loan will be insured by HUD under Section 207, pursuant to Section 223(f) of the National Housing Act, pursuant to that certain Firm Commitment dated November 20, 2023 (as the same may be amended from time to time, the “**Commitment**”) and which Loan is secured by the following:

1. Note (Multistate) dated January 1, 2024, in the principal amount of \$7,362,700.00 between Borrower and Senior Lender (“**Senior Note**”).
2. Multifamily Deed of Trust, Assignment of Leases and Rents and Security Agreement dated January 1, 2024, between Borrower and Senior Lender (“**Senior Mortgage**”).
3. Regulatory Agreement for Multifamily Projects dated January 1, 2024, between Borrower and the United States Department of Housing and Urban Development, acting by and through the Secretary, his or her successors, assigns or designates (HUD) (“**Regulatory Agreement**” and together with the Senior Note and Senior Mortgage are collectively, the “**Senior Security Instrument**”).
4. State UCC Financing Statement naming Borrower as debtor and Senior Lender and the Secretary of Housing and Urban Development (“HUD”) as secured parties.
5. County UCC Financing Statement naming Borrower as debtor and Senior Lender and the Secretary of Housing and Urban Development (“HUD”) as secured parties.

SCHEDULE B

SUBORDINATE LOAN DOCUMENTS

1. Redevelopment Loan Agreement by and between Carson Redevelopment Agency, a public body, corporate and politic of the State of California (the “**Agency**”), and Grace Housing Limited Partnership, a California limited partnership (the “**Borrower**”), dated June 1, 1997, and supplemented and/or modified by:
 - (a) First Amendment to Note, Deed of Trust and Redevelopment Loan Agreement by and between the Agency and Borrower and dated June 27, 2001, and which instrument was recorded in the Official Records of Los Angeles County, California (the “**Records**”) on July 17, 2001, as Instrument No. 01-1244306;
 - (b) Loan Modification Agreement between the Agency and Borrower dated September 15, 2003;
 - (c) Clarification Agreement and Mutual Release among Carson Housing Authority, a public body, corporate and politic, as successor to the housing assets and functions of the Carson Redevelopment Agency (“**Housing Authority**”); Grace Housing Limited Partnership, a California limited partnership; the Borrower; Thomas Safran & Associates, Inc.; and Thomas L. Safran executed by the Housing Authority on November 12, 2013;
 - (d) Notice of Clarification Agreement and Mutual Release dated December 12, 2013, and which instrument was recorded in the Records on December 12, 2013, as Instrument No. 20131756605;
 - (e) Third Amendment to Redevelopment Loan Agreement by and between the Housing Authority and Borrower, and dated _____, 2024.

(collectively, the “**Subordinate Loan Agreement**”).
2. Second Amended and Restated Promissory Note Secured By Deed of Trust (Grace Residential Project) dated _____, 2024, in the original principal amount of \$4,123,756.00 made by Borrower in favor of the Agency (the “**Subordinate Note**”).
3. First Amended and Restated Deed of Trust With Assignment of Rents, Security Agreement and Fixture Filing dated _____, 2024, between Borrower and the Agency securing the amount of \$4,123,756.00 and which instrument was recorded in the Records contemporaneously herewith (the “**Subordinate Mortgage**”).
4. Regulatory Agreement between Borrower and Agency dated September 1, 1997,

and recorded in the Records on September 10, 1997, as Instrument Number 97-1399458, as affected and amended by:

- (a) Clarification Agreement and Mutual Release among Housing Authority; Grace Housing Limited Partnership, a California limited partnership; the Borrower; Thomas Safran & Associates, Inc.; and Thomas L. Safran executed by the Housing Authority on November 12, 2013;
- (b) Notice of Clarification Agreement and Mutual Release dated December 12, 2013, and which instrument was recorded in the Records on December 12, 2013, as Instrument No. 20131756605;
- (c) First Amendment to Regulatory Agreement by and between the Housing Authority and Borrower and dated _____, 2024, and recorded in the Records contemporaneously herewith.

EXHIBIT F

(to Third Amendment to Redevelopment Loan Agreement)

“Attachment No. 14”

(to Redevelopment Loan Agreement)

HUD RIDER TO REDEVELOPMENT LOAN AGREEMENT

This HUD RIDER TO REDEVELOPMENT LOAN AGREEMENT (“Rider”) is made as of January 29, 2024, by Grace Housing Limited Partnership, a California limited partnership (“Developer”), and Carson Housing Authority, a public body corporate and politic (“Agency”).

WHEREAS, Developer has obtained financing from CBRE HMF, Inc., a Delaware corporation (“Lender”), for the benefit of the project known as Villaggio I (“Project”), which loan is secured by a Multifamily Deed of Trust, Assignment of Leases and Rents and Security Agreement (“Security Instrument”) dated as of January 1, 2024, and recorded in the Official Records of Los Angeles County, California (“Records”) concurrently with this Rider, and is insured by the United States Department of Housing and Urban Development (“HUD”);

WHEREAS, Developer has received funds from The Carson Redevelopment Agency (“Former RDA”), which Former RDA has required certain restrictions be recorded against the Project;

WHEREAS, Developer and the Former RDA entered into that certain agreement entitled Redevelopment Loan Agreement, dated June 1, 1997 as amended by that certain First Amendment to Note, Deed of Trust and Redevelopment Loan Agreement (the “First Amendment”) dated June 27, 2001, and which First Amendment was recorded in the Records on July 17, 2001, as Instrument No. 01-1244306, and further amended by that certain Loan Modification Agreement dated September 15, 2003, and further affected and amended by that certain Clarification Agreement and Mutual Release executed on December 12, 2013 (the “Clarification Agreement”), and which Clarification Agreement is memorialized by that certain Notice of Clarification Agreement and Mutual Release dated December 12, 2013, and recorded in the Records on December 12, 2013, as Instrument No. 20131756605 (collectively, the “Loan Agreement”);

WHEREAS, the Agency is successor to the housing assets and functions of the Former RDA;

WHEREAS, the Loan Agreement contains certain affordability restrictions with respect to the Project, including Article 5 (USE AND RENT OF THE SITE), Paragraph 5.2 (Rental Restrictions) as amended and affected by the Clarification Agreement (collectively, the “Restrictive Covenants”). For greater certainty and avoidance of doubt, the application of this Rider shall be limited only against Article 5 (USE AND RENT OF THE SITE), Paragraph 5.2 (Rental Restrictions) and the Clarification Agreement of the Loan Agreement and this Rider shall not apply against all other remaining terms and conditions of the Loan Agreement;

WHEREAS, HUD requires as a condition of its insuring Lender's financing to the Project, that the lien and covenants of the Restrictive Covenants be subordinated to the lien, covenants, and enforcement of the Security Instrument; and

WHEREAS, the Agency has agreed to subordinate the Restrictive Covenants to the lien of the Mortgage Loan in accordance with the terms of this Rider.

NOW, THEREFORE, in consideration of the foregoing and for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

- (a) In the event of any conflict between any provision contained elsewhere in the Restrictive Covenants and any provision contained in this Rider, the provision contained in this Rider shall govern and be controlling in all respects as set forth more fully herein.

- (b) The following terms shall have the following definitions:

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

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

“HUD Regulatory Agreement” means the Regulatory Agreement between Developer and HUD with respect to the Project, as the same may be supplemented, amended or modified from time to time.

“Lender” means CBRE HMF, Inc., a Delaware corporation, its successors and assigns.

“Mortgage Loan” means the mortgage loan made by Lender to the Developer pursuant to the Mortgage Loan Documents with respect to the Project.

“Mortgage Loan Documents” means the Security Instrument, the HUD Regulatory Agreement and all other documents required by HUD or Lender in connection with the Mortgage Loan.

“National Housing Act” means the National Housing Act, 12 USC § 1701 et seq., as amended.

“Program Obligations” has the meaning set forth in the Security Instrument.

“Residual Receipts” has the meaning specified in the HUD Regulatory Agreement.

“Security Instrument” means the Multifamily Deed of Trust, Assignment of Leases and Rents and Security Agreement from Developer in favor of Lender, as the same may be supplemented, amended or modified.

“Surplus Cash” has the meaning specified in the HUD Regulatory Agreement.

- (c) Notwithstanding anything in the Restrictive Covenants to the contrary, the provisions hereof are expressly subordinate to (i) the Mortgage Loan Documents, including without limitation, the Security Instrument, and (ii) Program Obligations (the Mortgage Loan Documents and Program Obligations are collectively referred to herein as the “HUD Requirements”). Developer covenants that it will not take or permit any action that would result in a violation of the Code, HUD Requirements or Restrictive Covenants. In the event of any conflict between the provisions of the Restrictive Covenants and the provisions of the HUD Requirements, HUD shall be and remains entitled to enforce the HUD Requirements. Notwithstanding the foregoing, nothing herein limits the Agency’s ability to enforce the terms of the Restrictive Covenants, provided such terms do not conflict with statutory provisions of the National Housing Act or the regulations related thereto. The Developer represents and warrants that to the best of Developer’s knowledge the Restrictive Covenants impose no terms or requirements that conflict with the National Housing Act and related regulations.
- (d) In the event of foreclosure (or deed in lieu of foreclosure), the Restrictive Covenants (including without limitation, any and all land use covenants and/or restrictions contained herein) shall automatically terminate.
- (e) Developer and the Agency acknowledge that Developer’s failure to comply with the covenants provided in the Restrictive Covenants does not and will not serve as a basis for default under the HUD Requirements, unless a separate default also arises under the HUD Requirements.
- (f) Except for the Agency’s reporting requirements, in enforcing the Restrictive Covenants, the Agency will not file any claim against the Project, the Mortgage Loan proceeds, any reserve or deposit required by HUD in connection with the Security Instrument or HUD Regulatory Agreement, or the rents or other income from the property other than a claim against:
 - i. Available Surplus Cash, if the Developer is a for-profit entity;
 - ii. Available distributions of Surplus Cash and Residual Receipts authorized for release by HUD, if the Developer is a limited distribution entity;
 - iii. Available Residual Receipts authorized for release by HUD, if the Developer is a non-profit entity; or
 - iv. A HUD-approved collateral assignment of any HAP contract.
- (g) For so long as the Mortgage Loan is outstanding, Developer and Agency shall not further amend the Restrictive Covenants, with the exception of clerical errors or administrative correction of non-substantive matters, without HUD’s prior written consent.

- (h) Subject to the HUD Regulatory Agreement, the Agency may require the Developer to indemnify and hold the Agency harmless from all loss, cost, damage and expense arising from any claim or proceeding instituted against Agency relating to the subordination and covenants set forth in the Restrictive Covenants, provided, however, that Developer's obligation to indemnify and hold the Agency harmless shall be limited to available Surplus Cash and/or Residual Receipts of the Developer.
- (i) Intentionally omitted.

The statements and representations contained in this rider and all supporting documentation thereto are true, accurate, and complete. This certification has been made, presented, and delivered for the purpose of influencing an official action of HUD in insuring a multifamily loan, and may be relied upon by HUD as a true statement of the facts contained therein.

Warning: Federal law provides that anyone who knowingly or willfully submits (or causes to submit) a document containing any false, fictitious, misleading, or fraudulent statement/certification or entry may be criminally prosecuted and may incur civil administrative liability. Penalties upon conviction can include a fine and imprisonment, as provided pursuant to applicable law, which includes, but is not limited to, 18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802, 24 C.F.R. Parts 25, 28 and 30, and 2 C.F.R. Parts 180 and 2424."