

DEVELOPMENT AND LOAN AGREEMENT

by and between

**CARSON HOUSING AUTHORITY,
a public body, corporate and politic**

AND

**21205 CARSON ARTS, L.P.,
a California Limited Partnership**

Carson Arts Colony

Exhibit No. 4

DEVELOPMENT AND LOAN AGREEMENT

THIS DEVELOPMENT AND LOAN AGREEMENT (“**Agreement**”) is entered into as of _____, 2017 by and between the CARSON HOUSING AUTHORITY, a public body, corporate and politic (“**Authority**”), and 21205 CARSON ARTS, L.P., a California Limited Partnership (“**Developer**”). The parties agree as follows:

I. (\$100) PURPOSE OF THE AGREEMENT

This Agreement and the Attachments hereto are made pursuant to Health & Safety Code Section 34200 *et seq.*, which authorizes the Authority to carry out, provide financial assistance, and/or assist in the construction, reconstruction, improvement, alteration, or repair of housing projects for persons of low, very low, and extremely low income.

As set forth in this Agreement, Authority intends to financially assist with the affordable housing development of the Carson Arts Colony to be located at 21205 Main Street, City of Carson (consisting of Assessor’s Parcel Nos. 7343-001-040 and 7343-001-041). (“**Site**”). The project will consist of three (3) 3-story buildings with forty-six (46) residential units (45 affordable units + 1 Manager’s Unit) developed as a low-income apartment community (“**Project**”). In addition to residential units, the Project shall also include approximately 4,981 square feet of common space with residential art focused amenities such as a maker space for heavy equipment; a quiet art studio; a street level gallery space for exhibits, performances and other creative programming; sculpture garden and digital/media space. Other amenities include, but are not limited to, a tot lot, edible garden, open outdoor courtyard, lobby/residential gallery, and laundry room. Developer will also provide and maintain Resident services including educational, recreational, social and/or vocational on-site programs free of charge. All of the residential units within the Project, other than the Manager’s Unit, will be rental units covenanted to be available to families earning 30-60% of the area median income with a leasing preference to artists.

As material inducement and consideration for the Authority to enter into this Agreement and provide the financial assistance for the residential development is Developer’s covenant and agreement to restrict the rental of the residential units to Low, Very Low, and Extremely Low Income Family Households for a period of fifty-five (55) years. The affordability restrictions are material consideration to Authority entering into this Agreement and Authority would not enter into this Agreement or otherwise provide the financial assistance without the affordability restrictions.

This Project is in the best and vital interests of the Authority and the City of Carson, and the health, safety and welfare of the residents and taxpayers in the City, and is in accord with the public purposes and provisions of applicable state and local laws. Construction of the project will provide additional jobs and will provide affordable housing in accordance with the purposes and goals of the Authority.

II. (\$200) DEFINITIONS

The following terms as used in this Agreement shall have the meanings given unless expressly provided to the contrary:

A. (§ 201) Affiliate.

The term “**Affiliate**” shall mean any person or entity directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with Developer, which shall include, without limitation, each of the constituent partners of Developer’s limited partnership. For this provision, “**control**” means (i) with respect to a person that is a corporation, the right to exercise, directly or indirectly, at least fifty percent (50%) of the voting rights attributable to the shares of the controlled corporation, and (ii) with respect to a person that is not a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled person.

B. (§ 202) Affordable Rent.

“**Affordable Rent**” shall have the meaning prescribed for that term in Health and Safety Code § 50053(b) and the regulations promulgated pursuant to or incorporated therein, including, without limitation, any applicable regulations promulgated pursuant to Health and Safety Code §50093.

Extremely Low Income Households are entitled to receive Affordable Rent, including a reasonable utility allowance, which does not exceed the product of thirty percent (30%) times thirty percent (30%) of the Los Angeles County Median Income e, adjusted for family size appropriate for the unit.

Very Low Income Households are entitled to receive Affordable Rent, including a reasonable utility allowance, which does not exceed the product of thirty percent (30%) times fifty percent (50%) of the Los Angeles County Median Income, adjusted for family size appropriate for the unit.

Low Income Households are entitled to receive Affordable Rent, including a reasonable utility allowance, which does not exceed the product of thirty percent (30%) times sixty percent (60%) of the Los Angeles County Median Income, adjusted for family size appropriate for the unit.

The Affordable Rents for the Units shall be pursuant to the Authority Regulatory Agreement (defined in Section 236) and the Cal Reuse Regulatory Agreement (as defined in Section 236):

a. Authority Regulatory Agreement (23 units):

- i. Section 50106 and 50053(b)(1): 23 units (9 one-bedroom units, 5 two-bedroom units and 9 three-bedroom units); and

b. CALReuse Regulatory Agreement (45 units):

- i. 30% TCAC Income/Rent: 9 units (4 one-bedroom units, 2 two-bedroom units and 3 three-bedroom units).
- ii. 35% TCAC Income/Rent: 5 units (2 one-bedroom units, 2 two-bedroom units and 1 three-bedroom units).
- iii. 40% TCAC Income/Rent: 5 units (3 one-bedroom units, 1 two-bedroom units and 1 three-bedroom units).

- iv. 45% TCAC Income/Rent: 5 units (3 one-bedroom, 1 two-bedroom units and 1 three-bedroom unit).
- v. 60% TCAC Income/Rent: 21 units (9 one-bedroom units, 6 two-bedroom units and 6 three-bedroom units).

Affordability Restrictions	1 bdrm Units	2 bdrm Units	3 bdrm Units	Total Units
TCAC @ 30% AMI / Extremely-Low Income HCD / CALReuse	4	2	3	9
TCAC @ 35% AMI / Very-Low Income HCD / CALReuse	2	2	1	5
TCAC @ 40% AMI / Low Income HCD / CALReuse	3	1	1	5
TCAC @ 45% AMI / Low Income HCD / CALReuse	3	1	0	4
TCAC @ 45% AMI / CALReuse	0	0	1	1
TCAC @ 60% AMI / CAL Reuse	9	6	6	21
Unrestricted Manager's Unit	0	1	0	1
Total Units	21	13	12	46

C. (§ 203) Agreement.

The term “**Agreement**” shall mean this entire Agreement, including all exhibits, which attachments are a part hereof and incorporated herein in their entirety, and all other documents incorporated herein by reference. The Attachments included with this Agreement include the following:

Attachment No. 1	Legal Description of Site
Attachment No. 1-A	Site Map
Attachment No. 2	Scope of Development
	Exhibit A – Project Budget/Proforma
Attachment No. 3	Schedule of Performance
Attachment No. 4	Grant Agreement
Attachment No. 5	Note
Attachment No. 6	Deed of Trust
Attachment No. 7-A	Authority Regulatory Agreement
Attachment No. 7-B	CALReuse Regulatory Agreement
Attachment No. 8	Release of Construction Covenants

D. (§ 204) Authority.

The term “**Authority**” shall mean the Carson Housing Authority.

E. (§ 205) Authority Financial Assistance.

The term “**Authority Financial Assistance**” shall have the meaning ascribed in Section 403.3.

F. (§ 206) Agreement.

The term “**Agreement**” shall mean this entire Development and Loan Agreement, including all attachments which are a part hereof and incorporated herein in their entirety, and all other documents incorporated herein by reference.

G. (§ 207) City.

The term “**City**” shall mean the City of Carson, California.

H. (§ 208) Days.

The term “**days**” shall mean calendar days and the statement of any time period herein shall be calendar days, and not working days, unless otherwise specified.

I. (§ 209) Deed of Trust.

The term “**Deed of Trust**” shall mean the Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing which secures the Note, in the attached hereto as Attachment No. 6. The Deed of Trust shall be recorded on the Site at the Loan Closing.

J. (§ 210) Developer Fee.

The term “**Developer Fee**” means the fee paid by Develop in accordance with Section 403.2.

K. (§ 211) Distribution Control Agreement.

The term “**Distribution Control Agreement**” shall mean the distribution control agreement executed by Grant Recipient with the Distribution Control Company which shall handle the distribution of the Grant Funds to Developer.

L. (§ 212) Distribution Control Company.

The term “**Distribution Control Company**” shall mean the California licensed Loan Escrow company which has executed the Distribution Control Agreement with Grant Recipient and shall handle the distribution of funds under the Grant Loan Documents as provided in Section 403.3(iii).

M. (§ 213) Effective Date.

The term “**Effective Date**” shall mean the date this Agreement is executed on behalf of the Authority and the Developer after which has been approved by the Authority after a public hearing.

N. (§ 214) Enforced Delay.

The term “**Enforced Delay**” shall mean any delay described in Section 903 caused without fault and beyond the reasonable control of a party, which delay shall justify an extension of time to perform as provided in Section 903.

O. (§ 215) Extremely Low Income Household.

The term “**Extremely Low Income Household**” shall mean a household whose income does not exceed thirty percent (30%) of the area median income for Los Angeles County, adjusted for applicable household size, as computed in accordance with Health & Safety Code Section 50106 and the regulations promulgated pursuant thereto or incorporated therein, including, without limitation, all regulations promulgated pursuant to Health and Safety Code Section 50093, or any successor statute.

P. (§ 216) General Partner.

The term “**General Partner**” shall mean 21205 Carson Arts, LLC, a California limited liability company.

Q. (§ 217) Grant.

The term “**Grant**” shall mean the grant of certain tax exempt bond proceeds from Authority to Grant Recipient pursuant to the Grant Agreement.

R. (§ 218) Grant Agreement.

The term “**Grant Agreement**” shall mean the Grant Agreement in the form of Attachment No. 4 between the Authority and Grant Recipient whereby Authority shall grant tax exempt proceeds in the sum of Two Million Eight Hundred Thousand Dollars (\$2,800,000) which, in accordance with the Grant Agreement, shall be loaned by Grant Recipient to Developer in accordance with the Grant Loan Documents pursuant to Section 403.3(iii).

S. (§ 219) Grant Closing.

The term “Grant Closing” shall mean the delivery of the Grant Agreement concurrently with the consummation of the construction loan financing and the subordination of the Deed of Trust for the Project as set forth in Section 515.

T. (§ 220) Grant Funds.

The term “**Grant Funds**” shall mean the Grant funds provided by Authority to Grant Recipient pursuant to the Grant Agreement.

U. (§ 221) Grant Loan Documents.

The Term “**Grant Loan Documents**” shall mean the loan documents between Grant Recipient and Developer pursuant to which the funds shall be distributed to Developer for the payment of certain Project costs and expenses in accordance with Section 403.3(iii).

V. (§ 222) Grant Recipient.

The term “**Grant Recipient**” shall mean a nonprofit entity subject to the approval of Authority which shall execute the Grant Agreement.

W. (§ 223) Loan Closing.

The term “**Loan Closing**” or “**Loan Closing Date**” shall mean the Loan Closing of the Loan Escrow by the Loan Escrow Agent distributing the funds and documents received through Loan Escrow for the purchase of the Site by Developer, which Loan Closing shall occur on or before the date established in the Schedule of Performance.

X. (§ 224) Loan Escrow.

The term “**Loan Escrow**” shall mean the Loan Escrow established pursuant to this Agreement for the distribution of the Loan for the benefit of Developer to acquire the Site pursuant to the Purchase Agreement.

Y. (§ 225) Loan Escrow Agent.

The term “**Loan Escrow Agent**” shall mean Fidelity National Title Insurance Company which shall act as the escrow agent for the Loan Escrow. The Loan Escrow Agent contact shall be Janette DeLap, Senior Loan Escrow Officer, 3237 E. Guasti Road, Suite 105, Ontario, California 91761 - (909) 569-0225 Janette.Delap@fnf.com

Z. (§ 226) Loan Funds.

The term “**Loan Funds**” shall mean the funds provided by Authority for the benefit of Developer for the purchase of the Site.

AA. (§ 227) Los Angeles County Median Income

The term “**Los Angeles County Median Income**” shall be determined by reference to the regulations published by the California Department of Housing and Community Development pursuant to Health and Safety Code Section 50093, or its successor.

BB. (§ 228) Low Income Household.

The term “**Low Income Household**” shall mean a household whose income does not exceed sixty percent (60%) of the area median income for Los Angeles County, adjusted for applicable household size, as computed in accordance with Health & Safety Code Section 50079.5 and the regulations promulgated pursuant thereto or incorporated therein, including, without limitation, all regulations promulgated pursuant to Health and Safety Code Section 50093, or any successor statute.

CC. (§ 229) Manager’s Unit.

The term “**Manager’s Unit**” shall mean the one (1) residential housing unit within the Project that shall be designated by Developer as a residence for a Qualified Manager. The Manager’s Unit shall not be a restricted Residential Unit.

DD. (§ 230) Note.

The term “**Note**” shall refer to that certain Promissory Note Secured by Deed of Trust in the principal amount equal to the Four Million Two Hundred Thousand Dollars (\$4,200,000). The Note shall be in the form attached hereto as Attachment No. 5 and secured by the Deed of Trust. The Note shall be payable as residual receipts loan and shall be subject to subordination to Senior Financing as provided in Section 515.

EE. (§ 231) Project.

The term “**Project**” shall mean all of the improvements required to be constructed by Developer on the Site as described in the Scope of Development attached hereto as Attachment No. 2.

FF. (§ 232) Project Budget.

The term “**Project Budget**” shall mean the budget for the Project attached as Exhibit A to the Scope of Development.

GG. (§ 233) Purchase Agreement.

The term “**Purchase Agreement**” shall mean that certain Commercial Property Purchase Agreement and Joint Escrow Instructions dated April 8, 2016 by and between an affiliate of Developer as buyer and Green Village Properties, LLC, a California limited liability company as seller for the acquisition of the Site subject to (i) that certain Addendum to Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate, (ii) Amended Escrow Instructions dated June 8, 2016, (iii) Amended Escrow Instructions dated June 21, 2016, and (iv) Amended Escrow Instructions dated July 11, 2016, for the purchase price of Four Million Two Hundred Thousand Dollars (\$4,200,000).

HH. (§ 234) Qualified Manager.

The term “**Qualified Manager**” shall mean the resident manager of the Project who is selected and retained by Developer pursuant to the Regulatory Agreement. The Qualified Manager shall reside in the Manager’s Unit within the Project as designated by Developer. The Manager’s Unit shall be restricted to occupancy by the Qualified Manager and his/her household.

II. (§ 235) Qualified Tax Credit Investor.

The term “**Qualified Tax Credit Investor**” shall mean a person or entity who (i) is an experienced investor in multifamily housing developments receiving low income housing tax credits issued by the State of California and/or the United States federal government (“**Tax Credits**”), and (ii) has obtained or is contractually obligated to obtain a limited partnership interest in the Developer (or Developer’s assignee) whereby it will receive ninety percent (90%) or more of the Tax Credits obtained in connection with the Project. Authority shall have the right to reasonable prior approval, which shall not be unreasonably withheld, of the limited partnership agreement and amendments thereto, but only with respect to the terms and conditions concerning timing and amounts of cash contributions toward Project development costs in return for an interest in the Project and the right to receive Project Tax Credits.

JJ. (§ 236) Qualified Tenant.

The term “**Qualified Tenant**” shall mean those households seeking to rent a Residential Unit who satisfy all of the following requirements:

- a. Upon execution of a lease with Developer pursuant to this Agreement, each member of the household shall occupy the Residential Unit as its principal residence, and each member shall intend to thereafter continuously occupy such Residential Unit as its principal residence.
- b. The household has been selected in accordance with the tenant selection criteria set forth in the Regulatory Agreement.
- c. Upon execution of a lease with Developer pursuant to this Agreement, the household is a Low, Very Low, or Extremely Low Income Household in accordance with this Agreement.

KK. (§ 237) Reclamation Authority.

The term “**Reclamation Authority**” shall mean the Carson Reclamation Authority, a public agency.

LL. (§ 238) Regulatory Agreement(s).

The term “**Regulatory Agreement(s)**” shall mean the Regulatory Agreements (i) that certain Regulatory Agreement and Declaration of Covenants and Restrictions attached hereto as Attachment No. 7-A executed by Developer and Authority (“**Authority Regulatory Agreement**”); and (ii) that certain California Recycle Underutilized Sites (CALReuse) Remediation Program – Regulatory Agreement attached hereto as Attachment No. 7-B executed by Developer, Authority and Reclamation Authority (“**Reuse Regulatory Agreement**”), running with the land and providing for the proper maintenance of common facilities and improvements and the management and use of the Project, which also sets forth the limitations on occupancy, residency, and use of the Residential Units.

MM. (§ 239) Release of Construction Covenants.

The term “**Release of Construction Covenants**” shall mean that document prepared in accordance with Section 513 of this Agreement, in the form attached as Attachment No. 8, which shall evidence that the construction and development of the improvements required by this Agreement have been satisfactorily completed.

NN. (§ 240) Residential Unit.

The term “**Residential Unit**” shall mean and refer to each of the forty-five (45) residential units in the Project, each of which is restricted to occupancy by this Agreement and the Regulatory Agreements to a Qualified Tenant. “**Residential Units**” shall mean and refer collectively to each and every Residential Unit located on the Site *except* the Manager’s Unit. Notwithstanding anything to the contrary set forth herein, in the event of a conflict between the total number of restricted affordable units set forth herein and the total number of restricted affordable units which the Authority may require by statute, Developer may elect to use the affordable unit restrictions and rents established by the rules and regulations of the California Tax Credit Allocation Committee.

OO. (§ 241) Senior Financing; Construction & Permanent Loans.

The term “**Senior Financing**” and terms related to it shall refer to the following: the loan(s) taken out by Developer from third party lenders to (i) fund the construction of the Project during the construction phase (“**Construction Loan**”) and (ii) provide permanent financing after completion of the improvements replacing the Construction Loan (“**Permanent Loan**”). Subject to the conditions set forth in Section 515, the Deed of Trust and the Authority Regulatory Agreement shall be subordinated to the Senior Financing, as evidenced by such subordination agreements as may be required by the lender(s) for the Senior Financing. Senior Financing shall also include such financing and instruments, if any, recorded upon the Site in conjunction with Tax Credits. Senior Financing and subordination thereto is more particularly described in Section 515.

PP. (§ 242) Site.

The term “**Site**” shall mean that certain real property consisting of approximately seventy-eight thousand eight hundred (78,800) square feet. The Site is legally described on Attachment No. 1.

QQ. (§ 243) Site Map.

The Project shall be located upon the Site, which is within the City, as shown in the “**Site Map**” attached hereto as Attachment No. 1-A.

RR. (§ 244) Tax Credits.

The term “**Tax Credits**” shall mean Low Income Housing Tax Credits administered and allocated by the California Tax Credit Allocation Committee (TCAC).

SS. (§ 245) TCAC.

The term “**TCAC**” shall mean the California Tax Credit Allocation Committee.

TT. (§ 246) Title.

The term “**Title**” shall mean the fee title to the Site vested in Developer.

UU. (§ 247) Title Company.

The term “**Title Company**” shall mean Fidelity National Title Company.

VV. (§ 248) Title Officer.

The term “**Title Officer**” shall mean Mike Brinkman, Title Officer at 1300 Dove Street, Suite 300, Newport Beach, CA 92660 (949) 622-5000 mike.brinkman@fnf.com

WW. (§ 249) Very Low Income Household.

The term “**Very Low Income Household**” shall mean a household whose income does not exceed fifty percent (50%) of area median income for Los Angeles County, adjusted for applicable household size, as computed in accordance with Health & Safety Code Section 50105 and the

regulations promulgated pursuant thereto or incorporated therein, including, without limitation, all regulations promulgated pursuant to Health and Safety Code Section 50093, or any successor statute.

III. **(§300) PARTIES TO THE AGREEMENT**

A. **(§301) Authority.**

1. **Authority.** Authority is a public body, corporate and politic, exercising governmental functions and powers, organized and existing under the Housing Authority Law of the State of California (Health and Safety Code Section 34200, *et seq.*). The office of Authority is located at 701 E. Carson Street, Carson, California 90745. The term “**Authority**,” as used in this Agreement, includes the Carson Housing Authority and any assignee of, or successor to, its rights, powers and responsibilities.

2. **No Conflict.** Authority’s execution, delivery and performance of its obligations set forth in this Agreement will not constitute a default or a breach under any contract, agreement or order to which Authority is a party or by which it is bound.

3. **No Litigation.** To Authority’s actual knowledge, there is no threatened or pending litigation against Authority challenging the validity of this Agreement or any of the actions proposed to be undertaken by Authority or Developer pursuant to this Agreement. “**Actual knowledge**,” as used herein, shall not impose a duty of investigation, and shall be limited to the actual knowledge of Authority’s employees and agents who have participated in the preparation of this Agreement and the Developer’s acquisition of the Site.

4. **Authority’s Participation As Lender Only.** Authority’s participation in the Project is solely as a lender and Authority is not participating in the Project as a developer or owner. Any actions by the Authority which are not fully consistent with the Authority’s role as a lender are intended only to carry out routine government functions and impose constitutionally or statutorily authorized conditions acceptable to the Developer. As such, the Project and the Authority’s participation through this Agreement are outside the scope of California Constitution Article XXXIV and its enabling legislation.

B. **(§302) Developer.**

1. **Identification.** Developer is 21205 Carson Arts, L.P., a California limited partnership, or its transferee as described in Section 303.3. The principal office of Developer for the purposes of this Agreement is located at 1640 Sepulveda Blvd., Suite 425, Los Angeles CA 90025. Developer warrants and represents to Authority that Developer is and will be qualified to do business, is in good standing under the laws of the State of California, and has all requisite power and authority to carry out Developer’s business as now and whenever conducted and to enter into and perform Developer’s obligations under this Agreement.

2. **Successors and Assigns.** Except as may be expressly provided herein below, all of the terms, covenants, and conditions of this Agreement shall be binding on, and shall inure to the benefit of, Developer and the permitted successors, assigns and nominees of Developer as to each portion of the Site. Wherever the term “**Developer**” is used herein, such term shall include any permitted successors and assigns of Developer as herein provided.

3. Qualifications. The qualifications and identity of Developer are of particular concern to the Authority, and it is because of such qualifications and identity that Authority has entered into this Agreement with Developer. Authority has considered the experience, financial capability, and product being marketed by Developer, the Site location and characteristics, the public costs of acquiring and developing the Site and return on investment, and the product mix necessary to produce a Project. Based upon these considerations, the Authority has imposed those restrictions on transfer set forth in this Agreement.

C. (§303) Restrictions on Transfer.

1. Transfer Defined. As used in this Section, the term “**Transfer**” shall include any assignment, hypothecation, mortgage, pledge, conveyance, or encumbrance of this Agreement, Site, or the improvements thereon, and conveyance of the Site from Authority to Developer or a limited partnership in which Developer (or its Affiliate) is the administrative general partner, provided for in this Agreement. A Transfer shall also include the transfer to any person or group of persons acting in concert of more than twenty-five percent (25%) of the present ownership and/or control of Developer in the aggregate, taking all transfers into account on a cumulative basis, except transfers of such ownership or control interest between members of the same immediate family, or transfers to a trust, testamentary or otherwise, in which the beneficiaries are limited to members of the Transferor’s immediate family. In the event Developer or its successor is a corporation or trust, such Transfer shall refer to the Transfer of the issued and outstanding capital stock of Developer, or of beneficial interests of such trust. In the event that Developer is a limited or general partnership, such Transfer shall refer to the Transfer of more than twenty-five percent (25%) of the limited or general partnership interest. In the event that Developer is a joint venture, such Transfer shall refer to the Transfer of more than twenty-five percent (25%) of the ownership and/or control of any such joint venture partner, taking all Transfers into account on a cumulative basis.

2. Restrictions Prior to Completion. From and after Loan Closing and prior to issuance of the Release of Construction Covenants, Developer shall not Transfer this Agreement or any of Developer’s rights hereunder, or any interest in the Site or in the improvements thereon, directly or indirectly, voluntarily or by operation of law, except as provided below, without the prior written approval of Authority, which shall not be unreasonably withheld, and if so purported to be Transferred, the same shall be null and void. In considering whether it will grant approval to any Transfer by Developer of its interest in the Site before the issuance of the Release of Construction Covenants, which Transfer requires Authority approval, Authority shall consider factors such as (i) whether the completion or implementation of the Project is jeopardized; (ii) the financial strength and capability of the proposed assignee to perform Developer’s obligations hereunder; and (iii) the proposed assignee’s experience and expertise in the planning, financing, development, ownership, and operation of similar projects.

In the absence of a specific written agreement by Authority, from and after Loan Closing and prior to the issuance of a Release of Construction Covenants, no Transfer by Developer of all or any portion of its interest in the Site or this Agreement (including without limitation an assignment or transfer not requiring Authority approval hereunder) shall be deemed to relieve it or any successor party from any obligations under this Agreement with respect to the completion of the development of the Project with respect to that portion of the Site which is so transferred. In addition, no attempted assignment of any of Developer’s obligations hereunder shall be effective

unless and until the successor party executes and delivers to Authority an assumption agreement, in a form approved by the Authority, assuming such obligations.

3. Exceptions. The foregoing prohibition shall not apply to any of the following, all of which shall constitute “Permitted Transfers” and shall not require the prior consent of the Authority:

a. Any mortgage, deed of trust, or other form of conveyance for financing, as provided in Section 512, but Developer shall notify Authority in advance of any such mortgage, deed of trust, or other form of conveyance for financing pertaining to the Site.

b. Any mortgage, deed of trust, or other form of conveyance for restructuring or refinancing of any amount of indebtedness described in subsection (a) above, provided that the amount of indebtedness incurred in the restructuring or refinancing does not exceed the outstanding balance on the debt incurred to finance the acquisition of and improvements on the Site, including any additional costs for completion of construction, whether direct or indirect, based upon the estimates of architects and/or contractors.

c. The granting of easements or licenses to any appropriate governmental agency or utility or permits to facilitate the development and/or operation of the Site.

d. A sale or Transfer resulting from or in connection with a reorganization as contemplated by the provisions of the Internal Revenue Code of 1986, as amended or otherwise, in which the ownership interests of a corporation are assigned directly or by operation of law to a person or persons, firm or corporation which acquires the control of the voting capital stock of such corporation or all or substantially all of the assets of such corporation.

e. A sale or Transfer of forty-nine percent (49%) or more of ownership or control interest between members of the same immediate family, or Transfers to a trust, testamentary or otherwise, in which the beneficiaries consist solely of immediate family members of the Trustor or Transfers to a corporation or partnership in which the immediate family members or shareholders of the Transferor have a controlling majority interest of fifty-one percent (51%) or more.

f. A sale or Transfer to a California limited partnership in which the Developer, or an Affiliate of the Developer, is a general partner.

g. A sale or Transfer of an interest in Developer, or the permitted successor thereof, to a Qualified Tax Credit Investor.

h. A sale or Transfer of an interest in a Qualified Tax Credit Investor.

i. The admission of a nonprofit corporation or a limited liability company wholly owned by a nonprofit corporation as a managing general partner of Developer, or the permitted successor thereof.

j. Transfer of the Project or limited partnership interests in the Developer to a general partner, general partners or affiliates thereof of Developer, at the end of the fifteen (15) year Tax Credit initial compliance period.

k. Admission of the Qualified Tax Credit Investor to the Developer or the transfer of the Qualified Tax Credit Investor's interest in Developer to another party, or the redemption of the Qualified Tax Credit Investor's interest in the Developer.

l. Execution of residential of for the Units in the ordinary course of operations of the Site.

m. Any transfer to a Meta Entity. For purposes hereof "**Meta Entity**" means collectively, any one or more of (i) Meta Housing Corporation, a California corporation; (ii) John M. Huskey, an individual, or his administrators, executors and heirs, (ii) any other executive employee of Meta Housing Corporation, or (iv) any corporation, limited liability company or limited partnership wholly owned or controlled by, or which owns and controls, any the persons or entities identified in (i) through (iii) above.

4. Restrictions After Completion. Subsequent to the issuance of the Release of Construction Covenants, except as set forth in Section 303.3 above, Developer may not sell, Transfer, convey, hypothecate, assign or lease all or any portion of its interest in the Site without complying with any Transfer restrictions contained within the Regulatory Agreements, as applicable.

IV. (§400) ACQUISITION OF THE SITE

A. (§401) Financing Milestones.

The parties acknowledge that Developer intends to finance the acquisition, development, construction, and equipping costs for the Project with funds from a variety of sources, including (but not necessarily limited to) those funding sources identified on the Project Budget attached to the Scope of Development. Developer shall diligently apply for and pursue each funding source identified in the Project Budget at the earliest feasible opportunity, taking into account rules, requirements and scoring criteria applicable to each funding source. Not counting the Authority Financial Assistance to be provided pursuant to this Agreement, Developer shall demonstrate, to Authority's reasonable satisfaction by the dates set forth in the Schedule of Performance, that Developer has secured a bona fide award, commitment or reservation of Tax Credits (collectively, "**Housing Program Funds**") in an amount sufficient to provide for development of the Project in accordance with the Project Budget.

Developer shall submit up to four applications to the TCAC for so called 9% Tax Credits as specified in the Schedule of Performance. In the event that the Developer applies for and does not receive an allocation of 9% Tax Credits after four allocation rounds, Developer and the Authority shall meet and confer to determine whether Developer shall make another application if all parties agree that such application would be competitive under the then-applicable TCAC scoring criteria, provided that neither party shall have an obligation to continue this Agreement.

All funding sources for the Project shall be subject to Authority's prior approval, which approval shall not be unreasonably withheld. For purposes of calculating the dollar amount of committed Housing Program Funds in determining compliance with this Section 401, the gross amount of any reservation of state or federal low income housing tax credits shall be discounted by a reasonable factor to approximate the amount the Qualified Tax Credit Investor would invest in the Project.

B. (§402) Employment of Local Residents.

A goal of the Authority with respect to this Project and other major projects within the City is to secure employment opportunities for Carson residents. To that end, Developer covenants that Developer shall make best faith efforts to cause all solicitations for full or part-time, new or replacement, employment relating to the construction of the Project, including minority owned business enterprises, to be listed with the Carson Career Center, 801 E. Carson Street, Carson, CA 90745, (310) 952-1762, or the South Bay Workforce Investment Board, 11539 Hawthorne Boulevard, Suite 500, Hawthorne, CA 90250, (310) 970-7700. Prior to the commencement of construction, and as soon as practicable, Developer and Prime Contractor shall contact the Carson Career Center to schedule a Pre-Construction Orientation Meeting to discuss requirements of the Local Hire Program, recordkeeping and monthly reporting requirements necessary for the evaluation of the Project's compliance with the Local Hire Program. In addition, the Prime Contractor shall: (1) establish a point of contact to provide information about available job opportunities, (2) conduct outreach efforts to attract local subcontractors and tradesmen, and (3) coordinate Local Hire Workshops with the Carson Career Center to educate potential local subcontractors and tradesmen about construction employment opportunities. In addition, Developer shall include in each contract with any contractor and shall obligate the contractor to include in each subcontract with any subcontractor undertaking work on the Project, a provision obligating such contractor to make such efforts or to cause its subcontractors to make such efforts. Developer shall be deemed to have complied with its obligations set forth in this Section if its construction contract(s) with contractors contains language substantially as follows (or as may otherwise be approved by Authority's Counsel in writing): "[Name of contractor] shall make reasonable efforts to cause all solicitations for full or part-time, new or replacement, employment relating to the construction/installation of [describe the applicable work of improvements], including minority owned business enterprises, to be listed with the Carson Career Center, or the South Bay Workforce Investment Board. The Authority is an express third party beneficiary of the foregoing obligations of [name of contractor] and shall have the authority to enforce the same (provided that no such exercise by the Authority of its rights or remedies provided for herein impairs or jeopardizes the rights of [name of Developer]."

The provisions of this Section are not intended, and shall not be construed, to benefit or be enforceable by any Person whatsoever other than Authority. In addition, and notwithstanding any other provision set forth in this Agreement to the contrary, in no event shall Developer be deemed to be in Default of its obligations set forth in this Agreement if it performs its obligations set forth in this Section but a contractor of Developer commits a default under the applicable provisions of its construction contract.

C. (§403) Acquisition of the Site and Authority Financial Assistance.

Developer shall acquire the Site under the Purchase Agreement with the Loan Funds disbursed through the Loan Closing.

1. Purpose of Acquisition. Developer agrees to develop the Site with forty-six (46) apartment units of which (i) forty-five (45) units shall be Residential Units restricted for leasing to Qualified Tenants and (ii) one (1) unit will be a Manager's Unit for use by a Qualified Manager.

2. Developer Fee. The Developer Fee shall be paid at such times as are provided in the partnership agreement for Developer in accordance with the schedule below. The deferral of the Developer Fee in accordance with the schedule is material to Authority agreeing to provide the

financial assistance specified in the following section¹. The deferred portion of the Developer Fee shall be paid to Developer as a priority from the Net Cash Flow (as defined in the Authority Regulatory Agreement) but only to the extent the Developer Fee has not been paid to Developer from any other source. The Developer Fee shall be paid according to the following schedule:

Developer Fee Payout	Payout Schedule		
	Date	%	Amount
Initial Capital Contribution / Begin Construction	11/01/17	25%	\$500,000
Construction Completion	3/01/19	25.79%	\$515,800
Perm Loan Conversion	9/01/19	17.03%	\$340,738
IRS Forms 8609/K1	12/31/19	15%	\$300,000
Deferred Developer Fee	12/31/19	17.17%	\$343,462
Total Developer Fee		100%	\$2,000,000

3. Authority Financial Assistance for Project.

(i) **Project Costs.** The total estimated cost of the Project is Twenty-Four Million Four Hundred Seventy Thousand Dollars (\$24,470,000) as further described in the Project Budget. This estimate includes both the hard and soft costs of constructing the Project.

(ii) **Authority Financial Assistance.** The Authority Financial Assistance is based on the Project Budget, which assumes a tax credit application as described in Section 401 of the Agreement. Authority shall provide financial assistance as follows (“**Authority Financial Assistance**”):

1. Loan Funds in the amount of Four Million Two Hundred Thousand Dollars (\$4,200,000) pursuant to the terms of the Note which shall be provided by Authority to Developer which shall be disbursed to Developer through the Loan Escrow for Developer’s acquisition of the Site pursuant to the Purchase Agreement.
2. Concurrently with the consummation of the construction loan for the development of the Project, Authority shall be obligated to disburse the Grant Funds equal to Two Million Eight Hundred Thousand Dollars (\$2,800,000) pursuant to the Grant Agreement to Grant Recipient which shall subsequently be disbursed by Grant Recipient to Developer pursuant to the Grant Loan Documents as provided in Section 403.3(iii).

After the Grant Closing, the Note is a residual receipts loan which shall accrue simple interest at three percent (3%) per annum and shall be due and payable in fifty-five (55) years following the issuance of the Certificate of Occupancy. Repayment of the loan including all

¹ Notwithstanding the foregoing, in the event additional proceeds are available and approved by the Authority in writing, Developer shall be permitted to use the additional proceeds to pay additional cash developer fee and reduce the deferred portion of the Developer Fee as set forth herein.

principal and accrued interest shall be made in annual payments from fifty percent (50%) of the Net Cash Flow (as defined in the Authority Regulatory Agreement) to the extent Net Cash Flow is available commencing in the first year after issuance of the Certificate of Occupancy for the Project. The Net Cash Flow shall first be used to repay the Note. Notwithstanding the foregoing, in the event the Developer obtains additional residual receipt financing for the Project approved by the Authority, the Authority's percentage of Net Cash Flow shall be adjusted to be a fraction in which the principal amount of the financing pursuant to the Note is the numerator and the sum of Note plus all other residual receipts Loans is the denominator, multiplied by fifty percent (50%).

The note for the Grant Loan shall be secured by a deed of trust recorded against the Site junior to the Deed of Trust to the Authority.

The rights set forth in this Agreement and the Deed of Trust are not intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy authorized herein or now or hereafter existing at law or in equity. These rights are to be interpreted in light of the fact that the Authority will have provided public funds to assist the development of a private project as permitted under applicable laws.

(iii) Grant Funds. At the Grant Closing, and in accordance with the Grant Agreement, Grant Recipient shall loan the funds to Developer for certain predevelopment and construction costs pursuant to construction loan documents including a loan agreement, a promissory note and a deed of trust against the Site which shall be junior in priority to both the Senior Financing and the Trust Deed ("**Grant Loan Documents**").

The Grant Loan Documents shall provide for construction disbursement controls through a third party construction disbursement control company licensed as a California Loan Escrow which entity shall be chosen by Developer subject to the approval of Authority ("**Disbursement Control Company**"). The disbursement controls will reasonably coordinated with requirements of the tax credit investors and may provide for direct payment of the approved construction costs. Alternatively the Grant Funds may be held by the primary construction lender pursuant to an intercreditor agreement to be disbursed in accordance with reasonable disbursement controls. Notwithstanding anything to the contrary contained herein, Grant Funds shall be disbursed to an account in Grant Recipient is a named holder.

The fees of the Disbursement Control Company shall be paid by Developer. The Disbursement Control Company and Grant Recipient shall enter into an agreement which shall provide for the Disbursement Control Company to provide construction loan disbursement services including obtaining mechanic lien releases, title disbursement title endorsements and other standard construction disbursement controls required under the Grant Loan Documents. The Grant Loan Documents shall provide for disbursement of the funds as follows:

(i) Developer may request a draw down on amounts necessary to pay approved predevelopment costs, which draw, if requested, shall be funded concurrently with the Close of Loan Escrow, provided that Developer has submitted all required documentation in accordance with the Grant Loan Documents in connection with such draw; and

(ii) After construction has commenced, Developer may request a disbursement amount for reimbursement of costs incurred by Developer provided that Developer has submitted all required documentation less ten percent (10%) which holdback amount shall

not be disbursed until Completion, and otherwise complied with other requirement set forth in the Grant Loan Documents.

The Grant Agreement shall provide that the Grant Funds shall be disbursed directly by Authority to the Disbursement Control Company upon being advised by the Disbursement Control Company that all the requirements for a disbursement have been satisfied in accordance with the Grant Loan Documents and the Disbursement Control Agreement.

The Grant Loan Documents shall have a term of not more than fifty-five (55) years with a simple interest rate not to exceed three percent (3%) with payments due solely from Project residual receipts or the proceeds from a sale of the Project after the end of the Tax Credit Compliance Period under Section 42 of the Internal Revenue Code. Furthermore, the Grant Loan Documents shall provide that any default under the DLA or Authority Regulatory Agreement shall be a default under the Developer Loan. The Grant Loan Documents shall at all times remain subordinate to the DLA, the Deed of Trust, and the Regulatory Agreements.

The Grant Loan Documents, the Disbursement Control Company and the Disbursement Control Agreement shall be subject to the prior review and approval of Authority. No changes to any of same shall be made without the prior written consent of Authority.

D. (§404) Loan Escrow.

The Loan Escrow shall be opened within the time specified in the Schedule of Performance. This Agreement shall constitute the joint escrow instructions of Authority and Developer for the Loan, and a duplicate original of this Agreement shall be delivered to the Loan Escrow Agent upon the opening of the Loan Escrow. The purpose of the Loan Escrow is to make the Loan to Developer for its acquisition of the Site pursuant to the Purchase Agreement. Loan Escrow Agent is empowered to act under these instructions. Authority and Developer shall promptly prepare, execute, and deliver to the Loan Escrow Agent such additional escrow instructions consistent with the terms herein as shall be reasonably necessary. No provision of any additional escrow instructions shall modify this document without specific written approval of the modifications by Developer and Authority.

E. (§405) Conditions to Close of the Loan Escrow.

1. Developer's Conditions to Loan Closing. Developer's obligation to close the Loan Escrow, shall, in addition to any other conditions set forth herein in favor of Developer, be conditional and contingent upon the satisfaction, or waiver by Developer, of each and all of the following conditions (collectively, "**Developer's Conditions to Loan Closing**") within the time provided in the Schedule of Performance:

a. Title to the Site shall be vested in Developer pursuant to the Purchase Agreement.

b. Authority shall have deposited (i) the Loan Funds in immediately available funds in cash or by wire transfer; and (ii) two (2) executed copies of the CALReuse Regulatory Agreement.

c. Authority shall have deposited or caused to be deposited into the Loan Escrow all the documents required under Section 406.3.

Any waiver of the foregoing conditions must be express and in writing. In the event that the foregoing conditions have not been satisfied within the time provided therefor in the Schedule of Performance, either party may terminate this Agreement by delivering a written notice in accordance with Section 412.

2. Authority's Conditions to Loan Closing. Authority's obligation to provide the Loan Funds shall, in addition to any other conditions set forth herein in favor of Authority, be conditional and contingent upon the satisfaction, or waiver by Authority, of each and all of the following conditions (collectively, "**Authority's Conditions to Loan Closing**") within the time provided in the Schedule of Performance:

a. Title to the Site shall be vested in Developer pursuant to the Purchase Agreement.

b. Title Company is committed to issue to Authority the Authority's Loan Title Policy in the amount of the Loan insuring title to the Site is vested in Developer subject to conditions and exceptions specified in Section 406.6.

c. Developer shall have deposited into Loan Escrow all of the following executed and acknowledged as applicable: (i) the Note, (ii) the CALReuse Regulatory Agreement, and (iii) the Deed of Trust.

d. Developer shall have deposited or caused to be deposited into Loan Escrow all the documents required under Section 406.4.

Any waiver of the foregoing conditions must be express and in writing. In the event that Developer fails to satisfy Authority's foregoing conditions or defaults in the performance of its obligations hereunder, Authority may terminate the Loan Escrow.

F. (\$406) Loan Closing Requirements.

1. Loan Closing. The Loan Escrow shall close after satisfaction of all conditions to close of the Loan Escrow, but not later than the date specified in the Schedule of Performance, unless extended by the mutual agreement of the parties or an Enforced Delay.

2. Loan Escrow Agent to Advise of Costs. On or before the date set in the Schedule of Performance, the Loan Escrow Agent shall advise the Authority and the Developer in writing of the fees, charges, and costs necessary to close the Loan Escrow, and of any documents which have not been provided by said party and which must be deposited in Loan Escrow to permit timely consummation of the Loan Closing.

3. Deposits By Authority Prior to Loan Closing. On or before, but not later than 1:00 p.m. of the date set in the Schedule of Performance, Authority shall execute, acknowledge and deposit into Loan Escrow (i) an estoppel certificate certifying that Developer has completed all acts, other than as specified, necessary for conveyance, if such be the fact; (ii) the CALReuse Regulatory Agreement; and (iii) the Loan Funds in immediately available funds in cash or by wire transfer.

4. **Deposits By Developer Prior to Loan Closing.** On or before, but not later than 1:00 p.m. of the date set in the Schedule of Performance, Developer shall execute and acknowledge as applicable and deposit or cause to be deposited into Loan Escrow: (i) the CALReuse Regulatory Agreement; (ii) the Note and Deed of Trust; and (iii) an estoppel certificate certifying that Authority has completed all acts, other than as specified, necessary to conveyance, if such be the fact.

5. **Recordation and Disbursement of Loan Funds.** Upon the completion by the Authority and Developer of the deliveries and actions specified in these Loan Escrow instructions precedent to Loan Closing, the Loan Escrow Agent shall be authorized to record in the appropriate records of Los Angeles County, California, in the following order: the Deed of Trust, the CAREuse Regulatory Agreement and any other appropriate instruments delivered through this Loan Escrow. Concurrent with recordation, Loan Escrow Agent shall deliver (i) the originally executed Note; (ii) a conformed copy of the recorded Deed of Trust; and (iv) the Authority's Loan Title Policy to Authority insuring title and conforming to the requirements of Section 406.6. Following recordation, the Loan Escrow Agent shall deliver conformed copies of said instruments and recorded documents to Developer and Authority.

6. **Authority's Loan Title Policy.**

At the Loan Closing, the Title Company shall issue to Authority an ALTA loan policy of title insurance in the amount of the Note ("Authority's Loan Title Policy") with title to the Site vested in Developer and insuring the Deed of Trust against the Site in first lien position subject only to such exceptions as approved by Authority in its sole discretion together with such other endorsements and coverage as required by Authority in its discretion.

G. **(§407) Grant Escrow.**

The Grant Escrow shall be opened within the time specified in the Schedule of Performance. This Agreement shall constitute the joint escrow instructions of Authority and Developer for the Grant, and a duplicate original of this Agreement shall be delivered to the Grant Escrow Agent upon the opening of the Grant Escrow. The Grant Escrow shall close concurrently with the construction loan for the Project. Escrow Agent is empowered to act under these instructions. Authority and Developer shall promptly prepare, execute, and deliver to the Grant Escrow Agent such additional escrow instructions consistent with the terms herein as shall be reasonably necessary. No provision of any additional escrow instructions shall modify this document without specific written approval of the modifications by Developer and Authority.

H. **(§408) Conditions to Close of the Grant Escrow.**

1. **Developer's Conditions to Grant Closing.** Developer's obligation to close the Grant Escrow, shall, in addition to any other conditions set forth herein in favor of Developer, be conditional and contingent upon the satisfaction, or waiver by Developer, of each and all of the following conditions (collectively, "Developer's Conditions to Grant Closing") within the time provided in the Schedule of Performance:

a. Developer shall have approved the environmental condition of the Site as set forth in Section 502.6. Developer shall have received any and all approvals required under CEQA and NEPA (if required).

b. Developer shall have obtained financing commitments for the development of the Site acceptable to Developer in accordance with Sections 409.6, and Authority shall have approved such commitments.

c. Developer shall have obtained a reservation of Tax Credits from the California Tax Credit Allocation Committee acceptable to Developer.

d. Developer shall have obtained from the applicable governmental authority all required approvals and permit ready letters, including site plan review, conditional use, subdivision, building, grading, landscaping, and others for development of the Site as the Project, including, without limitation, those set forth in Section 502.

e. The construction financing shall close concurrently.

f. Authority shall have deposited (i) two (2) executed copies of the Authority Regulatory Agreement; and (ii) two (2) executed copies of the Grant Agreement and Grant Documents.

g. Authority shall have deposited or caused to be deposited into the Grant Escrow all the documents required under Section 406.3.

Any waiver of the foregoing conditions must be express and in writing. In the event that the foregoing conditions have not been satisfied within the time provided therefor in the Schedule of Performance, either party may terminate this Agreement by delivering a written notice in accordance with Section 412.

2. Authority's Conditions to Grant Closing. Authority's obligation to provide the Grant Funds and Grant Funds, shall, in addition to any other conditions set forth herein in favor of Authority, be conditional and contingent upon the satisfaction, or waiver by Authority, of each and all of the following conditions (collectively, "**Authority's Conditions to Grant Closing**") within the time provided in the Schedule of Performance:

a. Developer shall have obtained a reservation of Tax Credits from the California Tax Credit Allocation Committee and provided evidence thereof to Authority.

b. The construction loan shall close concurrently.

c. Developer shall have timely submitted to Authority plans and drawings for all improvements to be constructed on the Site, including for site plan review, conditional use, building, grading, landscaping and other plans and drawings, as provided in Section 502 and all necessary plans shall have been reviewed or revised as required by Developer and Authority, and final. All approvals pursuant to CEQA and NEPA (if required) have been approved as final in accordance with Section 502.6.

d. Developer shall have deposited into Grant Escrow two (2) executed copies of the Authority Regulatory Agreement.

e. Grant Recipient shall have deposited two (2) originally executed copies of the Grant Agreement and the Grant Documents into the Grant Escrow.

f. Developer shall have submitted and Authority shall have approved the Marketing Plan in accordance with Section 602.3.

g. Developer shall have deposited or caused to be deposited into Grant Escrow all the documents required under Section 406.4.

Any waiver of the foregoing conditions must be express and in writing. In the event that Developer fails to satisfy Authority's foregoing conditions or defaults in the performance of its obligations hereunder, Authority may terminate the Grant Escrow.

I.(\$409) Grant Closing Requirements.

1. **Grant Closing.** The Grant Escrow shall close concurrently with the construction loan and after satisfaction of all conditions to close of the Grant Escrow, but not later than the date specified in the Schedule of Performance, unless extended by the mutual agreement of the parties or an Enforced Delay.

2. **Grant Escrow Agent to Advise of Costs.** On or before the date set in the Schedule of Performance, the Grant Escrow Agent shall advise the Authority and the Developer in writing of the fees, charges, and costs necessary to close the Grant Escrow, and of any documents which have not been provided by said party and which must be deposited in Grant Escrow to permit timely consummation of the Grant Closing.

3. **Deposits By Authority Prior to Grant Closing.** On or before, but not later than 1:00 p.m. of the date set in the Schedule of Performance, Authority shall execute, acknowledge and deposit into Grant Escrow (i) an estoppel certificate certifying that Developer has completed all acts, other than as specified, necessary for conveyance, if such be the fact; (ii) two (2) copies of the Authority Regulatory Agreement; and (iii) two (2) copies of the Grant Agreement.

4. **Deposits By Developer Prior to Grant Closing.** On or before, but not later than 1:00 p.m. of the date set in the Schedule of Performance, Developer shall execute and acknowledge as applicable and deposit or cause to be deposited into Grant Escrow: (i) the Authority Regulatory Agreement; (ii) the Grant Agreement; and (iii) an estoppel certificate certifying that Authority has completed all acts, other than as specified, necessary to conveyance, if such be the fact.

5. **Recordation and Disbursement of Grant Funds.** Upon the completion by the Authority and Developer of the deliveries and actions specified in these Grant Escrow instructions precedent to Grant Closing, the Grant Escrow Agent shall be authorized to record in the appropriate records of Los Angeles County, California, in the following order: the Authority Regulatory Agreement and any other appropriate instruments delivered through this Grant Escrow. At Grant Closing, the Grant Escrow Agent shall deliver to Grant Recipient (i) one (1) fully executed copy of the Grant Agreement; and (ii) conformed copies of the Authority Regulatory Agreement.

6. Project Financing.

Within the time set forth in the Schedule of Performance, Developer shall submit to Authority's Executive Director for approval evidence reasonably satisfactory to the Executive Director that Developer has the financial capability necessary for development of the Project

thereon pursuant to this Agreement. Such evidence of financial capability shall include all of the following:

1. Reliable cost estimates for Developer's total cost of developing the Project (including both "hard" and "soft" costs).
2. A complete copy of the construction loan commitment obtained by Developer to finance the development of the Project, or such other documentation reasonably satisfactory to the Executive Director sufficient to demonstrate that Developer has adequate funds available and committed to finance the development of the Project.
3. A financial statement and/or other documentation reasonably satisfactory to the Executive Director sufficient to demonstrate that Developer has adequate funds to build and complete the Project available and/or committed considering all sources specified in this Agreement and the proceeds of the construction loan commitment.
4. A copy of the proposed contract between Developer and its general contractor for all of the improvements required to be constructed by Developer hereunder, certified by Developer to be a true and correct copy thereof. The Executive Director shall also have the right to review and approve any revisions that are made to the proposed contract after its approval by the Executive Director which would increase the amount of the contract by more than ten percent (10%) and/or substantially change other terms in the contract.
5. Documentation that Developer has secured adequate Housing Program Funds for the development of the Project as described in Section 401.

Developer covenants and agrees to take all action, furnish all information, give all consents, and pay all sums reasonably required to keep the construction loan commitment in full force and effect and shall comply in all material respects with all conditions thereof, and shall promptly execute, acknowledge and deliver all applications, credit applications and data, audited financial statements, and documents in connection therewith.

V. (§500) DEVELOPMENT OF THE SITE.

A. (§501) Scope of Development.

The Site shall be developed by Developer as provided in the Scope of Development, the Regulatory Agreements, and the plans and permits approved by Authority and City pursuant to Section 502. Developer shall commence and diligently prosecute the Project to completion within the time provided and otherwise in strict compliance with this Agreement. Construction of the Project shall commence as specified in the Schedule of Performance.

B. (§502) Development Plans, Final Building Plans and Environmental Review.

1. Proposed Development's Consistency With Plan and Codes. Developer shall obtain all entitlements at its own cost for approval of the Project. Authority warrants and represents that the City's General Plan and Zoning Ordinance permit Developer's proposed development, and construction, operation, and use of the Site as provided in this Agreement including, without limitation, the Scope of Development, subject only to (i) those development approvals yet to be

obtained, including, if necessary, proposed General Plan and Zoning Ordinance amendments, Site Plan Review and subdivision approval (if required), and (ii) City's and Authority's review and approval of the Project in accordance with the California Environmental Quality Act; provided that it is expressly understood by the parties hereto that Authority makes no representations or warranties with respect to approvals required by any other governmental entity or with respect to approvals hereinafter required from City and Authority, Authority and City reserving full police power authority over the Project. Nothing in this Agreement shall be deemed to be a prejudgment or commitment with respect to such items, nor a guarantee that such approvals or permits will be issued within any particular time or with or without any particular conditions.

2. Evolution of Development Plan. Concurrently with the approval of this Agreement, the Authority has reviewed the Developer's Basic Concept Drawings. On or before the date set forth in the Schedule of Performance, Developer shall submit to the City preliminary, and thereafter final, drawings and specifications for development of the Site and each Site thereof in accordance with the Scope of Development, and all in accordance with the City's requirements. The term preliminary and final drawings shall be deemed to include site plans, building plans and elevations, grading plans, if applicable, landscaping plans, parking plans, signage, a description of structural, mechanical, and electrical systems, and all other plans, drawings and specifications. Final drawings will be in sufficient detail to obtain a building permit. Said plans, drawings and specifications shall be consistent with the Scope of Development and the various development approvals referenced hereinabove, except as such items may be amended by City (if applicable) and by mutual consent of Authority and Developer. Plans (concept, preliminary and construction) shall be progressively more detailed and will be approved if a logical evolution of plans, drawings or specifications previously approved. Plans in sufficient detail to obtain all discretionary land use approvals, including for site plan approval, conditional use permit, and other actions requiring Planning Commission approval, shall be submitted and processed concurrently for the Site.

3. Developer Efforts to Obtain Approvals. Developer shall exercise its commercially reasonable efforts to timely submit all documents and information necessary to obtain all development and building approvals from the City in a timely manner. Not by way of limitation of the foregoing, in developing and constructing the Project, Developer shall comply with all applicable development standards in City's Municipal Code and shall comply with all building code, landscaping, signage, and parking requirements, except as may be permitted through approved variances and modifications.

4. Authority Assistance. Subject to Developer's compliance with (i) the applicable City and Authority development standards for the Site, and (ii) all applicable laws and regulations governing such matters as public hearings, site plan review and environmental review, Authority agrees to provide reasonable assistance to Developer, at no cost to Authority, in the processing of Developer's submittals required under this Section. City or Authority's failure to provide necessary approvals or permits within such time periods, after and despite Developer's reasonable efforts to submit the documents and information necessary to obtain the same, shall constitute an Enforced Delay.

5. Disapproval. The Authority shall approve or disapprove any submittal made by Developer pursuant to this Section within thirty (30) days after such submittal. All submittals made by Developer will note the 30-day time limit, and specifically reference this Agreement and this Section. Any disapproval shall state in writing the reason for the disapproval and the changes which

the Authority requests be made. Authority's failure to disapprove the submittal within thirty (30) days shall be deemed an approval of the submittal. Developer shall make the required changes and revisions which would not materially impact the economic feasibility of the Project and resubmit for approval as soon as is reasonably practicable but no more than thirty (30) days after the date of disapproval. Thereafter, Authority shall have an additional thirty (30) days for review of the resubmittal, but if the Authority disapproves the resubmittal, then the cycle shall repeat, until the Authority's approval has been obtained. The foregoing time periods may be shortened if so specified in the Schedule of Performance.

6. CEQA. The term "Environmental Review" shall mean the investigation and analysis of the Project's impacts on the environment as may be required under the California Environmental Quality Act ("**CEQA**"), Public Resources Code §21000, et seq., and the National Environmental Policy Act (42 U.S.C. §4321 *et seq.*, "**NEPA**") if required. or of the Project's impacts on any species of plant or animal listed as a species of concern, a threatened species, or an endangered species as may be required by the California Endangered Species Act ("**CESA**"), Fish and Game Code §2050, et seq., and/or the U.S. Endangered Species Act ("**USESA**"), 16 U.S.C. §1531, et seq., or other applicable California or federal law or regulation.

The City reviewed the environmental impacts of the proposed project pursuant to the California Environmental Quality Act. A Mitigated Negative Declaration (MND) was prepared and made available for public review from January 19, 2017 through February 20, 2017. The potentially significant impacts identified in the MND including cultural resources, hazards and hazardous materials, and noise would be reduced to less than significant through implementation of mitigation measures. All mitigation measures from the MND will be incorporated into the conditions of approval. At a public hearing held on February 21, 2017, the City Council of the City of Carson adopted a Mitigated Negative Declaration for the Project, which satisfies the requirements of CEQA.

C. (§503) Developer Responsibilities During Construction.

The cost of constructing all of the improvements required to be constructed for the Project shall be borne by Developer. As the Authority Financial Assistance to Developer is sourced solely with monies from the Low and Moderate Income Housing Fund established pursuant to Section 33334.3 of the Health and Safety Code or that are paid for by a combination of private funds and funds available pursuant to Section 33334.2 or 33334.3 of the Health and Safety Code and is being used exclusively for the low income housing portion of the Project, the parties do not believe that the Project would be considered to be a "public work" "paid for in whole or in part out of public funds," as described in California Labor Code Section 1720. No party hereto shall take any action that would reasonably cause the Project to become subject to prevailing wages. Notwithstanding the foregoing, to the extent that (contrary to the parties' intent), Developer is required to or is determined to be responsible to pay prevailing wages for the Project, Developer shall defend and hold the Authority and the City harmless from and against any all increase in construction costs, or other liability, loss, damage, costs, or expenses (including reasonable attorneys' fees and court costs) arising from or as a result of any action or determination that any portion of the Project is subject to payment of prevailing wages. This Section shall survive termination of the Agreement.

In addition, in developing the Site, Developer shall take actions as Authority shall reasonably require to minimize the impact of construction and airborne debris on nearby property.

D. (§504) Schedule of Performance; Progress Reports.

Subject to Section 903, Developer shall begin and complete all plans, reviews, construction and development specified in the Scope of Development within the times specified in the Schedule of Performance or such reasonable extensions of said dates as may be mutually approved in writing by the parties.

Once construction is commenced, it shall be diligently pursued to completion, and shall not be abandoned for more than thirty (30) consecutive days, except when due to an Enforced Delay, as defined in Section 903. Developer shall keep the Authority informed of the progress of construction and shall submit monthly written reports of the progress of the construction to the Authority in the form required by the Authority.

E. (§505) Indemnification During Construction.

During the periods of construction on the Site and until such time as Authority has issued a Release of Construction Covenants with respect to the construction of the improvements thereon, Developer agrees to and shall indemnify and hold Authority and the City harmless from and against all liability, loss, damage, costs, or expenses (including reasonable attorneys' fees and court costs) arising from or as a result of the death of any person or any accident, injury, loss, or damage whatsoever caused to any person or to the property of any person which shall occur on the Site and which shall be directly or indirectly caused by any acts done thereon or any errors or omissions of Developer or its agents, servants, employees, or contractors. Developer shall not be responsible for (and such indemnity shall not apply to) any acts, errors, or omissions of Authority or the City, or their respective agents, servants, employees, or contractors. Authority and City shall not be responsible for any acts, errors, or omissions of any person or entity except the Authority and the City and their respective agents, servants, employees, or contractors, subject to any and all statutory and other immunities. The provisions of this Section shall survive the termination of this Agreement.

F. (§506) Insurance.

Except as provided in this Section, prior to the commencement of any demolition work and/or construction by Developer on the Project, Developer shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to Authority, during the entire term of such entry or construction, the following policies of insurance, as applicable:

1. Commercial General Liability Insurance. A policy of commercial general liability insurance written on a per occurrence basis in an amount not less than ONE MILLION DOLLARS (\$1,000,000.00) per occurrence and TWO MILLION DOLLARS (\$2,000,000) in the aggregate.

2. Worker's Compensation Insurance. A policy of worker's compensation insurance in such amount as will fully comply with the laws of the State of California and which shall indemnify, insure and provide legal defense for the Developer, against any loss, claim or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by the Developer in the course of carrying out the work or services contemplated in this Agreement.

3. Automobile Insurance. A policy of automobile liability insurance written on a per accident basis in an amount not less than ONE MILLION DOLLARS (\$1,000,000) combined single limit per accident for bodily injury and property damage covering owned (if applicable), leased, hired, and non-owned vehicles.

4. Builder's Risk Insurance. A policy of "Builder's Risk" insurance covering the full replacement value of all of the improvements to be constructed by Developer pursuant to this Agreement plus Developer's personal property and equipment. Developer shall procure the builder's risk insurance policy prior to commencing construction.

All of the above policies of insurance, except the Builder's Risk Insurance, shall be primary insurance and shall name Authority, City, and their officers, employees, and agents as additional insureds. The insurer shall waive all rights of subrogation and contribution it may have against Authority, City, and their officers, employees and agents and their respective insurers. All of said policies of insurance shall provide that said insurance may not be amended or cancelled without providing thirty (30) days prior written notice to Authority, City and Developer. In the event any of said policies of insurance are cancelled, Developer shall, prior to the cancellation date, submit new evidence of insurance in conformance with this Section to the Executive Director. No work or services under this Agreement shall commence until the Developer has provided Authority with Certificates of Insurance or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance or binders are approved by Authority.

The policies of insurance required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated "A-" or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by the Risk Manager of the City ("Risk Manager") due to unique circumstances.

Developer shall provide in all contracts with contractors, subcontractors, architects, and engineers that said contractor, subcontractor, architect, or engineer shall maintain (if applicable) the same policies of insurance required to be maintained by Developer pursuant to this Section, unless waived or modified by the Risk Manager.

The Developer agrees that the provisions of this Section shall not be construed as limiting in any way the extent to which the Developer may be held responsible for the payment of damages to any persons or property resulting from the Developer's activities or the activities of any person or persons for which the Developer is otherwise responsible.

G. (§507) City and Other Governmental Authority Permits.

Before commencement of construction or development of any buildings, structures, or other works of improvement upon the Site which are Developer's responsibility under the applicable Scope of Development, Developer shall at his own expense secure or cause to be secured any and all permits which may be required by City or any other governmental agency affected by such construction, development or work. Developer shall not be obligated to construct if any permit is not issued. If there is delay beyond the usual time for obtaining any such permits due to no fault of Developer, the Schedule of Performance shall be extended to the extent such delay prevents any action which could not legally or would not in accordance with good business practices be expected

to occur before such permit was obtained. Developer shall pay all normal and customary fees and charges applicable to such permits and any fees or charges hereafter imposed by City or Authority which are standard for and uniformly applied to similar projects in the City.

H. (§508) Rights of Access.

Representatives of the Authority shall have the reasonable right to access the Site upon reasonable prior notice without charges or fees, at any time during normal construction hours during the period of construction and upon reasonable notice to Developer, for the purpose of assuring compliance with this Agreement, including but not limited to the inspection of the construction work being performed by or on behalf of Developer. Such representatives of Authority shall be those who are so identified in writing by the Executive Director of Authority. Each such representative of Authority shall identify himself or herself at the job site office upon his or her entrance to the Site, and shall provide Developer, or the construction superintendent or similar person in charge on the Site, a reasonable opportunity to have a representative accompany him or her during the inspection. Authority shall indemnify, defend, and hold Developer harmless from any injury or property damage caused or liability arising out of Authority's exercise of this right of access.

I. (§509) Applicable Laws.

Developer shall carry out the construction of the improvements to be constructed by Developer in conformity with all applicable laws, including all applicable federal and state labor laws.

J. (§510) Nondiscrimination During Construction.

Developer, for itself and its successors and assigns, agrees that in the construction of the improvements to be constructed by Developer, it shall not discriminate against any employee or applicant for employment because of race, color, creed, religion, sex, marital status, ancestry or national origin.

K. (§511) Taxes, Assessments, Encumbrances and Liens.

Developer shall pay, prior to delinquency, all real estate taxes and assessments assessed or levied subsequent to conveyance of title of the Site. Until the date Developer is entitled to the issuance by Authority of a Release of Construction Covenants, Developer shall not place or allow to be placed thereon any mortgage, trust deed, encumbrance or lien (except mechanic's liens prior to suit to foreclose the same being filed) prohibited by this Agreement. Developer shall remove or have removed any levy or attachment made on the Site, or assure the satisfaction thereof, within a reasonable time, but in any event prior to a sale thereunder. Nothing herein contained shall be deemed to prohibit Developer from contesting the validity or amounts of any tax, assessment, encumbrance or lien, or to limit the remedies available to Developer in respect thereto.

L. (§512) Rights of Holders of Approved Security Interests in Site.

1. Definitions. As used in this Section, the term "mortgage" shall include any mortgage, whether a leasehold mortgage or otherwise, deed of trust, or other security interest, or sale and lease-back, or any other form of conveyance for financing. The term "holder" shall include

the holder of any such mortgage, deed of trust, or other security interest, or the lessor under a lease-back, or the grantee under any other conveyance for financing.

2. No Encumbrances Except Mortgages to Finance the Project. Notwithstanding the restrictions on transfer in Section 303, mortgages required for any reasonable method of financing of the development and/or construction of the improvements are permitted before issuance of a Release of Construction Covenants but only for the purpose of securing loans of funds used or to be used for the construction and development of improvements on the Site, and for any other expenditures necessary and appropriate to develop the Site under this Agreement, or for restructuring or refinancing any for same, so long as the refinancing does not exceed the then outstanding balance of the existing financing, including any additional costs for completion of construction, whether direct or indirect, based upon the estimates of architects and/or contractors. Developer (or any entity permitted to acquire title under this Section) shall notify Authority in advance of any mortgage, if Developer or such entity proposes to enter into the same before issuance of the Release of Construction Covenants. Developer or such entity shall not enter into any such conveyance for financing without the prior written approval of Authority, which shall not be unreasonably withheld. Any lender approved by Authority pursuant to Section 408 shall not be bound by any amendment, implementation, or modification to this Agreement subsequent to its approval without such lender giving its prior written consent thereto. In any event, the Developer shall promptly notify Authority of any mortgage, encumbrance, or lien that has been created or attached thereto prior to issuance of a Release of Construction Covenants, whether by voluntary act of Developer or otherwise.

3. Developer's Breach Not to Defeat Mortgage Lien. Developer's breach of any of the covenants or restrictions contained in this Agreement shall not defeat or render invalid the lien of any mortgage made in good faith and for value as to the Site, or any part thereof or interest therein, but unless otherwise provided herein, the terms, conditions, covenants, restrictions, easements, and reservations of this Agreement shall be binding and effective against the holder of any such mortgage of the Site whose interest is acquired by foreclosure, trustee's sale or otherwise.

4. Holder Not Obligated to Construct or Complete Improvements. The holder of any mortgage shall in no way be obligated by the provisions of this Agreement to construct or complete the improvements or to guarantee such construction or completion.

5. Notice of Default to Holders of Mortgages, Deed of Trust or other Security Interest. Whenever Authority shall deliver any notice or demand to Developer with respect to any breach or default by Developer hereunder, Authority shall at the same time deliver a copy of such notice or demand to each holder of record of any mortgage who has previously made a written request to Authority therefor, or to the representative of such lender as may be identified in such a written request by the lender. No notice of default shall be effective as to the holder unless such notice is given.

6. Right to Cure. Each holder (insofar as the rights of Authority are concerned) shall have the right, at its option, within ninety (90) days after the receipt of the notice, to:

a. obtain possession, if necessary, and to commence and diligently pursue said cure until the same is completed, and

b. add the cost of said cure to the security interest debt and the lien or obligation on its security interest;

provided that in the case of a default which cannot with diligence be remedied or cured within such ninety (90) day period, such holder shall have additional time as reasonably necessary to remedy or cure such default.

In the event there is more than one such holder, the right to cure or remedy a breach or default of Developer under this Section shall be exercised by the holder first in priority or as the holders may otherwise agree among themselves, but there shall be only one exercise of such right to cure and remedy a breach or default of Developer under this Section.

No holder shall undertake or continue the construction or completion of the improvements (beyond the extent necessary to preserve or protect the improvements or construction already made) without first submitting evidence satisfactory to the Authority that it has the qualifications and financial responsibility necessary to construct and complete the improvements and enter into an agreement with the Authority with respect to the obligations hereunder. Any holder properly completing such improvements shall be entitled, upon written request made to Authority, to a Release of Construction Covenants from Authority.

7. Authority's Rights upon Failure of Holder to Complete Improvements. In any case where one hundred eighty (180) days after default by Developer in completion of construction of improvements under this Agreement, the holder of any mortgage creating a lien or encumbrance upon the Site or improvements thereon has not exercised the option to construct afforded in this Section or if it has exercised such option and has not proceeded diligently with construction, Authority may, after ninety (90) days' notice to such holder and if such holder has not exercised such option to construct within said ninety (90) day period, purchase the mortgage, upon payment to the holder of an amount equal to the sum of the following:

- a. The unpaid mortgage debt plus any accrued and unpaid interest (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings, if any);
- b. All expenses incurred by the holder with respect to foreclosure, if any;
- c. The net expenses (exclusive of general overhead), incurred by the holder as a direct result of the ownership or management of the Site, such as insurance premiums or real estate taxes, if any;
- d. The costs of any improvements made by such holder, if any; and
- e. An amount equivalent to the interest that would have accrued on the aggregate of such amounts had all such amounts become part of the mortgage debt and such debt had continued in existence to the date of payment by the Authority.

In the event that the holder does not exercise its option to construct afforded in this Section, and Authority elects not to purchase the mortgage of holder, upon written request by the holder to Authority, Authority agrees to use reasonable efforts to assist the holder selling the holder's interest to a qualified and responsible party or parties (as determined by Authority). The proceeds of such a

sale shall be applied first to the holder of those items specified in subparagraphs a. through e. hereinabove, and any balance remaining thereafter shall be applied as follows:

(1) First, to reimburse Authority, on its own behalf and on behalf of the City, for all costs and expenses actually and reasonably incurred by Authority, including but not limited to payroll expenses, management expenses, legal expenses, and others.

(2) Second, to reimburse Authority, on its own behalf and on behalf of the City, for all payments made by Authority to discharge any other encumbrances or liens on the Site or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults, or acts of Developer, its successors or transferees.

(3) Third, to reimburse Authority, on its own behalf and on behalf of the City, for all costs and expenses actually and reasonably incurred by Authority, in connection with its efforts assisting the holder in selling the holder's interest in accordance with this Section.

(4) Fourth, any balance remaining thereafter shall be paid to Developer.

8. Right of Authority to Cure Mortgage, Deed of Trust or Other Security Interest Default. In the event of a default or breach by Developer (or entity permitted to acquire title under this Section) of a mortgage prior to the issuance by Authority of a Release of Construction Covenants for the Site or portions thereof covered by said mortgage, and the holder of any such mortgage has not exercised its option to complete the development, Authority may cure the default prior to completion of any foreclosure. In such event, Authority shall be entitled to reimbursement from Developer or other entity of all costs and expenses incurred by Authority in curing the default, to the extent permitted by law, as if such holder initiated such claim for reimbursement, including legal costs and attorneys' fees, which right of reimbursement shall be secured by a lien upon the Site to the extent of such costs and disbursements. Any such lien shall be subject to:

a. Any mortgage for financing permitted by this Agreement; and

b. Any rights or interests provided in this Agreement for the protection of the holders of such mortgages for financing;

provided, that nothing herein shall be deemed to impose upon Authority any affirmative obligations (by the payment of money, construction or otherwise) with respect to the Site in the event of its enforcement of its lien.

9. Right of Authority to Satisfy Other Liens on the Site After Conveyance of Title. After the conveyance of title and prior to the recordation of a Release of Construction Covenants for construction and development, and after the Developer has had a reasonable time to challenge, cure, or satisfy any liens or encumbrances on the Site or any portion thereof, the Authority shall have the right to satisfy any such liens or encumbrances; provided, however, that nothing in this Agreement shall require the Developer to pay or make provision for the payment of any tax, assessment, lien or charge so long as the Developer in good faith shall contest the validity or amount thereof, and so long as such delay in payment shall not subject the Site or any portion thereof to forfeiture or sale.

M. (§513) Release of Construction Covenants.

Upon the completion of all construction required to be completed by Developer on the Site, Authority shall furnish Developer with a Release of Construction Covenants for the Site in the form attached hereto as Attachment No. 8 upon written request therefor by Developer. The Release of Construction Covenants shall be executed and notarized so as to permit it to be recorded in the office of the Recorder of Los Angeles County. A Release of Construction Covenants shall be, and shall state that it constitutes, conclusive determination of satisfactory completion of the construction and development of the improvements required by this Agreement upon the Site and of full compliance with the terms of this Agreement with respect thereto. A partial Release of Construction Covenants applicable to less than the entire Site shall not be permitted.

After the issuance of a Release of Construction Covenants, any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Site shall not (because of such ownership, purchase, lease, or acquisition) incur any obligation or liability under this Agreement with respect to the Site, except that such party shall be bound by the covenants, encumbrances, and easements contained in the Deed and the Authority Regulatory Agreement attached hereto. After issuance of a Release of Construction Covenants, the Authority shall not have any rights or remedies under this Agreement with respect to the Site, except as otherwise set forth or incorporated in the Deed or the Authority Regulatory Agreement.

Authority shall not unreasonably withhold a Release of Construction Covenants. If Authority refuses or fails to furnish a Release of Construction Covenants within thirty (30) days after written request from Developer or any entity entitled thereto, Authority shall provide a written statement of the detailed reasons Authority refused or failed to furnish a Release of Construction Covenants. The statement shall also contain Authority's opinion of the action Developer must take to obtain a Release of Construction Covenants. If the reason for such refusal is confined to the immediate availability of specific items or materials for landscaping, or other minor so-called "punch list" items, Authority will issue its Release of Construction Covenants upon the posting of a bond in an amount representing one hundred twenty five (125%) of the fair value of the work not yet completed or other assurance reasonably satisfactory to Authority.

A Release of Construction Covenants shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of a mortgage, or any insurer of a mortgage securing money loaned to finance the improvements, or any part thereof. Such Release of Construction Covenants is not notice of completion as referred to in the California Civil Code Section 3093. Nothing herein shall prevent or affect Developer's right to obtain a Certificate of Occupancy from the City before the Release of Construction Covenants is issued.

N. (§514) Estoppels.

No later than fifteen (15) days after the request of Developer or any holder of a mortgage or deed of trust, Authority shall, from time to time and upon the request of such holder, execute and deliver to Developer or such holder a written statement of Authority that no default or breach exists (or would exist with the passage of time, or giving of notice or both) by Developer under this Agreement, if such be the determination of the Authority, and certifying as to whether or not Developer has at the date of such certification complied with any obligation of Developer hereunder

as to which such holder may inquire. The form of any estoppel letter shall be prepared by the holder or Developer and shall be at no cost to Authority.

O. (§ 515) Subordination.

Authority agrees to subordinate the Deed of Trust, the Authority Regulatory Agreement and the applicable covenants in this Agreement, the Deed, to mortgages, liens or other security (“**liens**”) given in connection with the construction loan and subsequently to a permanent loan obtained by the Developer as part of the financing of the Project, including any refinancing thereof established and obtained pursuant to and in compliance with the provisions of this Agreement. The Executive Director of Authority is hereby authorized and directed to execute such subordination agreements, intercreditor agreements, tri-party agreements, stand-still agreements, modifications to this Agreement, the Note, the Deed of Trust, the Deed and the Authority Regulatory Agreement and/or other documents as may be reasonably requested by a senior lender. The execution of such agreements is subject to the requirement that such agreements contain written provisions which the Executive Director finds are consistent with the standard requirements imposed by the lender and commonly required for financing of similar projects in Los Angeles county, the subordination requirements contained in this Agreement and that Authority be given notice and be permitted an opportunity to cure any defaults under the senior lien within a reasonable time.

Authority shall only be required to subordinate the Deed of Trust, the Authority Regulatory Agreement and the applicable covenants in this Agreement and the Deed to a construction loan provided the following requirements are satisfied:

- a. Developer is not in default under any obligations to the Authority including, but not limited to, the Note, the Deed of Trust, the Authority Regulatory Agreement and this Agreement.
- b. The senior lien shall be a construction loan with the proceeds to be used solely for construction of the Project with no land draw permitted. The loan agreement shall mandate a construction disbursement control system providing for period disbursements based upon submission of mechanic lien releases and inspection reports confirming the completion of the work. The loan budget shall be subject to the reasonable review and approval of Authority.
- c. Interest rate and other terms shall be commercially reasonable for similar projects in Los Angeles County.
- d. The senior lender agrees to provide Authority with any notice of default which is provided by the senior lender to Developer and provide Authority with the right (but not the obligation) to cure any default and extend the time for such cure provided Authority is diligently processing the cure of such default.
- e. Authority will execute a subordination agreement for recordation as reasonably required by a title company to provide title insurance for the senior loan.
- f. A request for special notice shall be recorded concurrently with the subordination agreement.

- g. The senior lender agrees to provide Authority with any notice of default which is provided by the senior lender to Developer and provide Authority with the right (but not the obligation) to cure any default and extend the time for such cure provided Authority is diligently processing the cure of such default.
- h. Concurrently with the recordation of the subordination agreement, the Authority Loan Title Policy shall be updated as required by Authority at Developer's cost and expense insuring the Deed of Trust is junior only to the specified senior loan.
- i. Authority shall be provided complete executed copies of all senior loan documents.

Authority shall only be required to subordinate the Deed of Trust, the Authority Regulatory Agreement and the applicable covenants in this Agreement and the Deed to a permanent loan provided the following requirements are satisfied:

- a. Developer is not in default under any obligations to the Authority including, but not limited to, the Note, the Deed of Trust, the Authority Regulatory Agreement and this Agreement.
- b. The Project has been completed in accordance with this Agreement.
- c. The senior loan amount shall not exceed the greater of (i) current balance of the construction loan plus the reasonable costs to be secure such loan, or (ii) eighty percent (80%) of the value of the Project.
- d. The monthly payments under the senior loan shall be amortized over not less than twenty-five (25) years.
- e. Developer shall provide reasonable evidence to Authority that the proceeds from the Project shall be sufficient to pay the payments under the senior loan.
- f. Interest rate and other terms shall be commercially reasonable for similar projects in Los Angeles County.
- g. The senior lender agrees to provide Authority with any notice of default which is provided by the senior lender to Developer and provide Authority with the right (but not the obligation) to cure any default and extend the time for such cure provided Authority is diligently processing the cure of such default.
- h. Authority will execute a subordination agreement for recordation as reasonably required by a title company to provide title insurance for the senior loan.
- i. A request for special notice shall be recorded concurrently with the subordination agreement.
- j. Concurrently with the recordation of the subordination agreement, the Authority's Loan Title Policy shall be updated as required by Authority at Developer's cost and expense insuring the Deed of Trust is junior only to the specified senior loan.

- k. Authority shall be provided complete executed copies of all senior loan documents.

Authority shall be entitled to prompt reimbursement from Developer for any costs associated with curing a default on a senior lien. If not paid by Developer, such sum shall be added to the Note and secured by the Deed of Trust.

VI. (§600) USES AND MAINTENANCE OF THE SITE

A. (§601) Uses of the Site.

Developer covenants and agrees for itself, its successors and assigns, which covenants shall run with the land and bind every successor or assign in interest of Developer, that during development of the Site pursuant to this Agreement and thereafter, neither the Site nor the improvements, nor any portion thereof, shall be improved, used or occupied in violation of any applicable governmental restrictions or the restrictions of this Agreement. Furthermore, Developer and its successors and assigns shall not initiate, maintain, commit, or permit the maintenance or commission on the Site or in the improvements, or any portion thereof, of any nuisance, public or private, as now or hereafter defined by any statutory or decisional law applicable to the Site or the improvements, or any portion thereof. Developer further covenants and agrees on behalf of itself and its successors and assigns to devote, use, operate and maintain the Site in accordance with this Agreement, the Authority Regulatory Agreement, and the other documents recorded against the Residential Units pursuant to the provisions of this Agreement.

Notwithstanding anything to the contrary or that appears to be to the contrary in this Agreement and except as set forth in any subordination agreement, Developer hereby covenants, on behalf of itself, and its successors and assigns, which covenants shall run with the land and bind every successor and assign in interest of Developer, that Developer and such successors and assigns shall use the Site solely for the purpose of constructing, maintaining and operating a project meeting the requirements and restrictions of this Agreement, including, without limitations, restriction of the rental and occupancy of the Residential Units only to Qualified Tenants for a rent not in excess of an Affordable Rent for the period specified herein.

B. (§602) Affordable Housing.

1. Construction of Affordable Housing. Developer covenants and agrees to construct a maximum of forty-six (46) Residential Units (one of which shall be a Manager's Unit) in conformity with the Scope of Development. All of the Residential Units, other than the Manager's Unit, shall be restricted to Affordable Rents to Low, Very Low, and Extremely Low Income Households, with a leasing preference to artists. The location, size and specifications of the Residential Units, including affordability levels, shall be as set forth in the Scope of Development and as further designated by the Authority. All Residential Units (which does not include the Manager's Unit), shall be subject to and shall be leased in compliance with the tenant selection criteria described in the Regulatory Agreements Notwithstanding anything to the contrary set forth herein, in the event of a conflict between the total number of restricted affordable units set forth herein and the total number of restricted affordable units which the Authority may require by statute, Developer may elect to use the affordable unit restrictions established by the rules and regulations of the California Tax Credit Allocation Committee.

2. Residential Unit Requirements. All Residential Units constructed pursuant to this Agreement shall be occupied at all times only by the household of the Qualified Tenant who has rented that Residential Unit. Developer covenants to cooperate with Authority in taking all steps necessary to implement this requirement with respect to all Qualified Tenants. The restrictions upon rental and use of each Residential Unit shall continue for a period of fifty-five (55) years from the initial rental of the Residential Unit by the Developer to a Qualified Tenant.

3. Leasing of Residential Units by Developer.

a. Marketing Program. Prior to the deadline specified in the Schedule of Performance, Developer shall prepare and obtain Authority's approval (which shall not be unreasonably withheld) of a marketing and leasing program ("**Approved Marketing Program**") for the selection of tenants for the Residential Units at the Project that shall be in accordance and consistent with the use and other requirements and restrictions of the Regulatory Agreements. The Residential Units shall thereafter be marketed in accordance with the Approved Marketing Program as the same may be amended by Developer from time to time with Authority's prior written approval, which shall not be unreasonably withheld. Monthly during the initial lease-up period, and annually thereafter, Developer shall provide Authority with a report with respect to Residential Units under lease, leases in default, the status of implementation of the Approved Marketing Program, and such other information as Authority may reasonably request. Authority agrees to exercise reasonable efforts to assist Developer in connection with implementation of the Approved Marketing Program; provided, Authority shall not be under any obligation to incur any out-of-pocket expenses in connection therewith.

b. Restricted Residential Units. As set forth above, each of the Residential Units shall be rented to a Qualified Tenant for a rental rate that does not exceed an Affordable Rent for the applicable Residential Unit.

c. Annual Tenancy Report. Developer shall provide Authority annually, by July 1 of each year, with a written report on Project occupancy for each Residential Unit, including information concerning the number of months during which each Residential Unit was occupied and the income category of each tenant household occupying a Residential Unit. The annual report and Developer's records related to each tenancy shall be subject to inspection and audit upon Authority's written request.

C. (§603) Obligation to Refrain from Discrimination.

There shall be no discrimination against, or segregation of, any persons, or group of persons, on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the rental, sale, lease, sublease, transfer, use, occupancy, or enjoyment of the Site, or any portion thereof, nor shall Developer, or any person claiming under or through Developer, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Site or any portion thereof (except as permitted by this Agreement). The nondiscrimination and non-segregation covenants contained herein shall remain in effect in perpetuity.

D. (§604) Form of Nondiscrimination and Non-segregation Clauses.

Subject to the tenancy/occupancy restrictions on the Residential Units not prohibited by federal law as embodied in this Agreement, which may modify the following nondiscrimination clauses, the following shall apply: Developer shall refrain from restricting the rental, sale, or lease of any portion of the Site on the basis of race, color, creed, religion, sex, marital status, ancestry or national origin of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or non-segregation clauses:

1. **Deeds:** In deeds the following language shall appear: “The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee, or any persons claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land.”

2. **Leases:** In leases the following language shall appear: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: ‘That there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.’”

3. **Contracts:** Any contracts which Developer or Developer’s heirs, executors, administrators, or assigns propose to enter into for the sale, transfer, or leasing of the Site shall contain a nondiscrimination and non-segregation clause substantially as set forth in Section 603 and in this Section. Such clause shall bind the contracting party and subcontracting party or transferee under the instrument.

E. (§605) Maintenance of Improvements.

Developer covenants and agrees for itself, its successors and assigns, and every successor in interest to the Site or any part thereof, that, after Authority’s issuance of its Release of Construction Covenants, Developer shall be responsible for maintenance of all improvements that may exist on the Site from time to time, including without limitation buildings, parking lots, lighting, signs, and walls, in good working condition and repair, and shall keep the Site free from any accumulation of debris or waste materials. Developer shall also maintain all landscaping required pursuant to Developer’s approved landscaping plan in a healthy condition, including replacement of any dead or diseased plants. The foregoing maintenance obligations shall run with the land in accordance with and for the term of the Authority Regulatory Agreement. Developer’s further obligations to

maintain the Site, and Authority's remedies in the event of Developer's default in performing such obligations, are set forth in the Authority Regulatory Agreement. Developer hereby waives any notice, public hearing, and other requirements of the public nuisance laws and ordinances of the City that would otherwise apply, except as specified in said Authority Regulatory Agreement. Upon the sale of any portion of the Site, Developer (but not Developer's successor) shall be released from the requirements imposed by this Section 605, and the financial liability therefor, as to the portion of the Site conveyed.

F. (§606) Effect of Covenants.

Authority is a beneficiary of the terms and provisions of this Agreement and of the restrictions and covenants running with the land, whether appearing in the Deed of Trust, or the Authority Regulatory Agreement, for and in its own right for the purposes of protecting the interests of the community in whose favor and for whose benefit the covenants running with the land have been provided. The covenants in favor of Authority shall run without regard to whether Authority has been, remains or is an owner of any land or interest therein in the Site, and shall be effective as both covenants and equitable servitudes against the Site. Authority shall have the right, if any of the covenants set forth in this Agreement which are provided for its benefit are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it may be entitled. In the event the Authority no longer exists or lacks legal authority to enforce the terms and provisions of this Agreement or any of the covenants provided pursuant to this Agreement, the same may be enforced by the City of Carson. With the exception of the City, no other person or entity shall have any right to enforce the terms of this Agreement under a theory of third-party beneficiary or otherwise. The covenants running with the land and their duration are set forth in the Authority Regulatory Agreement.

VII. (§700) SPECIAL PROVISIONS

A. (§701) Amendments to this Agreement to Comply with Housing Program Fund Requirements.

If reasonable changes to this Agreement are required by the entities providing Housing Program Funds pursuant to Section 401, the parties agree to effectuate such changes in order to be in compliance with the requirements. The Executive Director is authorized, without further approval of the Authority, to make changes to this Agreement and the Authority Regulatory Agreement as required to satisfy the requirements described herein.

B. (§ 703) Minor Amendments.

Each party agrees to consider reasonable requests for amendments to this Agreement which may be made by the other party, lending institutions, or financial consultants. Any amendments to this Agreement must be in writing and signed by the appropriate authorities of the Authority and Participant. On behalf of the Authority, the Executive Director shall have the authority to make minor amendments to this Agreement, including, but not limited to, the granting of extensions of time to Participant, so long as such actions do not materially change the Agreement or make a commitment of additional funds of the Authority. All other changes, modifications, and amendments shall require the prior approval of the Authority's governing board.

VIII. (§800) DEFAULTS, REMEDIES AND TERMINATION

A. (§801) Defaults, Right to Cure and Waivers.

Subject to any Enforced Delay, failure or delay by either party to timely perform any covenant of this Agreement constitutes a default under this Agreement, but only if the party who so fails or delays does not commence 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 does not thereafter prosecute such cure, correction or remedy with diligence to completion.

The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Except as required to protect against further damages, the injured party may not institute proceedings against the party in default until thirty (30) days after giving such notice. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.

Except as otherwise provided in this Agreement, waiver by either party of the performance of any covenant, condition or promise, shall not invalidate this Agreement, nor shall it be considered a waiver of any other covenant, condition, or promise. Waiver by either party of the time for performing any act shall not constitute a waiver of time for performing any other act or an identical act required to be performed at a later time. The delay or forbearance by either party in exercising any remedy or right as to any default shall not operate as a waiver of any default or of any rights or remedies or to deprive such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

B. (§802) Legal Actions.

1. Institution of Legal Actions. In addition to any other rights or remedies, and subject to the requirements of Section 801, either party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Legal actions must be instituted and maintained in the Superior Court of the County of Los Angeles, State of California, in any other appropriate court in that county, or in the Federal District Court in the Central District of California.

2. Applicable Law and Forum. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

3. Acceptance of Service of Process. In the event that any legal action is commenced by Developer against Authority, service of process on Authority shall be made by personal service upon the Executive Director or Secretary of Authority or in such other manner as may be provided by law. In the event that any legal action is commenced by Authority against Developer, service of process on Developer shall be made in such manner as may be provided by law and shall be valid whether made within or outside of the State of California.

C. (§803) Rights and Remedies are Cumulative.

Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of its rights or remedies shall

not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

D. (§804) Specific Performance.

In addition to any other remedies permitted by this Agreement, if either party defaults hereunder by failing to perform any of its obligations herein, each party agrees that the other shall be entitled to the judicial remedy of specific performance, and each party agrees (subject to its reserved right to contest whether in fact a default does exist) not to challenge or contest the appropriateness of such remedy. In this regard, Developer specifically acknowledges that Authority is entering into this Agreement for the purpose of assisting in the development of the Site and not for the purpose of enabling Developer to speculate in land..

E. (§806) Attorneys' Fees.

If either party to this Agreement is required to initiate or defend any action or proceeding in any way arising out of the parties' agreement to, or performance of, this Agreement, or is made a party to any such action or proceeding by the Loan Escrow Agent or other third party, such that the parties hereto are adversarial, the prevailing party, as between Developer and Authority only, in such action or proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorney's fees from the other. As used herein, the "prevailing party" shall be the party determined as such by a court of law, pursuant to the definition in Code of Civil Procedure Section 1032(a)(4), as the same may be amended or re-codified from time to time. Attorneys' fees shall include attorneys' fees on any appeal, and in addition a party entitled to attorneys' fees shall be entitled to all other reasonable costs for investigating such action, taking depositions and discovery and all other necessary costs, including expert witness fees, the court allows which are incurred in such litigation. All such fees shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment.

IX. (§900) GENERAL PROVISIONS

A. (§901) Notices, Demands and Communications Between the Parties.

Except as expressly provided to the contrary herein, any notice, consent, report, demand, document or other such item to be given, delivered, furnished or received hereunder shall be deemed given, delivered, furnished, and received when given in writing and personally delivered to an authorized agent of the applicable party, or upon delivery by the United States Postal Service, first-class registered or certified mail, postage prepaid, return receipt requested, or by a national "overnight courier" such as Federal Express, at the time of delivery shown upon such receipt; or by facsimile, if such facsimile is followed by a notice sent out the same day by mail; in any case, delivered to the address, addresses and persons as each party may from time to time by written notice designate to the other and who initially are:

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

Copy to: Aleshire & Wynder, LLP
18881 Von Karman Avenue, Suite 1700
Irvine, CA 92612
Attn: Sunny K. Soltani, Esq.

Owner: 21205 Carson Arts, L.P.
1640 Sepulveda Blvd., Suite 425
Los Angeles, CA 90025
Attn: Chris Maffris

Copy to: Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, 64th Floor
Los Angeles, CA 90071
Attn: Nicole Deddens, Esq.

B. (§902) Nonliability of City and Authority Officials and Employees; Conflicts of Interest; Commissions.

1. **Personal Liability.** No member, official, employee, agent or contractor of City or Authority shall be personally liable to Developer in the event of any default or breach by Authority or for any amount which may become due to Developer or on any obligations under the terms of the Agreement; provided, it is understood that nothing in this Section 902 is intended to limit Authority's liability.

2. **Financial Interest.** No member, official, employee or agent of City or Authority shall have any financial interest, direct or indirect, in this Agreement, nor participate in any decision relating to this Agreement which is prohibited by law.

3. **Commissions.** Neither the Authority, Developer has retained any broker or finder or has paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement. No party shall be liable for any real estate commissions, brokerage fees or finders fees which may arise from this Agreement, and each party agrees to hold the other harmless from any claim by any broker, agent, or finder retained by such party.

C. (§903) Enforced Delay: Extension of Times of Performance.

Time is of the essence in the performance of this Agreement.

Notwithstanding the foregoing, in addition to specific provisions of this Agreement, performance by any party hereunder shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots, floods; earthquakes; fires; casualties; supernatural causes; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; subsurface conditions on the Site and unknown soils conditions; governmental restrictions or priority litigation; unusually severe weather; acts of the other party; acts or the failure to act of a public or governmental agency or entity (except that acts or the failure to act of Authority or City shall not excuse performance by Authority unless the act or failure is caused by the acts or omissions of Developer); or any other causes beyond the reasonable control or without the fault of the party claiming an extension of time to perform. In the event of such a delay

(herein “Enforced Delay”), the party delayed shall continue to exercise reasonable diligence to minimize the period of the delay. An extension of time for any such cause shall be limited to the period of the Enforced Delay, and shall commence to run from the time of the commencement of the cause, provided notice by the party claiming such extension is sent to the other party within ten (10) days of the commencement of the cause.

The following shall not be considered as events or causes beyond the control of Developer, and shall not entitle Developer to an extension of time to perform: (i) Developer’s failure to obtain financing for the Project (except as provided in Section 401), and (ii) Developer’s failure to negotiate agreements with prospective users for the Project or the alleged absence of favorable market conditions for such uses.

Times of performance under this Agreement may also be extended by mutual written agreement by Authority and Developer. The Executive Director of Authority shall have the authority on behalf of Authority to approve extensions of time not to exceed a cumulative total of one hundred eighty (180) days with respect to the development of the Site.

D. (§904) Books and Records.

1. **Developer to Keep Records.** Developer shall prepare and maintain all books, records and reports necessary to substantiate Developer’s compliance with the terms of this Agreement or reasonably required by the Authority.

2. **Right to Inspect.** Any party shall have the right, upon not less than seventy-two (72) hours prior written notice, during normal business hours, to inspect the books and records of any other party pertaining to the Site as pertinent to the purposes of this Agreement.

E. (§905) Assurances to Act in Good Faith.

Authority and Developer agree to execute all documents and instruments and to take all action, including making a deposit of funds in addition to such funds as may be specifically provided for herein, and as may be required in order to consummate conveyance and development of the Site as herein contemplated, and shall use their best efforts, to accomplish the Loan Closing and subsequent development of the Site in accordance with the provisions hereof. Authority and Developer shall each diligently and in good faith pursue the satisfaction of any conditions or contingencies subject to their approval.

F. (§906) Interpretation.

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply. The section headings are for purposes of convenience only, and shall not be construed to limit or extend the meaning of this Agreement. This Agreement includes all attachments attached hereto, which are by this reference incorporated in this Agreement in their entirety.

G. (§907) Entire Agreement, Waivers and Amendments.

This Agreement integrates all of the terms and conditions mentioned herein, or incidental hereto, and this Agreement supersedes all negotiations and previous agreements between the parties with respect to all or any part of the subject matter hereof. All waivers of the provisions of this Agreement, unless specified otherwise herein, must be in writing and signed by the appropriate authorities of Authority or Developer, as applicable, and all amendments hereto must be in writing and signed by the appropriate authorities of Authority and Developer.

H. (§908) Severability.

In the event any term, covenant, condition, provision or agreement contained herein is held to be invalid, void or otherwise unenforceable, by any court of competent jurisdiction, such holding shall in no way affect the validity or enforceability of any term, covenant, condition, provision or agreement contained herein.

I.(§909) Time for Acceptance of Agreement by Authority.

This Agreement, when executed by Developer and delivered to Authority, must be authorized, executed and delivered by Authority, after consideration at a public meeting. After execution by Developer, this Agreement shall be considered an irrevocable offer until such time as Authority is authorized to execute and deliver the Agreement.

J. (§910) City as Third Party Beneficiary.

City is a third party beneficiary of this Agreement and all the related documents.

K. (§911) Execution.

1. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

2. Authority represents and warrants that: (i) it is a housing authority duly organized and existing under the laws of the State of California; (ii) by proper action of Authority, Authority has been duly authorized to execute and deliver this Agreement, acting by and through its duly authorized officers; and (iii) the entering into this Agreement by Authority does not violate any provision of any other agreement to which Authority is a party.

3. Developer represents and warrants that: (i) it is duly organized and existing under the laws of the State of Delaware; (ii) by proper action of Developer, Developer has been duly authorized to execute and deliver this Agreement, acting by and through its duly authorized officers; and (iii) the entering into this Agreement by Developer does not violate any provision of any other agreement to which Developer is a party.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date of execution by the Authority.

DEVELOPER:

21205 CARSON ARTS, L.P.,
a California Limited Partnership

By: 21205 Carson Arts LLC,
a California liability company,
General Partner

By: _____
Chris Maffris
Vice President

AUTHORITY:

CARSON HOUSING AUTHORITY,
a public agency, corporate and politic

By: _____
Albert Robles, Chair

Date: _____, 2017

ATTEST:

By: _____
Donesia L. Gause, CMC
Authority Secretary

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

By: _____
Sunny K. Soltani
Authority Counsel

ATTACHMENT NO. 1
21205 CARSON ARTS AFFORDABLE HOUSING DLA
LEGAL DESCRIPTION OF SITE

THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY OF CARSON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

The North 125 feet of Lot 6 of Tract No. 3612, in the City of Carson, County of Los Angeles, State of California, as per map recorded in Book 40 Pages 5 and 6 of Maps, in the office of the County Recorder of said county.

APNs 7343-001-040 & 7343-001-041

ATTACHMENT NO. 1-A
TO 21205 CARSON ARTS AFFORDABLE HOUSING DLA
SITE MAP

(To be attached prior to execution)

ATTACHMENT NO. 2

TO 21205 CARSON ARTS AFFORDABLE HOUSING DLA

SCOPE OF DEVELOPMENT

A. PROJECT CONCEPT

The term “Project” shall mean improvements required to be constructed by Developer on the Site including, but not limited to, the construction of buildings, glass and concrete work, landscaping, parking areas, and related improvements. Developer will construct a three, 3-story buildings, 46-unit (45 affordable units + 1 Manager’s Unit) development as a low-income apartment community type V (residential) construction. In addition to Residential Units, the Project shall also include approximately 12,000 square feet of common space with residential art focused amenities such as a maker space for heavy equipment, a quiet art studio, and a street level gallery space for exhibits, performances and other creative programming, sculpture garden, and digital/media space. Other amenities include but are not limited to, a tot lot, edible garden, open outdoor courtyard, lobby/residential gallery, and laundry room. Developer will provide and maintain Resident services including educational, recreational, social and/or vocational on-site programs free of charge. Resident services, marketing, and outreach will focus on artists and their families. All of the residential units within the Project, other than the Manager’s Unit, will be rental units covenanted to be available to families earning 30-60% of the area median income.

The Residential Units will consist of:

- 21 one-bedroom/one-bathroom units of approximately 625 square feet;
- 13 two-bedroom/one-bathroom units of approximately 775 square feet (including Manager’s Unit); and
- 12 three-bedroom/two-bathroom units of approximately 1,050 square feet.

23 of the residential Units will be restricted for use by Low, Very Low, and Extremely Low Income Households (excluding one (1) unit restricted as a Manager’s Unit for rent to a Qualified Manager) rental of the restricted Residential Units shall be administered as follows:

- 9 of the Residential Units shall be restricted to rent to Extremely Low Income Households (4 one-bedroom, 2 two-bedroom, and 3 three-bedroom), and
- 5 of the Residential Units shall be restricted to rent to Very Low Income Households (2 one-bedroom, 2two-bedroom, and 1 three-bedroom), and
- 9 of the Residential Units shall be restricted to rent to Low Income Households (6 one-bedroom, 2 two-bedrooms, and 2 three-bedroom).

The acquisition and development costs for the Project shall be funded from a variety of sources, as further described in the Project Budget attached to this Attachment as Exhibit “A” (“**Project Budget**”).

B. SITE DESCRIPTION

The Site as legally described on Attachment No. 1 and depicted on the Site Map attached as Attachment No. 1-A.

C. DEMOLITION AND CLEARANCE

Developer will complete demolition of all the improvements on the Site. Developer shall be responsible for all on-site work and improvements, including, but not limited to the following:

1. Developer shall be responsible for all utility relocation, and other work necessary to prepare the Site for the improvements contemplated by the DLA, and shall be responsible for all construction of the Restricted Units in accordance with the approved plans thereof.
2. Restoring those streets adjacent to the Site, if any, that undergo utility trenching needed to provide house connections to service the Site. The streets shall be restored to the condition prior to construction, with materials acceptable to the Director of Public Works.
3. Developer shall be responsible for the repair and protection of off-site improvements during construction of the on-site improvements. Any off-site improvements found damaged shall be reconstructed or provided for by Developer to the satisfaction of the Director of Public Works.
4. Developer shall plant or provide for street trees adjacent to the Site, including tree root barriers, to the satisfaction of the Director of Public Works. All required street trees, and any landscaping and sprinkler systems, shall be maintained by Developer and/or successors.
5. Developer shall provide or construct sidewalks, as shown on the approved Conceptual Plans, to the satisfaction of the Director of Public Works.
6. Developer shall submit a drainage plan with hydrology and hydraulic calculations, if requested, showing building elevations and drainage patterns and slopes, for review and approval by the Director of Community Development and the Director of Public Works. All required drainage/grading shall be provided in accordance with approved plans.

D. SITE PREPARATION

Developer shall, at its sole cost and expense, perform or cause to be performed grading plan preparation, fine grading and related compaction, and other site preparation as necessary for construction of the Project, as approved by the City Engineer. Plans shall be prepared by a licensed civil engineer in good standing and subject to the approval of the City Engineer.

Developer shall, at its sole cost and expense, scarify, over-excavate, cut, fill, compact, rough grade, and/or perform all grading as required pursuant to an approved grading plan(s) to create finished lots, building pads, and appropriate rights-of-way configurations necessary to develop the Project described herein.

E. PROJECT DESIGN

1. DESIGN PROCESS

Developer and its representatives, including its architect and engineer, shall work with City and Authority staff to develop and execute the architectural concept, architectural drawings, site plan, tentative tract map, grading plan, off-site improvement plans, and related drawings and documents consistent with Planning Commission and Authority direction pursuant to the Carson Municipal Code.

2. ARCHITECTURAL CONCEPT

The Project shall be designed and constructed as an integrated development in which the buildings shall have architectural excellence. The improvements to be constructed on the Site shall

be of high architectural quality, shall be well landscaped, and shall be effectively and aesthetically designed. The shape, scale of volume, exterior design, and exterior finish of each building, structure, and other improvements must be consistent with, visually related to, physically related to, and an enhancement to each other and, to the extent reasonably practicable, to adjacent improvements existing or planned within the Project Area. Developer's plans, drawings, and proposals submitted to Authority for approval shall describe in reasonable detail the architectural character intended for the Project. The open spaces between buildings on the residential portion of the Site, where they exist, shall be designed, landscaped and developed with the same degree of excellence.

3. SITE WORK

The Project shall substantially conform to the site and building plans approved pursuant to Subsection A above and with the Site Map attached to the Agreement as Attachment No. 1. It shall be the responsibility of Developer, the architect and the contractor to develop the Project consistent with the aforementioned plans. Any substantial modification to the approved site or building plans, as determined by the Director of Community Development, shall be referred to the Planning Commission for review and approval through a conformity report. Developer shall be responsible for the construction and installation of all improvements to be constructed or installed on the Site, including, but not limited to, the following:

a. Restricted Units

Construction of a three residential buildings not to exceed three (3) stories, containing a maximum of forty-six (46) units as described in Section A above.

b. Parking

Developer shall develop on-site parking areas for the Site consisting of not less than seventy-one (71) parking spaces. The design, construction, and number of parking spaces shall be in accordance with Chapters 20.47 and 20.70 of the Carson Municipal Code. Construction of the parking areas shall include installation of necessary drainage systems, paving, required landscaping and irrigation, striping and labeling, all in accordance with the Carson Municipal Code and approved plans.

c. Landscaping

Developer shall install and maintain on-site landscaping and automatic irrigation pursuant to approved plans consistent with Chapter 20.47 of the Carson Municipal Code.

d. Lighting

Developer shall install and maintain on-site lighting in a manner consistent the approved lighting and electrical plans. The design of light standards and fixtures shall be subject to the approval of the Director of Community Development.

e. Trash Storage

Trash storage areas shall be provided, of sufficient size to ensure containment of all solid waste materials generated from the Site in trash disposal and recycling bins. Adequate access shall be provided to the enclosures for refuse pickup.

f. Signs

A sign program shall be submitted to the City for approval. Building and, where necessary, electrical permits shall be obtained prior to installation, painting or erection of signs. Signs shall be designed, installed, and maintained in a manner consistent with the approved Site Plan and sign program.

4. UNDERGROUNDING UTILITIES

All new utility service connections servicing the Site shall be installed underground, including connections to facilities within the public right-of-way.

5. MECHANICAL EQUIPMENT

On-site mechanical equipment, whether roof or ground mounted, shall be completely screened from public view. Screening material shall be constructed of materials which coordinate with the overall architectural theme. Where public visibility will be minimal, the Director of Community Development may permit use of landscaping to screen ground mounted equipment.

6. APPLICABLE CODES

All improvements shall be constructed in accordance with the California Building Code (with Carson modifications), the County of Los Angeles Fire Code (with Carson modifications), the Carson Municipal Code, and current City standards.

7. OFFSITE IMPROVEMENTS

Pursuant to the Agreement, Developer shall perform, or cause to be performed, all offsite improvements required by law or as a condition to any governmental or local approval or permit.

EXHIBIT “A”

TO SCOPE OF DEVELOPMENT

PROJECT BUDGET

Carson Arts
SOURCES OF FUNDS

CONSTRUCTION

		Amount
Construction Loan 1st Trust Deed	\$	13,200,000
City of Carson Residual Receipts Loan	100% \$	2,800,000
City of Carson Land Donation	100% \$	4,200,000
Tax Credit Equity - Federal	20% \$	3,151,103
Tax Credit Equity - State	20% \$	-
Deferred Reserves	\$	136,918
Def. Dev. Fee	\$	985,515
TOTAL SOURCES	\$	24,473,536

PERMANENT

Perm Loan 1st Trust Deed	\$	1,374,561
City of Carson Residual Receipts Loan	\$	2,800,000
City of Carson Land Donation	\$	4,200,000
Tax Credit Equity - Federal	\$	15,755,513
Tax Credit Equity - State	\$	-
Def. Fee	\$	343,462
TOTAL SOURCES	\$	24,473,536

ATTACHMENT NO. 3**TO 21205 CARSON ARTS AFFORDABLE HOUSING DLA****SCHEDULE OF PERFORMANCE**

	Item To Be Performed	Time for Performance	Agrmt § Reference
1.	Developer executes and delivers 3 copies of DLA to Authority	Prior to scheduled public hearing for Authority.	
2.	Authority holds public hearing on DLA	Expected to be held on February 21, 2017	
3.	Authority approves or disapproves DLA.	At public hearing in Item 2	810; 502.2
4.	Developer shall apply to all necessary funding sources (Housing Program Funds).	TCAC: July 2017, March 2018, July 2018, & March 2019	401
5.	Developer shall demonstrate to the reasonable satisfaction of Authority evidence of awards, commitments or reservations of Housing Program Funds.	TCAC: July 2017, March 2018, July 2018 & March 2019	401
6.	Developer provides Authority with evidence of financial capability	Within 90 days after the end of the applicable TCAC funding cycle	409
7.	Developer secures financial commitment or waives condition	Within 90 days after the end of the applicable TCAC funding cycle	409
8.	Authority approves or disapproves financial commitment and lender	Within 30 days after receipt by Authority of information from Developer per Item 6	409
9.	Developer presents conceptual architectural drawings to Planning Commission		
10.	Developer submits Marketing Plan to Authority	Within 120 days of the Effective Date.	602.3(a)
11.	Developer consummates the Purchase Agreement	In accordance with the Purchase Agreement	
12.	City approves or disapproves Site Plan & CUP with conditions of approval.	By submittal of completed tax credit application to applicable agency.	502
13.	Developer advises Authority that acquisition of Site is prepared to	At least three (3) days prior to the expected closing of the Site	

	Item To Be Performed	Time for Performance	Agrmt § Reference
	close and request the Loan Escrow to close concurrently	acquisition pursuant to the Purchase Agreement	
14.	Loan Escrow Agent gives notice of fees, charges, and costs to close Loan Escrow	One (1) week prior to expected Loan Closing date	407.2
15.	Deposits into Loan Escrow by Authority:		
	a) CALReuse Regulatory Agreement	On or before 1:00 p.m. on the last business day preceding the Loan Closing Date	406.2
	b) Estoppel Certificate	On or before 1:00 p.m. on the last business day preceding the Loan Closing Date	406.2
	c) Payment of Authority's share of Loan Escrow Costs.	On or before 1:00 p.m. on the last business day preceding the Loan Closing Date	406.2
	d) Loan Funds	On or before 1:00 p.m. on the last business day preceding the Loan Closing Date	406.2
16.	Deposits into Loan Escrow by Developer or on behalf of Developer:		
	a) Note	On or before 1:00 p.m. on the last business date preceding the Loan Closing Date	406.1
	b) Deed of Trust	On or before 1:00 p.m. on the last business date preceding the Loan Closing Date	406.1
	c) Estoppel Certificate	On or before 1:00 p.m. on the last business date preceding the Loan Closing Date	406.1
	d) CALReuse Regulatory Agreement	On or before 1:00 p.m. on the last business date preceding the Loan Closing Date	406.1
	e) Payment of Developer's Share of Loan Escrow Costs	On or before 1:00 p.m. on the last business date preceding the Loan Closing Date	406.1
	f) Certificates evidencing insurance	Prior to Loan Closing	506

	Item To Be Performed	Time for Performance	Agrmt § Reference
17.	Developer advises Authority that it has received TCAC award.		
18.	Grant Escrow Agent gives notice of fees, charges, and costs to close Grant Escrow	One (1) week prior to expected Grant Closing date	
19.	Deposits into Grant Escrow by Authority:		
20.	a) Authority Regulatory Agreement	On or before 1:00 p.m. on the last business day preceding the Loan Closing Date	406.2
21.	b) Estoppel Certificate	On or before 1:00 p.m. on the last business day preceding the Loan Closing Date	406.2
22.	c) Payment of Authority's share of Grant Escrow Costs.	On or before 1:00 p.m. on the last business day preceding the Loan Closing Date	406.2
23.	d) Two (2) copies of Grant Agreement executed by Authority	On or before 1:00 p.m. on the last business day preceding the Loan Closing Date	406.2
24.	Deposits into Loan Escrow by Developer or on behalf of Developer:		
25.	a) Two (2) copies of Grant Agreement executed by Grant Recipient	On or before 1:00 p.m. on the last business date preceding the Loan Closing Date	406.1
26.	b) Estoppel Certificate	On or before 1:00 p.m. on the last business date preceding the Loan Closing Date	406.1
27.	c) Authority Regulatory Agreements	On or before 1:00 p.m. on the last business date preceding the Loan Closing Date	406.1
28.	d) Payment of Developer's Share of Grant Escrow Costs	On or before 1:00 p.m. on the last business date preceding the Loan Closing Date	406.1
29.	Developer to submit building plans for Plan Check. Developer responsible for payment of applicable fees.	Prior to Grant Closing	502

	Item To Be Performed	Time for Performance	Agrmt § Reference
30.	Developer commences construction of Improvements	Within 30 days of receipt of building permits.	502
31.	Developer completes construction of improvements on the Site.	Within 24 months after issuance of building permits.	504
32.	Authority issues Release of Construction Covenants for the Site.	Within 30 days of written request by Developer, and Developer's satisfactory completion of all improvements on the Site.	513
33.	Developer shall achieve at least a ninety percent (90%) lease-up rate of the Project	Not later than 6 months after completion of construction on the Site evidenced by Release of Construction Covenants (Item 18)	

It is understood that the foregoing Schedule of Performance is subject to all of the terms and conditions set forth in the text of the Agreement. The summary of the items of performance in this Schedule of Performance is not intended to supersede or modify the more complete description in the text; in the event of any conflict or inconsistency between this Schedule of Performance and the text of the Agreement, the text shall govern.

The time periods set forth in this Schedule of Performance may be altered or amended only by written agreement signed by both Developer and Authority. A failure by either party to enforce a breach of any particular time provision shall not be construed as a waiver of any other time provision. The Executive Director of Authority shall have Authority to approve extensions of time without Authority Commission action not to exceed a cumulative total of one hundred eighty (180) days as provided in Section 903.

ATTACHMENT NO. 4

CARSON ARTS AFFORDABLE HOUSING DLA

GRANT AGREEMENT

THIS GRANT AGREEMENT ("**Grant Agreement**") is made and entered as of _____, 201_, by and between the CARSON HOUSING AUTHORITY, a public body, corporate and politic ("**Authority**"), and _____, a California non-profit corporation ("**Grant Recipient**").

RECITALS:

A. 21205 Carson Arts, L.P., a California limited partnership ("**Developer**") and Authority entered into that certain Development and Loan Agreement dated as of _____, 201_, ("**DLA**"), pursuant to which the Authority has agreed to provide certain financial assistance in connection with the development of forty-six (46) unit low income housing project known as the "Carson Arts Colony" project located in the City of Carson as more fully described in the DLA ("**Project**").

B. As set forth in the DLA, the Authority shall provide financial assistance to the Project a portion of which shall be in the form of a grant equal to Two Million Eight Hundred Thousand Dollars (\$2,800,000) to Grant Recipient ("**Grant Funds**").

C. As a condition to receiving the Grant, Grant Recipient has agreed to loan the Grant Funds to Developer (or an authorized Transferee under the DLA) for use in connection with the development and construction of the Project pursuant to the terms of the DLA.

D. Authority and Grant Recipient desire to set forth the terms and conditions upon which the Grant Funds disbursement and the Developer loan shall be made to Developer.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. **Defined Terms.** Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the DLA.

2. **Authority Grant.** Authority hereby agrees to make grant of the Grant Funds to the Grant Recipient in an amount not to exceed Two Million Eight Hundred Thousand Dollars (\$2,800,000) in accordance with the terms and conditions of this Grant Agreement.

3. **Loan to Developer.** Grant Recipient shall loan the funds to Developer ("**Developer Loan**") for certain predevelopment costs which may include demolition costs as described in Section 410.3(i) of the DLA and construction costs pursuant to construction loan documents including a loan agreement, a promissory note and a deed of trust against the Site which shall be junior in priority to both the Senior Financing and the Trust Deed ("**Grant Loan Documents**").

The Grant Loan Documents shall provide for construction disbursement controls through a third party construction disbursement control company licensed as a California Loan Escrow which entity shall be chosen by Developer subject to the approval of Authority (“**Disbursement Control Company**”). The disbursement controls will reasonably coordinate with requirements of the tax credit investors and may provide for direct payment of the approved construction costs. Alternatively the Grant Funds may be held by the primary construction lender pursuant to an intercreditor agreement to be disbursed in accordance with reasonable disbursement controls. Notwithstanding anything to the contrary contained herein, Grant Funds shall be disbursed to an account in the name of the Grant Recipient.

The fees of the Disbursement Control Company shall be paid by Developer. The Disbursement Control Company and Grant Recipient shall enter into an agreement which shall provide for the Disbursement Control Company to provide construction loan disbursement services including obtaining mechanic lien releases, title disbursement title endorsements and other standard construction disbursement controls required under the Grant Loan Documents. The Grant Loan Documents shall provide for disbursement of the funds as follows:

(i) Developer may request a draw down on amounts necessary to pay approved predevelopment costs, which draw, if requested, shall be funded concurrently with the Close of Loan Escrow, provided that Developer has submitted all required documentation in accordance with the Grant Loan Documents in connection with such draw; and

(ii) After construction has commenced, Developer may request a disbursement amount for reimbursement of costs incurred by Developer provided that Developer has submitted all required documentation less ten percent (10%) which holdback amount shall not be disbursed until Completion, and otherwise complied with other requirement set forth in the Grant Loan Documents.

The Grant Funds shall be disbursed directly by Authority to the Disbursement Control Company upon being advised by the Disbursement Control Company that all the requirements for a disbursement have been satisfied in accordance with the Grant Loan Documents and the Disbursement Control Agreement.

The Grant Loan Documents shall have a term of not more than fifty-five (55) years with an interest rate not to exceed three percent (3%) with payments due solely from Project residual receipts or the proceeds from a sale of the Project after the end of the Tax Credit Compliance Period under Section 42 of the Internal Revenue Code. Furthermore, the Grant Loan Documents shall provide that any default under the DLA or Regulatory Agreement shall be a default under the Developer Loan. The Developer Loan Documents shall at all times remain subordinate to the DLA, the Deed of Trust, and the Regulatory Agreement.

The Grant Loan Documents, the Disbursement Control Company and the Disbursement Control Agreement shall be subject to the prior review and approval of Authority. No changes to any of same shall be made without the prior written consent of Authority.

4. Repayment of Grant Funds. If an event of default occurs under the DLA, Authority shall have the right, but not the obligation, to send Grant Recipient notice of said default and may require Grant Recipient to enforce any and all of its rights under the Developer Loan Documents. Grant Recipient shall pay to Authority any and all amounts realized by the exercise of any right or

remedy under the Developer Loan Documents in accordance with this Section 4.

5. **Amendments.** This Grant Agreement may not be modified or amended except an instrument in writing expressing such intention executed by Authority and Grant Recipient.

6. **Governing Law; Venue.** This Grant Agreement shall be governed by, and construed in accordance with, the laws of the State of California. Any action under This Grant Agreement shall be brought in the California Superior Courts in Los Angeles County.

7. **Attorney's Fees.** In the event that a party to This Grant Agreement brings an action against the other party hereto by reason of the breach of any condition, covenant, representation or warranty in This Grant Agreement, or otherwise arising out of This Grant Agreement, the prevailing party in such action shall be entitled to recover from the other reasonable expert witness fees, and its attorney's fees and costs. Attorney's fees shall include attorney's fees on any appeal, and in addition a party entitled to attorney's fees shall be entitled to all other reasonable costs for investigating such action, including the conducting of discovery.

8. **Notice.** Any notice required to be given hereunder shall be made in writing and shall be given by personal delivery, certified or registered mail, postage prepaid, return receipt requested, at the addresses specified below, or at such other addresses as may be specified in writing by the parties hereto:

Authority:	Carson Housing Authority 701 E. Carson Street Carson, CA 90745 Attn: Executive Director
Copy to:	Aleshire & Wynder, LLP 18881 Von Karman Avenue, Suite 400 Irvine, CA 92612 Attn: Sunny K. Soltani, Esq.
Grant Recipient:	_____ _____ _____ Attn: _____

The notice shall be deemed given three (3) business days after the date of mailing, or, if personally delivered, when received.

9. **Severability; Waiver; Integration.**

9.1. **Severability.** If any provision of This Grant Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

9.2. **Waiver.** A waiver by either party of the performance of any covenant or condition herein shall not invalidate This Grant Agreement nor shall it be considered a waiver of any other covenants or conditions, nor shall the delay or forbearance by either party in exercising any remedy or right be considered a waiver of, or an estoppel against, the later exercise of such remedy or right.

9.3. Integration. This Grant Agreement contains the entire Agreement between the parties and neither party relies on any warranty or representation not contained in This Grant Agreement.

10. Future Enforcement. The parties hereby agree that should Authority cease to exist as an entity at any time during the term of This Grant Agreement, the City of Carson shall have the right to enforce all of the terms and conditions herein, unless Authority had previously specified another entity to enforce This Grant Agreement.

11. Governing Law. This Grant Agreement shall be governed by the laws of the State of California.

12. Counterparts. This Grant Agreement may be executed in one or more counterpart, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Grant Agreement by duly authorized representatives on the date first written hereinabove.

RECIPIENT:

AUTHORITY:

CARSON HOUSING AUTHORITY,
a public agency, corporate and politic

By: _____
Albert Robles, Chair

Date: _____, 201__

ATTEST:

By: _____
Donesia L. Gause, CMC
Authority Secretary

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

By: _____
Sunny K. Soltani
Authority Counsel

ATTACHMENT NO. 5

TO CARSON ARTS AFFORDABLE HOUSING DLA
PROMISSORY NOTE SECURED BY DEED OF TRUST

\$ 4,200,000 (“**Loan Amount**”)

_____, 201_ (“**Note Date**”)

FOR VALUE RECEIVED, the undersigned (“**Maker**”) hereby promises to pay to the order of the CARSON HOUSING AUTHORITY, a public body, corporate and politic (“**Holder**” or “**Authority**”), at a place designated by Holder, the principal sum of FOUR MILLION TWO HUNDRED THOUSAND DOLLARS (\$4,200,000) (“**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 Holder pursuant to the terms and conditions set forth in the DLA (as defined below) pertaining to Maker’s acquisition and redevelopment of certain real property defined in the DLA as the “**Site**.”

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

(i) Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing of even date herewith made by and among Maker as Trustor, Holder as Beneficiary, and First American Title Insurance Company as Trustee, and recorded on _____, 201_ as Instrument No. _____, in the Office of the Los Angeles County Recorder (“**Deed of Trust**”). The Deed of Trust secures repayment of this Note.

(ii) Regulatory Agreement and Declaration of Covenants and Restrictions dated _____, 201_ by and between Maker as owner and Holder as Authority for the benefit of Holder, and recorded on _____, 201_, as Instrument No. _____ in the Office of the Los Angeles County Recorder.

(iii) Development and Loan Agreement dated _____, 2017 by and between Maker as Developer and Holder as Authority (“**DLA**”).

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 DLA.

1. **Purpose of Loan.** The loan evidenced by this Note is a loan for the purpose of acquiring the Site for development of the Project on the Site in accordance with the Authority Agreement.

2. **Principal Amount.** The principal amount of this loan shall be of FOUR MILLION TWO HUNDRED THOUSAND DOLLARS (\$4,200,000). Interest shall accrue on the outstanding principal amount at the simple rate of three percent (3%) per annum.

3. **Term of Note; Repayment.**

3.1 If the Project (as defined in the DLA) is not commenced within two (2) years of the Note Date, then this Note shall become immediately due and payable in full.

3.2 If the Project is commenced on or before two (2) years from the Note Date, then Maker shall be obligated to repay the principal amount of this Note and the accrued interest, without set off or deduction, by paying to Holder, on each April 1st in which there was positive Net Cash Flow (as defined below) for the calendar year, or portion thereof, ending on the immediately preceding December 31, fifty percent (50%) of that year's Net Cash Flow, based on the contribution of the Authority ("**Annual Payments**"). The first such repayment under this Section 3.1 shall be due on the first April 1 following the issuance of the first Certificate of Occupancy, and the last payment shall be due on April 1st fifty-five (55) years later ("**Maturity Date**"). Notwithstanding the foregoing, this Note shall be fully due and payable on the Maturity Date.

3.2.1 For purposes of this Section 3.2, the term "**Net Cash Flow**" means "**Cash Flow**" (as defined below), if any, less asset or partnership management fees in an amount up to, but not collectively exceeding, on an annual basis, (i) Twenty Five thousand Dollars (\$25,000) increased annually by the increase in the Consumer Price Index for the same period ("**CPI**"); (ii) property management fees shall not exceed Eight Percent (8%) of effective gross income, and (iii) any tax credit adjuster payments due to the limited partner of Maker pursuant to the terms of Maker's partnership agreement. The term "**Cash Flow**" means: (A) all income derived by Maker from the Site 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 Site and Improvements ("**Gross Income**"); less (B) (i) expenses actually and reasonably incurred by Maker in owning, leasing, operating, maintaining, and repairing the Site (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 Site, 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 Site), management costs, the Developer Fee, and cost of debt service on loans secured by deeds of trust which are recorded against the Site (x) with a higher priority than the Deed of Trust, and (y) with a lower priority than the Deed of Trust if approved in advance by the Authority; (ii) the monthly property management fee authorized by the Management Contract; (iii) Resident services expenses in an amount not to exceed on an annual basis Twenty Thousand Dollars (\$20,000), increased annually by the CPI; and (iv) the net amount of deposits, if any, into the Capital Replacement Reserve and any required operating reserve funding deemed reasonably necessary by the general partner of Maker or otherwise required by

any Project lender or tax credit equity investor; Cash Flow shall be calculated on an accrual basis according to generally accepted accounting principles.

3.2.2 For purposes of Section 3.2.1, the term “**Capital Replacement Reserve**” means an annual amount not less than Two Hundred Fifty Dollars (\$250) per unit per year increased by CPI or otherwise 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 Site.

3.2.3 Concurrently with the Annual Payments, Maker shall deliver audited financial statements for the applicable period for the Project. Upon Holder’s request, Maker shall provide such additional information as Holder may reasonably request.

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

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

4. Default; Cross-Default; Acceleration.

4.1 In addition to Maker’s failure to timely perform the requirements of this Note, Maker shall also be in default of this Note if Maker, without the prior written approval of Holder, which approval may be given or withheld in Holder’s sole and absolute discretion, refinances any outstanding loan or note secured by the Site for an amount greater than the sum of (i) the then-outstanding principal balance of such secured loan(s) or note(s), plus (ii) the reasonable costs of such refinance transaction, which shall not include loan points or origination fees greater than two percent (2%) of the then-outstanding principal balance of such secured loan(s) or note(s). Notwithstanding the foregoing, Maker shall not be in default of this Note and need not seek approval of Holder in refinancing any outstanding loan or note secured by the Site if all net proceeds from such refinance are applied against the unpaid balance of this Note and the debt service arising from such refinance does not reduce Cash Flow. Holder is not obligated to subordinate this Note except in compliance with the applicable requirements set forth in the DLA.

4.2 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.

4.3 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 Holder 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, Holder may, at its option, declare this Note and the entire obligations hereby evidenced immediately due and payable and collectible then or thereafter as Holder 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 Holder 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 Holder 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 Holder 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:

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

With a copy to: Aleshire & Wynder, LLP
18881 Von Karman Avenue, Suite 400
Irvine, California 92612
Attn: Sunny K. Soltani, Esq.

To Maker: 21205 Carson Arts, L.P.
1640 Sepulveda Blvd., Suite 425
Los Angeles, CA 90025
Attn: Chris Maffris

With copies to Maker's
Limited Partner: _____

With copies to: Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, 64th Floor
Los Angeles, California 90071
Attn: Nicole Deddens, Esq.

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, Holder 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 Holder 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 Holder. No delay or omission on the part of Holder 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 Holder. No waiver of any breach, default or failure of condition under the terms of this Note shall be implied from any failure of the Holder of this Note to take, or any delay be implied from any failure by the Holder 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. Holder may freely transfer, assign, or encumber Holder's interest in this Note in any manner, at Holder'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 Site and any other security for this Note and any rents, issues, and profits arising from the Site 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 Holder or to another person by reason of this Note; and (iii) any judgment, order, decree or other award in favor of Holder 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 Site. 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 Site 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; (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 Site.

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

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

MAKER:

21205 CARSON ARTS, L.P.,
a California Limited Partnership

By: 21205 Carson Arts LLC,
a California liability company,
General Partner

By: _____
Chris Maffris
Vice President

ATTACHMENT NO. 8

TO CARSON ARTS AFFORDABLE HOUSING DLA

Order No.
Loan Escrow No.
Loan No.

WHEN RECORDED MAIL TO:

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

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

**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 DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND
FIXTURE FILING ("Deed of Trust")**, is made _____, 201_, between 21205 CARSON ARTS, L.P.,
a California limited partnership ("**TRUSTOR**"), whose address is 1640 Sepulveda Blvd., Suite 425, Los
Angeles, CA 90025, in favor of CARSON HOUSING AUTHORITY, a public body, corporate and politic
("**BENEFICIARY**"), and FIRST AMERICAN TITLE INSURANCE COMPANY, a corporation
("**TRUSTEE**").

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
TWO HUNDRED THOUSAND DOLLARS (\$4,200,000) with interest thereon according to the terms
of that certain Promissory Note Secured by Deed of Trust of even date herewith made by Trustor, payable to
order of Beneficiary, and extensions or renewals thereof; (2) the performance of each agreement of Trustor
incorporated by reference or contained herein; (3) payment of additional sums and interest thereon which
may hereafter be loaned to Trustor, or its successors or assigns, when evidenced by a promissory note or
notes reciting that they are secured by this Deed of Trust; and (4) all additional obligations specified in the
Rider.

To protect the security of this Deed of Trust, and with respect to the Property above described, Trustor
expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and
all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the
terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Orange County
August 17, 1964, and in all other counties August 18, 1964, in the book and at the page of Official Records
in the office of the county recorder of the county where said property is located, noted below opposite the
name of such county, namely:

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

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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 him at his address hereinbefore set forth.

MAKER:

21205 CARSON ARTS, L.P.,
a California Limited Partnership

By: 21205 Carson Arts LLC,
a California liability company,
General Partner

By: _____
Chris Maffris
Vice President

[ACKNOWLEDGMENT FORMS AT END OF RIDER]

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 or 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 holder, 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 holder 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 DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY
AGREEMENT AND FIXTURE FILING**

THIS RIDER TO DEED OF TRUST WITH ASSIGNMENT OF RENTS, , SECURITY AGREEMENT AND FIXTURE FILING (“Rider”) is executed this _____ day of _____, 201_, by 21205 CARSON ARTS, L.P., a California limited partnership (“**Trustor**”) in favor of the CARSON HOUSING AUTHORITY, a public body, corporate and politic (“**Beneficiary**”), the same parties to that certain “Deed of Trust With Assignment of Rents, Security Agreement and Fixture Filing” of even date herewith to which this Rider is attached. This Rider is made a part of and is incorporated into said Deed of Trust. This Rider shall supersede any conflicting term or provision of the form Deed of Trust to which it is attached.

Reference is made to the following agreements and documents: (i) Promissory Note made by Trustor as “Maker” in favor of Beneficiary as “Holder” of even date herewith, the repayment of which by Trustor is secured by this Deed of Trust (“**Note**”); (ii) that certain Development and Loan Agreement by and between Trustor as “Authority” and Beneficiary as “Developer” dated _____, 2017, providing for Trustor’s development and use of the Property (also referred to therein as the Site) (“**DLA**”); and (iii) that certain Regulatory Agreement and Declaration of Covenants, Conditions and Restrictions dated _____, 201_, by and between Trustor as “Owner” and Beneficiary as “Authority”, providing for the use, operation, and maintenance of the Property (“**Regulatory Agreement**”).

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.

2. 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, the DLA, and the Regulatory Agreement;

(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.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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. 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 Lender 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.

8. 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.

9. 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.

10. 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.

11. 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:

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

With a copy to: Aleshire & Wynder, LLP
18881 Von Karman Avenue, Suite 400
Irvine, California 92612
Attn: Sunny K. Soltani, Esq.

To Trustor: 21205 Carson Arts, L.P.
1640 Sepulveda Blvd., Suite 425
Los Angeles, CA 90025
Attn: Chris Maffris

With copies to Trustor's limited partner: _____

With copies to: Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, 64th Floor
Los Angeles, California 90071
Attn: Nicole Deddens, Esq.

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

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

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

MAKER:

21205 CARSON ARTS, L.P.,
a California Limited Partnership

By: 21205 Carson Arts LLC,
a California liability company,
General Partner

By: _____
Chris Maffris
Vice President

EXHIBIT “A”

LEGAL DESCRIPTION OF PROPERTY

THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY OF CARSON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

The North 125 feet of Lot 6 of Tract No. 3612, in the City of Carson, County of Los Angeles, State of California, as per map recorded in Book 40 Pages 5 and 6 of Maps, in the office of the County Recorder of said county.

APNs 7343-001-040 & 7343-001-041

[illegible]

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[illegible]

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

Notary Public

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ATTACHMENT NO. 7-A

TO CARSON ARTS AFFORDABLE HOUSING DLA

**REGULATORY AGREEMENT AND DECLARATION OF
COVENANTS AND RESTRICTIONS**

FREE RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

CARSON HOUSING AUTHORITY
701 E. Carson Street
Carson, California 90745
Attn: Executive Director

(Space Above This Line for Recorder's Office Use Only)

**REGULATORY AGREEMENT AND
DECLARATION OF COVENANTS AND RESTRICTIONS**

THIS REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS ("**Agreement**") is made and entered into this ____ day of _____, 201_, by and among the CARSON HOUSING AUTHORITY, a public body, corporate and politic ("**Authority**"), and 21205 CARSON ARTS, L.P a California limited partnership ("**Owner**"). The City of Carson ("**City**") is a third party beneficiary of this Agreement.

R E C I T A L S:

A. Pursuant to a Development and Loan Agreement between Owner and Authority dated _____, 2017 ("**DLA**"), Authority has provided to Owner financial assistance in the contribution of the land ("**Authority Assistance**") for the purpose of assisting Owner in the development of a residential apartment complex thereon for extremely low, very low and low income households on that certain real property located in the City of Carson, County of Los Angeles, State of California, more particularly described in Exhibit "A" attached hereto and incorporated herein by reference ("**Site**").

B. Pursuant to the DLA, Owner has agreed to develop, construct, and maintain a rental apartment housing project consisting of a maximum of forty-six (46) total residential units (one of which will be a resident manager's unit) (hereinafter referred to collectively as the "**Project**") on the Site. The Project is also referred to in the DLA as the "**Project.**"

C. Authority and the City have fee or easement interests in various streets, sidewalks and other property within the City and are responsible for the planning and development of land within the City in such a manner so as to provide for the health, safety and welfare of the residents of the City. That portion of Authority's and City's interest in real property most directly affected by this Agreement is depicted in Exhibit "B" attached hereto and incorporated herein by reference ("**Public Parcel**").

D. Authority, City, and Owner now desire to place restrictions upon the use and operation of the Project, in order to ensure that the Project shall be operated continuously as a rental apartment housing project available for rental by extremely low, very low and low income persons for the term of this Agreement.

E. Immediately following recordation of this Agreement, the Owner executed and recorded that certain Regulatory Agreement in favor of the Carson Reclamation Authority which restricts the Units in the Project to certain affordable rents as set forth therein ("**CALReuse Regulatory Agreement**").

F. It is the intent of the parties that the title vested in Owner by the Grant Deed for the Site dated _____, 201_ ("**Grant Deed**"), recorded prior to this Agreement in Office of the County Recorder for the County of Los Angeles be subject to this Regulatory Agreement, and that the terms hereof shall be binding on the Owner and its successors in interest in the Site for so long as the Regulatory Agreement shall remain in effect.

A G R E E M E N T:

NOW, THEREFORE, the Owner and Authority declare, covenant and agree, by and for themselves, their heirs, executors, administrators and assigns, and all persons claiming under or through them, that the Site shall be held, transferred, encumbered, used, sold, conveyed, leased and occupied for the Term, subject to the covenants and restrictions hereinafter set forth, all of which are declared to be in furtherance of a common plan for the improvement and sale of the Site, and are established expressly and exclusively for the use and benefit of Authority, the citizens of the City of Carson, and every person renting a dwelling unit on the Site.

A. DEFINITIONS.

The following terms as used in this Agreement shall have the meanings given unless expressly provided to the contrary:

1. "**Affordable Rent**" shall have the meaning prescribed for that term in Health and Safety Code § 50053(b) and the regulations promulgated pursuant to or incorporated therein, including, without limitation, any applicable regulations promulgated pursuant to Health and Safety Code §50093.

Extremely Low Income Households are entitled to receive Affordable Rent, including a reasonable utility allowance, which does not exceed the product of thirty percent (30%) times thirty percent (30%) of the Los Angeles County Median Income, adjusted for family size appropriate for the unit.

Very Low Income Households are entitled to receive Affordable Rent, including a reasonable utility allowance, which does not exceed the product of thirty percent (30%) times fifty percent (50%) of the Los Angeles County Median Income, adjusted for family size appropriate for the unit.

Low Income Households are entitled to receive Affordable Rent, including a reasonable utility allowance, which does not exceed the product of thirty percent (30%) times sixty percent (60%) of the Los Angeles County Median Income, adjusted for family size appropriate for the unit.

The Affordable Rents for the Units shall be pursuant to the this Agreement) and the CALReuse Regulatory Agreement (as defined in Section 236 of the LDA):

a. Authority Regulatory Agreement (23 units):

- i. Section 50106 and 50053(b)(1): 23 units (4 one-bedroom units, 2 two-bedroom units and 3 three-bedroom units); and

b. CALReuse Regulatory Agreement (45 units):

- i. 30% TCAC Income/Rent: 9 units (4 one-bedroom units, 2 two-bedroom units and 3 three-bedroom units).
- ii. 35% TCAC Income/Rent: 5 units (2 one-bedroom units, 2 two-bedroom units and 1 three-bedroom units).
- iii. 40% TCAC Income/Rent: 5 units (3 one-bedroom units, 1 two-bedroom units and 1 three-bedroom units).
- iv. 45% TCAC Income/Rent: 5 units (3 one-bedroom, 1 two-bedroom units and 1 three-bedroom units).
- v. 60% TCAC Income/Rent: 21 units (9 one-bedroom units, 6 two-bedroom units and 6 three-bedroom units).

Affordability Restrictions	1 bdrm Units	2 bdrm Units	3 bdrm Units	Total Units
TCAC @ 30% AMI / Extremely-Low Income HCD / CALReuse	4	2	3	9
TCAC @ 35% AMI / Very-Low Income HCD / CALReuse	2	2	1	5
TCAC @ 40% AMI / Low Income HCD / CALReuse	3	1	1	5
TCAC @ 45% AMI / Low Income HCD / CALReuse	3	1	0	4
TCAC @ 45% AMI / CALReuse	0	0	1	1
TCAC @ 60% AMI / CAL Reuse	9	6	6	21
Unrestricted Manager's Unit	0	1	0	1
Total Units	21	13	12	46

2. Eligible Tenant. The term “Eligible Tenant” shall refer to an Extremely Low Income Tenant, a Very Low Income Tenant, and a Low Income Tenant with preference provided to artists.

3. Extremely Low Income Tenant. The term “Extremely Low Income Tenant” shall mean those tenants whose household income does not exceed thirty percent (30%) of the Los

Angeles Median Income adjusted for applicable household size, as computed in accordance with Health & Safety Code Section 50106 and the regulations promulgated thereunder or any successor statute and regulations.

4. **Los Angeles County Median Income.** The term “Los Angeles County Median Income” shall be determined by reference to the regulations published by the California Department of Housing and Community Development pursuant to Health and Safety Code Section 50093, or its successor.

5. **Low Income Tenant.** The term “Low Income Tenant” shall mean those tenants whose household income does not exceed eighty percent (80%) of the Los Angeles County Median Income adjusted for applicable household size, as computed in accordance with Health & Safety Code Section 50079.5 and the regulations promulgated thereunder or any successor statute and regulations.

6. **Project Manager.** As used in this Agreement, the term “Project Manager” shall refer to that entity, to be designated by Owner and approved by Authority, who shall be responsible for operating and maintaining the Project in accordance with the terms of this Agreement. Prior to Authority’s approval, Owner shall act as Project Manager.

7. **Resident Manager.** The term “Resident Manager” shall refer to that individual (or those individuals) who may reside in the Project and who are responsible for day-to-day management of the Project.

8. **Restricted Unit.** The term “Restricted Unit” shall refer to any of the units reserved for Eligible Tenants or the Resident Manager.

9. **Service Programs.** The term “Service Programs” shall mean social programs to assist the tenants such as computer training, health and nutrition programs, life and job skills training, music and arts & craft programs and dance/sports/game programs and other similar type programs.

10. **Term.** The “Term” of this Agreement shall be fifty-five (55) years, commencing upon the date of the recordation of the Release of Construction Covenants for the Site in accordance with the DLA.

11. **Unit.** The term “Unit” shall refer to any of the up to forty-six (46) residential units in the Project.

12. **Very Low Income Tenant.** The term “Very Low Income Tenant” shall mean those tenants whose income does not exceed fifty percent (50%) of the Los Angeles County Median Income adjusted for applicable household size, as computed in accordance with Health & Safety Code Section 50105 and the regulations promulgated thereunder or any successor statute and regulations.

B. RESIDENTIAL RENTAL PROPERTY. Owner hereby agrees that the Project is to be owned, managed, and operated as a project for extremely low, very low and low income

residential rental purposes during the Term. To that end, and for the term of this Agreement, the Owner hereby represents, covenants, warrants and agrees as follows:

1. Purpose. The Site is being acquired and the Project constructed for the purpose of providing extremely low, very low and low income rental housing and the Owner shall own, manage, and operate the Project as a project to provide extremely low, very low and low income rental housing comprised of one or more interrelated buildings or structures, together with any functionally related and subordinate facilities.

2. Residential Use. None of the Units in the Project will at any time be utilized on a transient basis or used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, or trailer court or park without Authority's prior consent which consent may be given or withheld in its sole and absolute discretion.

3. Conversion of Project. No part of the Project will at any time be owned by a cooperative housing corporation, nor shall the Owner take any steps in connection with the conversion to such ownership or uses to condominiums, or to any other form of ownership, without the prior written approval of Authority which approval may be given or withheld in its sole and absolute discretion.

4. Preference to Eligible Tenants. All of the Units will be available for rental in accordance with the terms of this Agreement, and the Owner shall not give preference to any particular class or group in renting the Units in the Project, except to the extent that the Units are required to be leased to Eligible Tenants which may include artists and artist households and except as provided in Section C.6 below.

5. Resident Manager. One (1) Unit in the Project may be occupied by a resident manager.

6. Liability of Owner. Owner and Resident Manager shall not incur any liability under this Agreement as a result of fraud or intentional misrepresentation by a tenant.

7. Service Programs. During the Term, Owner shall provide or cause to be provided the Service Programs to the tenants

C. OCCUPANCY OF PROJECT BY ELIGIBLE TENANTS. Owner hereby represents, warrants, and covenants as follows:

1. Occupancy. Except as expressly provided herein, throughout the term of this Agreement the occupancy of all of the Restricted Units in the Project (excluding the Resident Manager Unit) shall be restricted to Eligible Tenants and qualified members of the Eligible Tenant's household.

2. Occupancy of Restricted Units. In addition to the occupancy restrictions in Section C.1 and subject to Section B.5, (i) nine (9) of the Restricted Units in the Project shall be restricted to Extremely Low Income Tenants; (ii) five (5) of the Restricted Units in the Project shall be restricted to Very Low Income Tenants; and (iii) nine (9) of the Restricted Units in the Project shall be restricted to Low Income Tenants.

3. Expiration of Occupancy and Rent Restrictions. The Restricted Units shall be subject to the restrictions contained in this Section C for the Term of this Agreement. All tenants residing in the Restricted Units during the final two (2) years of the Term shall be given notice of the expiration of the Term at least once every six (6) months during the final two (2) years. After the expiration of the Term, the rents payable on the Restricted Units may be raised to market rates.

4. Rental Rates. Owner hereby agrees to rent those Restricted Units occupied by Extremely Low Income Tenants, Very Low Income Tenants and Low Income Tenants at no greater than Affordable Rent for Los Angeles County. Notwithstanding anything to the contrary set forth herein, in the event of a difference between the Affordable Rent as set forth herein and the rent which Owner may charge for a tenant of the same percentage of area median income pursuant to the rules and regulations of the California Tax Credit Allocation Committee, Owner may elect to use the rents established by the California Tax Credit Allocation Committee for Low Income Units only. In the event that Owner elects to use such rents as specified above, Owner shall provide written notice of such election to Authority.

5. Occupancy By Eligible Tenant. A Restricted Unit occupied by an Eligible Tenant shall be treated as occupied by an Eligible Tenant until a recertification of such tenant's income in accordance with Section C.9 below demonstrates that such tenant no longer qualifies as an Eligible Tenant.

6. Income Computation Certificate. Immediately prior to an Eligible Tenant's occupancy of a Restricted Unit, Owner shall obtain and maintain on file an Income Computation and Certification form (which form shall be approved in advance by Authority) from each such Eligible Tenant dated immediately prior to the date of initial occupancy in the Project by such Eligible Tenant. In addition, Owner will provide such further information as may be required in the future by Authority. Owner shall use its best efforts to verify that the income provided by an applicant is accurate by taking the following steps as a part of the verification process: (i) obtain three (3) pay stubs for the most recent pay periods; (ii) obtain a written verification of income and employment from applicant's current employer; (iii) obtain an income verification form from the Social Security Administration and/or California Department of Social Services if the applicant receives assistance from either agency; (iv) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other verification of such applicant's income as is satisfactory to Authority; or (v) such other information as may be reasonably requested by Authority. A copy of each such Income Computation and Certification shall be filed with Authority prior to the occupancy of a Restricted Unit by an Eligible Tenant at least annually. In the event that Authority has reasonable concern that Owner is not complying with the tenant eligibility requirements, Authority may require such information be provided quarterly by providing written notice to Owner.

7. Rental Priority. During the term of this Agreement, and to the extent allowed under applicable Affordable Housing Program restrictions, Owner shall use its best efforts to lease vacant Restricted Units reserved for Eligible Tenants in accordance with the Marketing Plan (as defined in the DLA) and otherwise in the following order of priority: (i) displaced persons entitled to a preference pursuant to California Health and Safety Code Section 33411.3 or successor statute; (ii) residents and workers in the City of Carson; and (iii) other persons

meeting the eligibility requirements of this Agreement. Owner shall and Authority may maintain a list (“**Housing List**”) of persons who have filed a complete application with Owner to rent a Restricted Unit in the Project and who have incomes which would qualify them as an Eligible Tenant, and Owner shall offer to rent Restricted Units on the above-referenced priority basis. Should multiple tenants be equally eligible and qualified to rent a Restricted Unit, Owner shall rent available Restricted Units to Eligible Tenants on a first-come, first-served basis however, with priority provided for artists and their households.

8. Renting Vacant Units. When a Restricted Unit becomes available as a result of a tenant vacation, Owner shall rent the Restricted Unit to an Eligible Tenant in accordance with the order of priority set forth in Section C.7.

9. Income Recertification. Immediately prior to the first anniversary date of the occupancy of a Restricted Unit by an Eligible Tenant and on each anniversary date thereafter, Owner shall recertify the income of such Eligible Tenant by obtaining a completed Income Computation and Certification based upon the current income of each occupant of the Restricted Unit. If, after renting a Restricted Unit to an Extremely Low Income Tenant, the household income increases such that the household no longer qualifies as an Extremely Low Income Tenant, but qualifies as a Very Low Income Tenant, the household shall continue to be permitted to reside in such Restricted Unit provided that Owner shall increase the rent for said Restricted Unit to the rent level designated for a Very Low Income Tenant, and shall restrict and designate the next available Restricted Unit that is not already designated for rental to and occupancy by an Extremely Low Income Tenant as restricted to rental to and occupancy by an Extremely Low Income Tenant.

If, after renting a Restricted Unit to an Extremely Low Income Tenant or a Very Low Income Tenant, the household income increases such that the household no longer qualifies as an Extremely Low Income Tenant or as a Very Low Income Tenant, but qualifies as a Low Income Tenant, the household shall continue to be permitted to reside in such Restricted Unit provided that Owner shall increase the rent for said Restricted Unit to the rent level designated for a Low Income Tenant, and shall restrict and designate the next available Restricted Unit that is not already designated for rental to and occupancy by an Extremely Low Income Tenant or by a Very Low Income Tenant as restricted to rental to and occupancy by an Extremely Low Income Tenant or a Very Low Income Tenant (as applicable).

If, after renting a Restricted Unit, the household income increases such that the household no longer qualifies as an Extremely Low Income Tenant, as a Very Low Income Tenant, or as a Low Income Tenant, that household may not be permitted to remain in the Restricted Unit unless requiring such household to move will violate with the rules governing the low income housing tax credits pursuant to Section 42 of the Internal Revenue Code of 1986, as amended (collectively, the “**Tax Credit Rules**”).

10. Terminating Ineligible Tenant. Upon recertification, if an Eligible Tenant has become ineligible, Owner shall allow such ineligible tenant to occupy the Restricted Unit for a period of twenty-four (24) months (“**Grace Period**”). During the Grace Period the rent shall not increase. If the ineligible tenant becomes an Eligible Tenant upon recertification during the Grace Period, Owner shall continue to rent the Restricted Unit to the Eligible Tenant at the Affordable Rent of the income category that the Eligible Tenant falls within following

recertification. If after the Grace Period the tenant remains ineligible, the ineligible tenant's lease shall not be renewed and such tenant shall be required to vacate the Restricted Unit unless requiring such household to move will violate with the Tax Credit Rules. In such event, Owner shall notify the Authority in writing of such occurrence, and shall inform Authority of (1) its plans for removing the household to vacate the Restricted Unit, or (2) the specific rule in the Tax Credit Rules that prohibits such action providing written evidence of the same.

11. Certificate of Continuing Program Compliance. Upon the issuance of the Release of Construction Covenants and annually by January 31 of each year, or at any time upon the written request of Authority, Owner shall advise Authority of the occupancy of the Project by delivering a Certificate of Continuing Program Compliance in the form attached hereto as Exhibit "C", certifying: (i) the number of Restricted Units of the Project which were occupied or deemed occupied pursuant to Section C.1 by an Eligible Tenant during such period, and (ii) to the knowledge of Owner either (a) no unremedied default has occurred under this Agreement, or (b) a default has occurred, in which event the Certificate shall describe the nature of the default and set forth the measures being taken by the Owner to remedy such default. Owner agrees to pay Authority a fee pursuant to Health and Safety Code Section 33418(c) to offset Authority's cost of monitoring the affordable housing at the Site, which shall not exceed Five Hundred Dollars (\$500) per year. In addition, Owner shall deliver to Authority the annual report as required by the Health and Safety Code with respect to projects utilizing tax increment funds.

12. Maintenance of Records. Owner shall maintain materially complete and accurate records pertaining to the Units, and shall permit any duly authorized representative of Authority to inspect the books and records of Owner pertaining to the Project including, but not limited to, those records pertaining to the occupancy of the Units.

13. Reliance on Tenant Representations. Each lease shall contain a provision to the effect that Owner has relied on the income certification and supporting information supplied by the tenant in determining qualification for occupancy of the Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease.

14. Conflicts. The leasing preference provision set forth in Section C.6 shall apply only to the extent, such provisions are not in conflict with Internal Revenue Code provisions or IRS regulations.

15. Authority Remedy for Excessive Rent Charge.

a. It shall constitute a default for Owner to charge or accept for a Restricted Unit rent amounts in excess of the amount provided for in Section C.4 of this Agreement. In the event that Owner charges or receives such higher rental amounts, in addition to any other remedy Authority shall have for such default, Owner shall be required to pay to Authority the entire amount of rent received in excess of the amount permitted pursuant to this Agreement.

b. It shall constitute a default for Owner to knowingly rent or continue to rent any Restricted Unit to a tenant who is not an Eligible Tenant for the particular Restricted Unit

pursuant to the rental rate requirements set forth in Section C.4 of this Agreement. In the event Owner knowingly rents or continues to rent a Restricted Unit to an ineligible tenant, in addition to any other equitable remedy Authority shall have for such default, Owner, for each separate violation shall be required to pay to Authority an amount equal to (i) two times the greater of (A) the total rent Owner received from such ineligible tenant, during the period of the violation, or (B) the total rent Owner was entitled to receive for renting that Restricted Unit during the period of the violation, plus (ii) any relocation expenses incurred by Authority or City as a result of Owner having rented to such ineligible person.

c. It shall constitute a default for Owner to knowingly rent or continue to rent any of the Restricted Units in violation of the leasing preference requirements of Section C of this Agreement. In the event Owner rents a Restricted Unit in violation of the leasing preference requirements and such violation has not been cured after notice and the applicable cure period set forth in Section 801 of the DLA, in addition to any other equitable remedy Authority shall have for such default, Owner, for each separate violation shall be required to pay Authority an amount equal to two (2) months of rental charges for the Restricted Unit with the highest rent. The terms of this Section C.15 shall not apply if Owner rents to an ineligible person as a result of such person's fraud or misrepresentation.

THE PARTIES HERETO AGREE THAT THE AMOUNTS SET FORTH IN SUBPARAGRAPHS (a) THROUGH (c) OF THIS SECTION C.15 ("DAMAGE AMOUNTS") CONSTITUTE A REASONABLE APPROXIMATION OF THE ACTUAL DAMAGES THAT AUTHORITY WOULD SUFFER DUE TO THE DEFAULTS BY OWNER SET FORTH IN SUBPARAGRAPHS (a) THROUGH (c), CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING ON THE EFFECTIVE DATE OF THIS AGREEMENT, INCLUDING THE RELATIONSHIP OF THE DAMAGE AMOUNTS TO THE RANGE OF HARM TO AUTHORITY AND ACCOMPLISHMENT OF AUTHORITY'S PURPOSE OF ASSISTING IN THE PROVISION OF AFFORDABLE HOUSING TO ELIGIBLE TENANTS THAT REASONABLY COULD BE ANTICIPATED AND THE ANTICIPATION THAT PROOF OF ACTUAL DAMAGES WOULD BE COSTLY OR INCONVENIENT. THE AMOUNTS SET FORTH IN THIS SECTION C.15 SHALL BE THE SOLE MONETARY DAMAGES REMEDY FOR THE DEFAULTS SET FORTH IN THIS SECTION C.15, BUT NOTHING IN THIS SECTION C.15 SHALL BE INTERPRETED TO LIMIT AUTHORITY'S REMEDY FOR SUCH DEFAULT TO SUCH A DAMAGES REMEDY. IN PLACING ITS INITIAL AT THE PLACES PROVIDED BELOW, EACH PARTY SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE AND THE FACT THAT EACH PARTY HAS BEEN REPRESENTED BY COUNSEL WHO HAS EXPLAINED SAME AND THE CONSEQUENCES OF THIS LIQUIDATED DAMAGES PROVISION AT OR PRIOR TO THE TIME EACH EXECUTED THIS AGREEMENT.

OWNER'S INITIALS: _____ AUTHORITY'S INITIALS: _____

16. Section 8 Tenants. Owner shall accept as tenants on the same basis as all other Eligible Tenants, persons who are Grant Recipients of federal certificates for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, or its successor. Owner shall not apply selection criteria to Section 8 certificate holders that are more burdensome than criteria applied to all other Eligible Tenants.

D. MAINTENANCE.

1. Maintenance Obligation. Owner, for itself and its successors and assigns, hereby covenants and agrees to maintain and repair or cause to be maintained and repaired the Site and all related on-site improvements and landscaping thereon, including, without limitation, buildings, parking areas, lighting, signs and walls in a good working condition and repair, free of rubbish, debris and other hazards to persons using the same, and in accordance with all applicable laws, rules, ordinances and regulations of all federal, state, and local bodies and agencies having jurisdiction, at Owner's sole cost and expense. Such maintenance and repair shall include, but not be limited to, the following: (i) sweeping and trash removal; (ii) the care and replacement of all shrubbery, plantings, and other landscaping in a healthy condition; and (iii) the repair, replacement and restriping of asphalt or concrete paving using the same type of material originally installed, to the end that such pavings at all times be kept in a level and smooth condition. In addition, Owner shall be required to maintain the Property in such a manner as to avoid the reasonable determination of a duly authorized official of the City that a public nuisance has been created by the absence of adequate maintenance such as to be detrimental to the public health, safety or general welfare or that such a condition of deterioration or disrepair causes appreciable harm or is materially detrimental to property or improvements within one thousand (1,000) feet of such portion of the Site.

2. Parking and Driveways. The driveways and traffic aisles on the Site shall be kept clear and unobstructed at all times. No vehicles or other obstruction shall project into any of such driveways or traffic aisles. Vehicles associated with the operation of the Site, including delivery vehicles, vehicles of employees and vehicles of persons with business on the Site shall park solely on the Site.

3. Tenant Compliance. Owner shall provide any proposed tenants of any portion of the Site with a copy of this Agreement (or an accurate summary of the terms of this Agreement) and shall, prior to entering into any lease agreement, have the proposed tenant execute an affidavit agreeing to comply with the provisions of this Agreement. All lease agreements shall be in writing and shall contain provisions which make compliance with the conditions of this Agreement express covenants of the lease.

4. Right of Entry. In the event Owner fails to maintain the Site in the above-mentioned condition, and satisfactory progress is not made in correcting the condition within thirty (30) days from the date of written notice from Authority, or if Owner and Authority agree such condition cannot reasonably be cured within such 30-day period Owner shall have such time as Owner and Authority mutually agree may be reasonably necessary to correct the condition provided that Owner is diligent in pursuit of the cure, City or Authority may, at their option, and without further notice to Owner, declare the unperformed maintenance to constitute a public nuisance. Thereafter, either Authority or City, their employees, contractors or agents, may cure Owner's default by entering upon the Site and performing the necessary landscaping and/or maintenance. Authority or City shall give Owner, its representative or the residential manager reasonable notice of the time and manner of entry, and entry shall only be at such times and in such manner as is reasonably necessary to carry out this Regulatory Agreement. Owner shall pay such costs as are reasonably incurred by Authority or City for such maintenance, including attorneys' fees and costs.

5. Lien. If such costs are not reimbursed within thirty (30) days after Owners' receipt of notice thereof, the same shall be deemed delinquent, and the amount thereof shall bear interest thereafter at a rate of the lower of ten percent (10%) per annum or the legal maximum until paid. Any and all delinquent amounts, together with said interest, costs and reasonable attorney's fees, shall be a personal obligation of Owner as well as a lien and charge, with power of sale, upon the property interests of Owner, and the rents, issues and profits of such property. City and/or Authority may bring an action at law against Owner obligated to pay any such sums or foreclose the lien against Owner's property interests. Any such lien may be enforced by sale by the City or Authority following recordation of a Notice of Default of Sale given in the manner and time required by law as in the case of a deed of trust; such sale to be conducted in accordance with the provisions of Section 2924, et seq., of the California Civil Code, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law.

Any monetary lien provided for herein shall be subordinate to any bona fide mortgage or deed of trust covering an ownership interest or leasehold or subleasehold estate in and to any Site approved by Authority pursuant to the DLA, and any purchaser at any foreclosure or trustee's sale (as well as any deed or assignment in lieu of foreclosure or trustee's sale) under any such mortgage or deed of trust shall take title free from any such monetary lien, but otherwise subject to the provisions hereof; provided that, after the foreclosure of any such mortgage and/or deed of trust, all other assessments provided for herein to the extent they relate to the expenses incurred subsequent to such foreclosure, assessed hereunder to the purchaser at the foreclosure sale, as owner of the subject Site after the date of such foreclosure sale, shall become a lien upon such Site upon recordation of a Notice of Assessment or Notice of Claim of Lien as herein provided.

E. MANAGEMENT.

1. Approval of Project Manager; Designation of Resident Manager. Subject to the terms and conditions contained hereinbelow, Owner shall at all times during the operation of the Project pursuant to this Agreement retain a project management firm to perform the management and/or supervisory functions ("**Project Manager**") with respect to the operation of the Project including day-to-day administration, maintenance and repair. Owner shall, before execution or any subsequent amendment or replacement thereof, submit and obtain Authority's written approval of a management contract ("**Management Contract**") entered into between Owner and a Project Manager acceptable to Authority. Subject to any regulatory or licensing requirements of any other applicable governmental agency, the Management Contract may be for a term of up to fifteen (15) years and may be renewed for successive terms in accordance with its terms but may not be materially amended or modified without the prior written consent of Authority. The Management Contract shall also provide that the Project Manager shall be subject to termination for failure to meet project maintenance and operational standards set forth herein or in other agreements between Owner and Authority. Owner shall promptly terminate any Project Manager which commits or allows such failure, unless the failure is cured within a reasonable period in no event exceeding sixty (60) days from Project Manager's receipt of notice of the failure from Owner or Authority. Owner's obligation to retain a Project Manager shall remain in force and effect for the same duration as the use covenants set forth in Section B of this Agreement. Notwithstanding anything to the contrary in this Section, the Project may be self-managed by Owner with the prior written

consent of the Authority's Executive Director. Any change in the Project Manager shall be approved, in writing, by the Executive Director, which approval shall not be unreasonably withheld.

In addition to the Project Manager, one (1) Resident Manager shall be designated as necessary by Owner or Project Manager, with written notice to Authority of the Resident Manager's name, address and telephone number.

2. Serious Mismanagement. In the event of "Serious Mismanagement" (as that term is defined below) of the Project, Authority shall have right to require that such Serious Mismanagement cease immediately, and further to require the immediate replacement of the Project Manager or Resident Manager. For purposes of this Agreement the term "**Serious Mismanagement**" shall mean management of the Project in a manner which violates the terms and/or intent of this Agreement and/or the Management Contract to operate an affordable housing complex of the highest standard, and shall include, but is not limited to, the following:

- a. Knowingly leasing or continuing to lease to ineligible tenants or tenants whose income exceeds the prescribed levels;
- b. Knowingly allowing the tenants to exceed the prescribed occupancy levels without taking immediate steps to stop such overcrowding;
- c. Repeated failing to maintain the Project and the Site in the manner required by this Agreement (including applicable cure periods);
- d. Repeated failing to submit the reports as required by this Agreement or failing to submit materially complete reports (including applicable cure periods);
- e. Fraud in connection with any document or representation relating to this Agreement or embezzlement of Project monies; and
- f. Failing to fully cooperate with the County Sheriff's Department and/or City's Police Department (as applicable) in maintaining a crime-free environment on the Site.

F. COMPLIANCE WITH LAWS.

1. State and Local Laws. Owner shall comply with all ordinances, regulations and standards of the City and Authority applicable to the Site. Owner shall comply with all rules and regulations of any assessment district of the City with jurisdiction over the Site.

2. Lease Approval. Authority shall have the right, but is not required, to approve any lease forms, revisions, amendments or modification made to same, used by the Project Manager or Resident Managers for leasing Units within the Site.

G. INSURANCE.

1. Duty to Procure Insurance. Owner covenants and agrees for itself, and its assigns and successors-in-interest in the Site that from completion of the Project as evidenced by City's

issuance of a certificate of occupancy, and continuing thereafter until the expiration of the Term of this Agreement, Owner or such successors and assigns shall procure and keep in full force and effect or cause to be procured and kept in full force and effect for the mutual benefit of Owner and Authority, and shall provide Authority evidence reasonably acceptable to Executive Director, insurance policies meeting the minimum requirements set forth below:

a. Commercial General Liability insurance with respect to the Site and the operations of or on behalf of Owner, in an amount not less than Two Million Dollars (\$2,000,000) per occurrence combined single limit including products, completed operations, incidental, contractual, bodily injury, personal injury, death and property damage liability per occurrence, subject to such increases in amount as Authority may reasonably require from time to time. The insurance to be provided by Owner may provide for a deductible or self-insured retention of not more than Twenty-Five Thousand Dollars (\$25,000), with such maximum amount to increase at the same rate as the periodic increases in the minimum amount of total insurance coverage set forth above. The amounts of coverage and deductible under this paragraph may be increased by Authority upon written notice to Owner provided such increase is based on such insurance as required for similar projects.

b. With respect to the improvements and any fixtures and furnishings to be owned by Owner on the Site, All Risk Property insurance against fire, extended coverage, vandalism, and malicious mischief, and such other additional perils, hazards, and risks as now are or may be included in the standard "all risk" form in general use in Los Angeles County, California, with the standard form fire insurance coverage in an amount equal to full actual replacement cost thereof, as the same may change from time to time. The above insurance policy or policies shall include coverage for earthquake to the extent generally and commercially available at commercially reasonable rates as reasonably determined by Owner. Authority shall be a loss payee under such policy or policies and such insurance shall contain a replacement cost endorsement.

c. All policies of insurance required to be carried by Owner shall be written by responsible and solvent insurance companies licensed or authorized to do business in the State of California and having a policy-holder's rating of A or better, in the most recent addition of "Best's Key Rating Guide -- Property and Casualty." A copy of each paid-up policy evidencing such insurance (appropriately authenticated by the insurer) or a certificate of the insurer, certifying that such policy has been issued, providing the coverage required herein, and containing the provisions specified herein, shall be delivered to Authority prior to its issuance of the Release of Construction Covenants for the Project and thereafter, upon renewals, not less than thirty (30) days prior to the expiration of coverage. Authority may, at any time, and from time to time, inspect and/or copy any and all insurance policies required to be procured by Owner hereunder. In no event shall the limits of any policy be considered as limiting the liability of Owner hereunder.

d. Each insurance policy required to be carried by Owner pursuant to this Agreement shall contain the following endorsements, provisions or clauses:

(1) The insurer will not cancel or materially alter the coverage provided by such policy in a manner adverse to the interest of the insured without first

giving Authority a minimum of thirty (30) days prior written notice by certified mail, return receipt requested.

(2) A waiver by the insurer of any right to subrogation against Authority, its agents, employees, or representatives, which arises or might arise by reason of any payment under such policy or policies or by reason of any act or omission of Authority, its agents, officers, members, officials, employees, or representatives.

(3) The City, Authority, their respective agents, officers, members, officials, employees, volunteers, and representatives shall be additional insureds on the Commercial General Liability policies.

(4) The City and Authority shall be loss payees on the All Risk Property insurance policies.

(5) Coverage provided by these policies shall be primary and non-contributory to any insurance carried by the City, Authority, their officers, officials, employees, volunteers, agents, or representatives.

(6) Failure to comply with reporting provisions shall not affect coverage provided to City, Authority, their officers, employees, volunteers, agents, or representatives.

e. Authority's Executive Director may require an increase in the minimum limits of the insurance policies required by this Section as such increases are reasonably determined necessary to provide for changes in cost of living, liability exposure, the market for insurance, or the use of the Site. Such increases in insurance coverage shall be effective upon receipt of written notice from the Executive Director, provided that Owner shall have the right to appeal a determination of increased coverage by the Executive Director to Authority Board of Directors within thirty (30) days of receipt of notice from the Executive Director.

f. Authority's Executive Director may waive or modify the insurance requirements set forth herein if such insurance is determined by the Executive Director not to be commercially available. Owner shall submit such evidence of commercial availability as is reasonably required by the Executive Director. At least annually, Owner shall review the availability of any insurance requirement waived or modified pursuant to this section, and shall meet any such insurance requirement as such insurance becomes commercially available.

2. Failure to Procure Insurance. If Owner fails to procure and maintain the above-required insurance despite its commercial availability, then Authority, in addition to any other remedy which Authority may have hereunder for Owner's failure to procure, maintain, and/or pay for the insurance required herein, may (but without any obligation to do so) at any time or from time to time, after thirty (30) days written notice to Owner, procure such insurance and pay the premiums therefor, in which event Owner shall immediately repay Authority all sums so paid by Authority together with interest thereon at the maximum legal rate.

H. OBLIGATIONS TO REPAIR.

1. Obligation to Repair and Restore Damage Due to Casualty Covered by Insurance.

Subject to Section H.3 below, if the Project shall be totally or partially destroyed or rendered wholly or partly uninhabitable by fire or other casualty required to be insured against by Owner, Owner shall promptly proceed to obtain insurance proceeds and take all steps necessary to begin reconstruction and, immediately upon receipt of insurance proceeds, to promptly and diligently commence the repair or replacement of the Project to substantially the same condition as the Project is required to be maintained in pursuant to this Agreement, whether or not the insurance proceeds are sufficient to cover the actual cost of repair, replacement or restoration and Owner shall complete the same as soon as possible thereafter so that the Project can continue to be operated and occupied as an affordable housing project in accordance with this Agreement. However, in the event of catastrophic damage not covered by insurance, Owner shall be excused from the obligation to rebuild but shall be obligated to ensure that the property is in a safe condition. Subject to extensions of time for Enforced Delay events described in the DLA, in no event shall the repair, replacement, or restoration period exceed one (1) year from the date Owner obtains insurance proceeds unless Authority's Executive Director, in his or her sole and absolute discretion, approves a longer period of time. Authority shall cooperate with Owner, at no expense to Authority, in obtaining any governmental permits required for the repair, replacement, or restoration. If, however, the then-existing laws of any other governmental agencies with jurisdiction over the Property or any Project lenders do not permit the repair, replacement, or restoration, Owner may elect not to repair, replace, or restore the Project by giving notice to Authority (in which event Owner shall be entitled to all insurance proceeds but Owner shall be required to remove all debris from the Site) or Owner may reconstruct such other improvements on the Site as are consistent with applicable land use regulations and approved by the City, Authority, and the other governmental agency or agencies with jurisdiction.

If Owner fails to obtain insurance as required by the DLA or this Agreement (and Authority has not procured such insurance and charged Owner for the cost), Owner shall be obligated to reconstruct and repair any partial or total damage to the Project and improvements located on the site in accordance with this Section H.1.

2. Continued Operations. During any period of repair, Owner shall continue, or cause the continuation of, the operation of the Project to the extent reasonably practicable from the standpoint of prudent business management.

3. Damage or Destruction Due to Cause Not Required to be Covered by Insurance. If the improvements comprising the Project are completely destroyed or substantially damaged by a casualty for which Owner is not required to (and has not) insure against, then Owner shall not be required to repair, replace, or restore such improvements and may elect not to do so by providing Authority with written notice of election not to repair, replace, or restore within ninety (90) days after such substantial damage or destruction. In such event, Owner shall remove all debris from the Property. As used in this Section H.3, "substantial damage" caused by a casualty not required to be (and not) covered by insurance shall mean damage or destruction which is [ten] percent [(10%)] or more of the replacement cost of the improvements comprising the Project. In the event Owner does not timely elect not to repair, replace, or restore the improvements as set forth in the first sentence of this Section H.3, Owner shall be conclusively deemed to have waived its right not to repair, replace, or restore the improvements and thereafter Owner shall promptly commence and complete the repair,

replacement, or restoration of the damaged or destroyed improvements in accordance with Section H.1 above and continue operation of the apartment complex during the period of repair (if practicable) in accordance with Section H.2 above.

I. LIMITATIONS ON TRANSFERS.

Owner covenants that Owner shall not transfer the Site or any of its interests therein except as provided in this Section.

1. Transfer Defined. As used in this Section, the term “**Transfer**” shall include any assignment, hypothecation, mortgage, pledge, conveyance, or encumbrance of this Agreement, the Site, or the improvements thereon. A Transfer shall also include the transfer to any person or group of persons acting in concert of more than twenty-five percent (25%) (in the aggregate) of the present ownership and/or control of any person or entity constituting Owner or its general partners, taking all transfers into account on a cumulative basis, except transfers of such ownership or control interest between members of the same immediate family, or transfers to a trust, testamentary or otherwise, in which the beneficiaries are limited to members of the transferor’s immediate family, or among the entities constituting Owner or its general partners or their respective shareholders. In the event any entity constituting Owner, its successor or the constituent partners of Owner or any successor of Owner, is a corporation or trust, such transfer shall refer to the transfer of the issued and outstanding capital stock of such corporation, of beneficial interests of such trust; in the event that any entity constituting Owner, its successor or the constituent partners of Owner or any successor of Owner is a limited or general partnership, such transfer shall refer to the transfer of more than twenty-five percent (25%) of such limited or general partnership interest; in the event that any entity constituting Owner, its successor or the constituent partners of Owner or any successor of Owner is a joint venture, such transfer shall refer to the transfer of more than twenty-five percent (25%) of the ownership and/or control of any such joint venture partner, taking all transfers into account on a cumulative basis.

2. Authority Approval of Transfer Required. Owner shall not Transfer the Site or any of Owner’s rights hereunder, or any interest in the Site or in the improvements thereon, directly or indirectly, voluntarily or by operation of law, except as provided below, without the prior written approval of Authority, and if so purported to be Transferred, the same shall be null and void. In considering whether it will grant approval of any Transfer by Owner of its interest in the Site, Authority shall consider factors such as (i) whether the completion of the Project is jeopardized; (ii) the financial credit, strength, and capability of the proposed transferee to perform Authority’s obligations hereunder; and (iii) the proposed transferee’s experience and expertise in the planning, financing, development, ownership, and operation of similar projects.

In the absence of specific written agreement by Authority, no transfer by Owner of all or any portion of its interest in the Site (including without limitation a transfer not requiring Authority approval hereunder) shall be deemed to relieve it or any successor party from the obligation to complete the Project or any other obligations under this Regulatory Agreement. In addition, no attempted transfer of any of Owner’s obligations hereunder shall be effective unless and until the successor party executes and delivers to Authority an assumption agreement in a form approved by Authority assuming such obligations.

3. Exceptions. The foregoing prohibition shall not apply to any of the following:

- (a) Any mortgage, deed of trust, sale/lease-back, or other form of conveyance for financing, but Owner shall notify Authority in advance of any such mortgage, deed of trust, or other form of conveyance for financing pertaining to the Site.
- (b) Any mortgage, deed of trust, sale/lease-back, or other form of conveyance for restructuring or refinancing of any amount of indebtedness described in subsection (a) above, provided that the amount of indebtedness incurred in the restructuring or refinancing does not exceed the outstanding balance on the debt incurred to finance the acquisition of the Site and construction of improvements on the Site, including any additional costs for completion of construction, whether direct or indirect, based upon the estimates of architects and/or contractors.
- (c) After recordation of the Release of Construction Covenants, any mortgage, deed of trust, sale/lease-back, or other form of conveyance for financing provided that the principal amount of the loan does not exceed eighty percent (80%) of the value of the land and improvements thereon.
- (d) The granting of easements to any appropriate governmental agency or utility to facilitate the development of the Site.
- (e) A sale or transfer resulting from or in connection with a reorganization as contemplated by the provisions of the Internal Revenue Code of 1986, as amended or otherwise, in which the ownership interests of a corporation are assigned directly or by operation of law to a person or persons, firm or corporation which acquires the control of the voting capital stock of such corporation or all or substantially all of the assets of such corporation.
- (f) A transfer of ownership interests to a member of the transferor's immediate family, a trust, testamentary or otherwise, in which immediate family members of the transferor are the sole beneficiaries, or a corporation or partnership in which the immediate family members or shareholders of the transferor have controlling majority interest of more than fifty percent (50%).
- (g) A change in the respective percentage ownership interests exclusively of the present owners of Owner (as of the date of this Agreement), but this shall not authorize the transfer of any interest to any person or entity who is not a present owner of Owner.
- (h) A sale or Transfer of any limited partnership interest in Owner, or the permitted successor thereof, to a Qualified Tax Credit Investor.
- (i) A sale or transfer to a Qualified Tax Credit Investor.
- (j) The admission of a California nonprofit corporation (or an limited liability company wholly owned by a California nonprofit corporation) as a managing general partner of Owner, or the permitted successor thereof.
- k. Transfer of the Project or limited partnership interests in the Developer's limited partnership to a general partner, general partners or affiliates thereof of Developer, at the end of the fifteen year Tax Credit initial compliance period.

- l. Admission of the Qualified Tax Credit Investor to the Developer or the transfer of the Qualified Tax Credit Investor's interest in Developer to another party, or the redemption of the Qualified Tax Credit Investor's interest in the Developer.
- m. Execution of residential for the Units in the ordinary course of operations of the Site.
- n. Execution of commercial leases for the 2,500 commercial space in the ordinary course of the operation of the Site.
- o. Any transfer to a METAMeta Entity. For purposes hereof "META Entity" means collectively, any one or more of (i) Meta Housing Corporation a California corporation; (ii) John M. Huskey, an individual, or his administrators, executors and heirs, (iii) any other executive employee of Meta Housing Corporation, or (iv) any corporation, limited liability company or limited partnership wholly owned or controlled by, or which owns and controls, any the persons or entities identified in (i) through (ii) above.

J. ENFORCEMENT. In the event Owner defaults in the performance or observance of any covenant, agreement or obligation of Owner pursuant to this Agreement, and if such default remains uncured for a period of thirty (30) days after written notice thereof shall have been given by Authority, or, in the event said default cannot be cured within said time period, Owner has failed to commence to cure such default within said thirty (30) days and thereafter fails to diligently prosecute said cure to completion, then Authority shall declare an "Event of Default" to have occurred hereunder, and, at its option, may take one or more of the following steps:

1. By mandamus or other suit, action or proceeding at law or in equity, require Owner to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of this Agreement; or
2. Take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of Owner hereunder; or
3. Enter the Site and cure the Event of Default as provided in Section E hereof.
4. Impose, through Authority's Executive Director, an administrative fine for each day the violation continues. The amount of the fine shall be Twenty-Five dollars (\$25.00) per day, unless the violation is deemed a major violation, in which case the fine shall be Seventy-Five dollars (\$75.00) per day. The amounts of the foregoing fines shall be automatically increased by Five Dollars (\$5.00) every five (5) years during the Term of this Agreement. A "major" violation shall be one which affects adjacent property or the health and safety of persons. Owner may appeal the assessment of any fine to the City Council who may reverse, modify or uphold the decision of the Executive Director. In making this decision, the City Council shall determine whether the violation exists and whether the amount of the fine is appropriate under the circumstances.

Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by any party of one or more of its rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by another party.

K. NON-DISCRIMINATION. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, or any part thereof, nor shall Owner, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Site, or any part thereof (except as permitted by this Agreement).

L. COVENANTS TO RUN WITH THE LAND. Owner hereby subjects the Site to the covenants, reservations, and restrictions set forth in this Agreement. Authority and Owner hereby declare their express intent that all such covenants, reservations, and restrictions shall be deemed covenants running with the land and shall pass to and be binding upon the Owner's successors in title to the Site for the Term; provided, however, that on the termination of this Agreement said covenants, reservations and restrictions shall expire. All covenants without regard to technical classification or designation shall be binding for the benefit of Authority, and such covenants shall run in favor of Authority for the Term of this Agreement, without regard to whether Authority is or remains an owner of any land or interest therein to which such covenants relate. Each and every contract, deed or other instrument hereafter executed covering or conveying the Site or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations, and restrictions, regardless of whether such covenants, reservations, and restrictions are set forth in such contract, deed or other instrument.

Authority and Owner hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that Owner's legal interest in the Site is rendered less valuable thereby. Authority and Owner hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Eligible Tenants, the intended beneficiaries of such covenants, reservations, and restrictions, and by furthering the public purposes for which Authority was formed.

Owner, in exchange for Authority entering into the DLA, hereby agrees to hold, sell, and convey the Site subject to the terms of this Agreement. Owner also grants to Authority and the City the right and power to enforce the terms of this Agreement against the Owner and all persons having any right, title or interest in the Site or any part thereof, their heirs, successive owners and assigns.

M. INDEMNIFICATION. Owner agrees for itself and its successors and assigns to indemnify, defend, and hold harmless Authority, City, and their respective officers, members, officials, employees, agents, volunteers, and representatives from and against any loss, liability, claim, or judgment relating in any manner to the Project excepting only any such loss, liability, claim, or judgment arising out of the intentional wrongdoing or gross negligence of Authority, City, or their respective officers, officials, employees, members, agents, volunteers, or representatives. Owner, while in possession of the Site, and each successor or assign of Owner while in possession of the Site, shall remain fully obligated for the payment of property taxes and assessments in connection with the Site. The foregoing indemnification, defense, and hold harmless agreement shall only be applicable to and binding upon the party then owning the Site or applicable portion thereof.

N. ATTORNEY'S FEES. In the event that a party to this Agreement brings an action against the other party hereto by reason of the breach of any condition, covenant, representation or warranty in this Agreement, or otherwise arising out of this Agreement, the prevailing party in such action shall be entitled to recover from the other reasonable expert witness fees, and its attorney's fees and costs. Attorney's fees shall include attorney's fees on any appeal, and in addition a party entitled to attorney's fees shall be entitled to all other reasonable costs for investigating such action, including the conducting of discovery.

O. AMENDMENTS. This Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of Los Angeles.

P. NOTICE. Any notice required to be given hereunder shall be made in writing and shall be given by personal delivery, certified or registered mail, postage prepaid, return receipt requested, at the addresses specified below, or at such other addresses as may be specified in writing by the parties hereto:

Authority:	Carson Housing Authority 701 E. Carson Street Carson, CA 90745 Attn: Executive Director
Copy to:	Aleshire & Wynder, LLP 18881 Von Karman Avenue, Suite 400 Irvine, CA 92612 Attn: Sunny K. Soltani, Esq.
Owner:	21205 Carson Arts, L.P. 1640 Sepulveda Blvd., Suite 425 Los Angeles, CA 90025 Attn: Chris Maffris
Copy to:	Bocarsly Emden Cowan Esmail & Arndt LLP 633 West Fifth Street 70 th Floor Los Angeles, CA 90071 Attn: Niccole Deddens, Esq.

The notice shall be deemed given three (3) business days after the date of mailing, or, if personally delivered, when received.

Q. SEVERABILITY; WAIVER; INTEGRATION.

1. Severability. If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

2. Waiver. A waiver by either party of the performance of any covenant or condition herein shall not invalidate this Agreement nor shall it be considered a waiver of any other covenants or conditions, nor shall the delay or forbearance by either party in exercising any remedy or

right be considered a waiver of, or an estoppel against, the later exercise of such remedy or right.

3. Integration. This Agreement contains the entire Agreement between the parties and neither party relies on any warranty or representation not contained in this Agreement.

R. FUTURE ENFORCEMENT. The parties hereby agree that should Authority cease to exist as an entity at any time during the term of this Agreement, the City of Carson shall have the right to enforce all of the terms and conditions herein, unless Authority had previously specified another entity to enforce this Agreement.

S. GOVERNING LAW. This Agreement shall be governed by the laws of the State of California.

T. CONFLICT WITH TAX CREDIT REQUIREMENTS. Notwithstanding anything to the contrary set forth in the Agreement, to the extent that any provision of this Agreement conflicts with any provision of Section 42 of the Internal Revenue Code of 1986 (as amended) and/or any rules or requirements of the California Tax Credit Allocation Committee (collectively, the "Tax Credit Requirements"), Owner shall notify Authority in writing and the parties shall make appropriate and reasonable revisions to this Agreement to prevent any violation of the Tax Credit Requirements while still protecting the rights and obligations of the Authority. Any modifications must be in writing executed and acknowledged by both parties and recorded in the Official Records of Los Angeles County.

U. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall constitute one original and all of which shall be one and the same instrument.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Authority and Owner have executed this Regulatory Agreement and Declaration of Covenants and Restrictions by duly authorized representatives on the date first written hereinabove.

DEVELOPER:

21205 CARSON ARTS, L.P.,
a California Limited Partnership

By: 21205 Carson Arts LLC,
a California liability company,
General Partner

By: _____
Chris Maffris
Vice President

AUTHORITY:

CARSON HOUSING AUTHORITY,
a public agency, corporate and politic

By: _____
Albert Robles, Chair

Date: _____, 201_

ATTEST:

By: _____
Donesia L. Gause, CMC
Authority Secretary

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

By: _____
Sunny K. Soltani
Authority Counsel

EXHIBIT “A”
LEGAL DESCRIPTION OF SITE

THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY OF CARSON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

The North 125 feet of Lot 6 of Tract No. 3612, in the City of Carson, County of Los Angeles, State of California, as per map recorded in Book 40 Pages 5 and 6 of Maps, in the office of the County Recorder of said county.

APNs 7343-001-040 & 7343-001-041

EXHIBIT “B”

DESCRIPTION OF PUBLIC PROPERTY

[Insert Description Prior to Loan Closing and Execution by Developer]

EXHIBIT “C”

Period Covered _____

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE CARSON HOUSING AUTHORITY

The undersigned, 21205 CARSON ARTS, L.P., a California limited partnership (“**Owner**”), has read and is thoroughly familiar with the provisions of the Development and Loan Agreement (“**DLA**”) and documents referred to therein executed by Owner and CARSON HOUSING AUTHORITY (“**Authority**”) including, but not limited to, the Regulatory Agreement, as such term is defined in the DLA.

As of the date of this Certificate, the following Restricted Units in the Project are: (i) occupied by Eligible Tenants or Qualified Permanent Residents (as defined in the Regulatory Agreement), or (ii) currently vacant and being held available for such occupancy and have been so held continuously since the date an Eligible Tenant vacated such Restricted Unit:

	Occupied	Vacant
Eligible Tenants/Qualified Permanent Residents:	_____	_____

As of the date of this Certificate, the following are numbers of Very Low Income Tenants, Low Income Tenants, Very Low Income Senior Citizen Tenants, and Low Income Senior Citizen Tenants who commenced occupancy of Restricted Units during the preceding year:

<u>Extremely Low Income Tenants</u>	<u>Very Low Income Tenants</u>	<u>Low Income Tenants</u>
Unit Nos. _____	Unit Nos. _____	Unit Nos. _____

Attached is a separate sheet (“**Occupancy Summary**”) listing, among other items, the following information for each Unit: the number of each Unit, the occupants of each Unit, the rental paid for each Unit, and the size and number of bedrooms in each Unit. The Owner certifies that the information contained in the Occupancy Summary is true and accurate.

The undersigned hereby certifies that (1) a review of the activities of the Owner during such period and of the Owner’s performance under the DLA and the documents referred to therein has been made under the supervision of the undersigned, and (2) to the best knowledge of the undersigned, based on the review described in clause (1) hereof, the Owner is not in default under any of the terms and provisions of the above documents (or describe the nature of any detail and set forth the measures being taken to remedy such defaults).

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.

[illegible]

On _____, 201_ before me, _____, a notary public,
personally appeared _____ who proved to me
on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the
entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Notary Public

SEAL:

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

[illegible]

On _____, 201_ before me, _____, a notary public,
personally appeared _____ who proved to me
on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the
entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Notary Public

SEAL

ATTACHMENT NO. 7-B

TO CARSON ARTS AFFORDABLE HOUSING DLA

FREE RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

CARSON RECLAMATION AUTHORITY
701 E. Carson Street
Carson, California 90745
Attn: Executive Director

(Space Above This Line for Recorder's Office Use Only)

**CALIFORNIA RECYCLE UNDERUTILIZED SITES (CALREUSE)
REMEDICATION PROGRAM**

REGULATORY AGREEMENT

This Regulatory Agreement (the "**Agreement**") dated _____, 2017 ("**Agreement Date**"), is made and entered into by and among 21205 CARSON ARTS, L.P. ("**Owner**"), and the CARSON RECLAMATION AUTHORITY, a public agency ("**Grantee**"), and the CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY, a public agency ("**Authority**"). Owner and Grantee are sometimes jointly referred to herein as "**Obligors**."

RECITALS:

- A.** This Regulatory Agreement shall remain in full force and effect until such time as it is superseded by an independent Regulatory Agreement (as defined in 4 CCR Section 8102(u) of the Regulations as defined in Paragraph C below), or Recorded Covenant, (as defined in 4 CCR Section 8102(s) of the Regulations), between Grantee and a separate public agency that is in effect and binds Grantee to at least the depth and term of affordability specified in the approved application. Authority shall approve the independent Regulatory Agreement or Recorded Covenant prior to conclusion of the term of this Agreement upon notice of the filing of such document.
- B.** On _____, _____ ("Former Grantee") applied to Authority for an Infill Grant for the cleanup of a brownfield and the development of a brownfield infill project that would include affordable housing. Said project was to be located at the property known as the 157-acre landfill site ("Former Site"). The Former Grantee was awarded the grant and expended the grant funds on the Former Site for project implementation.
- C.** The Former Grantee has since transferred the Former Site and therefore its responsibilities under the original grant to the Grantee.
- D.** The original grant was awarded with the understanding that affordable housing would be developed on the Former Site, but due to unforeseen conditions the housing would have to

be developed at a different location. Grantee has applied to Authority for an amendment to the Infill Grant (“**Grant**”) to allow for the use of a different site to build the affordable housing that was promised under the original grant.

- E.** A replacement site was found for the development of affordable housing, said site is located at 21205 Main Street, City of Carson, State of California (constituting Assessor’s Parcel Numbers 7343-001-040 and 7343-001-041) more completely described in attached Exhibit A hereto (“**Property**”).
- F.** As of the Agreement Date, the Property is owned by Owner. The Owner has proposed the development of a forty-six (46) unit affordable housing project, of which forty-five (45) units are to be occupied by Eligible Households (“New Project” or “New Development”), as provided in this Agreement as set forth on attached Exhibit B.
- G.** The Grant funds have been used and the Grantee desires to use the proposed New Project, as submitted in the application to Authority, as a new site to replace the housing project that was originally proposed on the Former Site. .
- H.** Authority has agreed to accept the New Project and has provided the Grant under the California Recycle Underutilized Sites Remediation Program (“**Program**”) pursuant to Health & Safety Code Section 53545 and the CALReuse Program Regulations set forth in California Code of Regulations, Title 4, Division 11, Section 8001 et seq. (“**Regulations**”). The obligations imposed on Grantee by the Program, the Regulations, the Infill Grant Agreement and Authority’s policies and procedures are collectively referred to herein as the “**Program Requirements**.”
- I.** As required by the Program, Grantee and Authority have entered into that Infill Grant Agreement, dated _____, 201__, regarding the Project, the Development, and governing the terms of the Infill Grant (“**Grant Agreement**”).
- J.** As also required by the Program and in addition to the Grant Agreement, Grantee has executed or will execute such other documents and instruments as Authority may reasonably require.
- K.** The Grant Agreement, this Agreement and such other documents and instruments are reasonably required by Authority are collectively referred to herein as the “**Grant Documents**.”
- L.** As further consideration for the Grant and in furtherance of the purposes of the Program, Grantee has agreed to enter into this Agreement. The purpose of this Agreement is to regulate and restrict the construction, occupancy, rents, operation, ownership and management of the New Development in compliance with Grantee’s application and the Program Requirements.

NOW, THEREFORE, the parties hereto agree as follows:

AGREEMENT

1. **Recitals.** The foregoing recitals are a part of this Agreement.
2. **Property.** Owner is the owner in fee of the Property and all improvements now and hereafter located thereon.
3. **Definitions.** Unless the context requires otherwise, or the terms are defined herein, the terms used in this Agreement shall be governed by the definitions set forth in the Program statutes, which include by reference definitions found in Health & Safety Code Section 44500 et seq. (“Act”) together with the definitions included in the Regulations.

The following terms shall have the respective meanings assigned to them in this paragraph unless the context in which they are used clearly requires otherwise:

“Affordable” or “Affordable Housing Units” shall mean the housing types as described in Section 8102.4 of the Regulations.

4. **Compliance with Program Requirements.** Obligors agree that at all times its actions regarding the Development and the use of funds provided under the Grant Agreement shall be in conformity with all Program Requirements, including the requirements of the Grant Documents. Obligors acknowledge that it is familiar with the Program Requirements and has access to professional advice to the extent necessary to enable Obligors to fully comply with the Program Requirements.
5. **Term of Agreement:** This Agreement shall commence on the date set forth above and remain in full force and effect and shall apply to the New Development through and including the fifty-fifth (55th) anniversary of the date Obligor’s Completed Infill Development Project Report is approved by Authority, hereof regardless of any sale, assignment, transfer or conveyance of the New Development, unless earlier terminated by virtue of Authority’s approval of a recorded independent regulatory agreement, between Grantee and a separate public agency that is in effect and binds Obligors to at least the depth and term of affordability specified in the approved application, or terminated earlier by Authority or extended by the mutual consent of the parties. Notwithstanding anything to the contrary contained in this Agreement, the Authority agrees that this Agreement shall be junior and subordinate to the deed(s) of trust and regulatory agreements recorded in connection with any financing for the Property. The Authority shall execute, acknowledge and deliver any subordination agreements required by any of Grantee’s lenders to effectuate the foregoing upon satisfaction of reasonable requirements by Authority.
6. **Affordable Housing Units.** To the extent allowed by law and for the full term of this Agreement, Obligors shall provide within the Development the number, type and size of Affordable Housing Units set forth in attached Exhibit B.
7. **Hazard and Liability Insurance and Condemnation.**

- a. Obligors shall at all times keep the Project and Development insured against loss by fire and such other hazards, casualties, liabilities and contingencies, and in such amounts and for such periods as required by Authority. All insurance policies and renewals thereof shall be issued by a carrier and in form acceptable to Authority.
- b. Authority shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction Loan Escrow or similar arrangement, and no material breach or default then exists under the Grant Documents. If the casualty or condemnation affects only part of the New Development and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the Grant in a manner approved by Authority.

8. Authority Review and Inspections.

- a. At any time during the term of this Agreement, Authority or its designee may enter and inspect the physical premises and inspect all accounting records pertaining to the New Project and the construction, development or operation of the entire New Development. Upon request by Authority, Obligors shall notify occupants of upcoming inspections of their Units in accordance with state law.
- b. At Authority's request, Obligors shall provide, at Obligors' expense, a special audit of the Project and New Development certified by an independent certified public accountant. Authority may also perform or cause to be performed audits of any and all phases of Obligor's activities related to the Project and New Development.
- c. Authority may request any other information that it deems necessary to monitor compliance with the Program Requirements and the requirements set forth in this Agreement and the Grant Agreement. Obligors shall promptly provide such information.

9. Restrictions on Sale, Encumbrance, and Other Acts.

- a. Except with Authority's prior written approval, Obligors shall not:
 - (1) make any sale, encumbrance, hypothecation, assignment, refinancing, pledge, conveyance, or transfer in any other form of the Property or New Development or of any of its interest in either of them;
 - (2) substantially add to, remodel, remove, reconstruct, or demolish any part of the Development;
 - (3) permit the use of the New Development for any purpose other than that permitted by this Agreement;
 - (4) incur any liability or obligation in connection with the Property or Development, other than for current Operating Expenses, nor incur any liability, charge, assessment, or obligation whatsoever that is secured in

whole or in part by any interest in or lien or encumbrance on the Property provided that Authority may permit refinancing or additional financing secured by the Property to the extent necessary to maintain or improve the Development's fiscal integrity, or to maintain affordable rents as set forth in Exhibit B;

- (5) enter into any contract relating to rehabilitating or managing the New Development;
 - (6) enter into any lease for more than a single rental Unit, a ground lease of the Property or any interest therein, except for the rental of commercial space in the Development; or
 - (7) If Obligors or its successor in interest is a limited partnership, discharge or replace any general partner or amend, modify or add to its partnership agreement, or amend, modify or add to the organizational documents of the general partner; except that it may transfer limited partner interests without such approval. The withdrawal, removal, and/or replacement of a general partner of the partnership pursuant to the terms of the partnership agreement shall not constitute a default under any of the Grant Documents, and any such actions shall not trigger default under the Grant Agreement provided that any required substitute general partner is reasonably acceptable to Authority and is selected with reasonable promptness.
- b.** Authority shall approve a sale, transfer or conveyance of the Property or Development provided all of the following conditions are met:
- (1) The Obligors as transferor are in compliance with this Agreement and other Grant Documents or the sale, transfer or conveyance will result in the cure of any existing violations of this Agreement or other Grant Documents.
 - (2) The transferee agrees to assume all obligations of the transferor grantee pursuant to this Agreement, the other Grant Documents and the Program Requirements.
 - (3) The transferee grantee demonstrates to Authority's satisfaction that it has the ability to complete the Project, Development and own and operate the Development in full compliance with this Agreement, the Grant Documents and the Program Requirements.
 - (4) Any terms of the sale, transfer or conveyance shall not jeopardize the transferee Obligor's ability to comply with all Grant Documents and the Program Requirements.
- c.** Authority may grant its approval for a sale, transfer or conveyance of the Property or Development subject to such terms and conditions as may be necessary to preserve or establish the fiscal integrity of the Development or to ensure compliance with this Agreement, the other Grant Documents and the Program Requirements. Such conditions may include, but are not limited to, the deposit of sales proceeds, or a

portion thereof with a trustee agreed upon by the transferor grantee, the transferee grantee and Authority, to maintain required reserves or to offset negative cash flow.

- d. If Obligors or their successor in interest is a limited partnership, the execution and delivery of the purchase option and right of first refusal agreement described in the partnership agreement shall not constitute a default under the Grant Documents, provided that such purchase option is and remains subordinate to the documents securing the Grant. Any requisite consent of Authority to (a) the exercise of said purchase option and right of first refusal agreement by the Development sponsor identified therein, and (b) the assumption without penalty of Grant obligations by the Development sponsor and the release of Obligors from such obligations shall not be unreasonably withheld, but may be conditioned upon the execution of an operating guaranty from Obligors in form provided by Authority. Subject to any such consent requirement, the exercise of rights under such agreement shall not constitute a default under the Grant Documents.
- e. If Obligors or their successor in interest is a limited partnership and the purchase option and right of first refusal agreement described in the partnership agreement is not exercised and the Development is sold subject to low-income housing use restrictions contained in this Agreement, the requisite consent of Authority to said sale, and to the assumption without penalty of Grant obligations by the purchaser and the release of Obligors from such obligations, shall not be unreasonably withheld, but may be conditioned upon, among other requirements, the execution of an operating guaranty from Obligors in form provided by Authority.
- f. Obligors agree that if it is organized as a partnership or other legal entity, Obligors shall not dissolve the partnership or other legal entity prior to the expiration of the term of this Agreement, without the prior written approval of Authority.

10. Violation of Agreement by Obligors.

- a. In the event of Obligor's breach, violation or default in the performance of any covenant, agreement or obligation of Obligors set forth in this Agreement including, but not limited to, Obligor's covenant to perform its obligations under the Grant Documents, Authority shall give Obligors written notice in the manner specified in Paragraph 22 of this Agreement, specifying the nature of the violation, breach or default and the action needed to cure. If the default, breach or violation is not cured to the satisfaction of Authority within the time period specified in the notice, which shall not be less than the applicable time to cure as stated in Paragraph 11 of this Agreement, Authority may declare a default hereunder and may take any one or more of the following actions:
 - (1) Apply to any court, state or federal, for specific performance of this Agreement or for the appointment of a receiver to take over and operate the Development in accordance with the terms of this Agreement, or for such other relief as may be appropriate. Obligors agree that the injury to Authority arising from a default under any of the terms of this Agreement would be irreparable and that the amount of compensation, which would provide

adequate relief to Authority, in light of the purposes and requirements of the Program, would be impossible to ascertain.

- (2) Accelerate all amounts, including outstanding principal and interest, due under the terms of the Grant Documents and demand immediate repayment thereof.
 - (3) Seek such other appropriate remedies as may be available under the law.
 - b. In the event that the breach or violation involves charging tenants rent or other charges in excess of those permitted under this Agreement, Authority may demand the return of such excess rents or other charges to the affected households. If legal action is necessary to enforce the provisions of this Agreement, Authority may seek the return of such overcharges to the affected households.
 - c. The remedies of Authority hereunder and under the other Grant Documents are cumulative, and the exercise of one or more of such remedies shall not be deemed an election of remedies and shall not preclude the exercise by Authority of any one or more of its other remedies.
11. **Time to Cure.** If a non-monetary event of default occurs under the terms of any of the Grant Documents, prior to exercising any remedies thereunder, Authority shall give Obligors written notice of such default. If the default is reasonably capable of being cured within thirty (30) days, as determined by Authority in its sole discretion, Obligors shall have such period to effect a cure prior to exercise of remedies by Authority under the Grant Documents, or such longer period of time as may be specified in the Grant Documents. If the default is such that it is not reasonably capable of being cured within thirty (30) days, as determined by Authority in its sole discretion, or such longer period if so specified, and if Obligors (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 Obligors shall have such additional time as is determined by Authority, in its sole discretion, to be reasonably necessary to cure the default prior to exercise of any remedies by Authority. If Obligors or their successor in interest is a limited partnership, if Obligors fails to take corrective action or to cure the default within such a specified time, Authority shall give Obligors written notice thereof, whereupon the limited partner may remove and replace the general partner with a substitute general partner who shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions. In no event shall Authority 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 ninety (90) days after the first notice of default is given, or such longer period of time as may be specified in the Grant Documents.
12. **Controlling Agreement.**
- a. Obligors specifically agree and acknowledge that, notwithstanding any internal accounting procedures or provision pertaining to the use of receipts, payments, reserves and distributions contained in its partnership or other organizational documents or agreements, the terms of this Agreement, the Grant Documents and the

Program Requirements shall control as to the use of the funds provided under the Grant Agreement and all Operating Income from the New Development.

- b. In the event of any inconsistencies or conflicts between the terms of this Agreement and the terms of the other Grant Documents, the terms of this Agreement shall control.
- 13. **Assignment of Authority Rights.** Authority retains the right at its sole discretion to assign all or part of its rights under this Agreement for the purpose of ensuring compliance and enforcement of Obligor's duties and obligations hereunder. In addition, Authority may designate an agent to act on its behalf in monitoring compliance and enforcing the provisions hereof.
 - 14. **Amendment.** This Agreement shall not be altered or amended except in writing, executed by the parties.
 - 15. **Partial Invalidity.** If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.
 - 16. **Binding on Successors.** This Agreement shall bind, and the benefits hereof shall inure to, the respective parties hereto, their legal representatives, executors, administrators, transfers, successors in interest and assigns, provided, however, that Obligors may not assign this Agreement or any of its obligations hereunder, voluntarily or by operation of law, without the prior written approval of Authority. The term "Obligors" as used herein shall include and apply to any person or entity succeeding to the legal, equitable, proprietary or possessory interest of Obligors in the Development.
 - 17. **Recording Agreement.** This Agreement and all amendments hereto, shall be executed by the parties. This Agreement, or, where approved by Authority in writing, a memorandum thereof, shall be recorded against the Property in the official records of the Los Angeles County.
 - 18. **Indemnification and Waiver.**
 - a. Obligors agree to indemnify Authority and its agents, employees and officers against, and holds Authority and its agents, employees and officers harmless from, any losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including attorneys' fees) of every name, kind and description, which Authority may incur as a direct or indirect consequence of: (1) the making of the Grant to Grantee; (2) Obligor's failure to perform any obligations as and when required by this Agreement or any of the other Grant Documents; (3) any failure at any time of any of Obligor's representations or warranties to be true and correct; (4) any act or omission by Obligors, any contractor, subcontractor, material supplier, engineer, architect or other person or entity with respect to the Property or the construction, management, maintenance or operation of the Development; or (5) the presence of any recognized environmental conditions at the Project, Development or on the Property. Obligors shall pay immediately upon Authority's demand any

amounts owing under this indemnity together with interest from the date the indebtedness arises until paid at the rate of ten percent (10%) per annum. Obligor's duty to indemnify and save harmless includes the duties to defend as set forth in Civil Code Section 2778. Obligors shall indemnify and hold harmless Authority and its agents, officers and employees as set forth herein regardless of the existence or degree of fault or negligence whether active or passive, primary or secondary on the part of Authority, Obligors or their respective agents, officers, employees, contractors or subcontractor; provided, however, that Obligor's duty to indemnify and hold harmless hereunder shall not extend to liability arising from the gross negligence or willful misconduct of Authority. Obligor's duty to indemnify Authority shall survive the term of this Agreement, the release and cancellation of the Note.

- b. Obligors waive and release any and all rights to any types of express or implied indemnity against Authority or its agents, officers or employees.
 - c. Obligors expressly waive the protections of Civil Code Section 1542 in relation to subparagraphs a. and b. above. Civil Code Section 1542 provides as follows: *A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.*
19. **No Waiver.** No waiver by Authority of any breach or violation of or default under this Agreement shall be deemed to be a waiver of any other or subsequent breach or violation thereof or default thereunder.
20. **Captions.** The captions used in this Agreement are inserted only as a matter of convenience and for reference and do not define, limit or describe the scope or the intent of this Agreement.
21. **Governing Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of California. All code references herein refer to the California Codes, unless specifically indicated otherwise.
22. **Notice.** Except for any notice required under applicable law to be given in another manner, any notices, demands or communications between the parties hereto shall be sufficiently given if, and shall not be deemed given unless, dispatched by certified mail, postage prepaid, return receipt requested or delivered by express delivery service with delivery receipt, to the address of the respective party as set forth below, or to such other address as the respective party may have designated by written notice given to the other party in the manner provided herein. Such written notices, demands and communications shall be effective on the date shown on the delivery receipt as the date delivered, the date on which delivery was refused, or the date on which delivery was attempted.

Grantee

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

Copy to: Aleshire & Wynder, LLP
18881 Von Karman Avenue, Suite 1700
Irvine, CA 92612
Attn: Sunny K. Soltani, Esq

Authority _____

Owner: 21205 Carson Arts, L.P.
1640 Sepulveda Blvd., Suite 425
Los Angeles, CA 90025
Attn: Chris Maffris

Copy to: Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, 64th Floor
Los Angeles, CA 90071
Attn: Nicole Deddens, Esq.

23. **Attorneys' Fees.** The prevailing party in any action to enforce this Agreement, including residents of Affordable Units, shall be entitled to reasonable attorneys' fees as determined by the trier of fact in that forum.
24. **Authority's Approval; Obligation of Good Faith.** Whenever this Agreement or any of the other Grant Documents requires the approval, consent, or other determination by Authority, Authority shall act reasonably and in good faith.
25. **Execution of Counterparts.** This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument; provided, however, that only the counterpart delivered to the Authority shall be deemed the original.
26. **Exhibits.** The following exhibits are attached hereto, incorporated herein and made a part of this Agreement:

Exhibit A: Legal Description of the Property.
Exhibit B: Unit Designations and Rent Schedule.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereby execute and enter into this Agreement as of the date first set forth above and agree to be bound hereby:

GRANTEE:

CARSON RECLAMATION AUTHORITY,
a public agency

By: _____
Albert Robles, Chair

ATTEST:

By: _____
Donesia L. Gause, CMC
Authority Secretary

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

By: _____
Sunny K. Soltani
Authority Counsel

OWNER:

21205 CARSON ARTS, L.P.,
a California Limited Partnership

By: 21205 Carson Arts LLC,
a California liability company,
General Partner

By: _____
Chris Maffris
Vice President

AUTHORITY:

CALIFORNIA POLLUTION CONTROL
FINANCING AUTHORITY, a public agency

By: _____

Date: _____, 201__

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY OF CARSON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

The North 125 feet of Lot 6 of Tract No. 3612, in the City of Carson, County of Los Angeles, State of California, as per map recorded in Book 40 Pages 5 and 6 of Maps, in the office of the County Recorder of said county.

APNs 7343-001-040 & 7343-001-041

EXHIBIT B
UNIT DESIGNATIONS AND RENT SCHEDULE

Obligors shall comply with rent provisions of all regulatory agreements regulating the Property.

The initial Operating Year is expected to begin: **Month, 20XX.**

During the Initial Operating Year:

- A. Obligors shall charge rents for Affordable Units that do not exceed rents applicable to the Area Median Income as identified in Obligors's Application, and arrived at through the calculation set forth in Health & Safety Code Section 50053.
- B. Obligors shall not charge rents for non-Restricted Units in amounts less than the Rents charged for Affordable Units.

After the initial Operating Year, rents may be increased one time in any twelve months in amounts arrived at through calculations established in the Regulations.

Rental Unit Mix:

No. of Bedrooms	Restricted (including Affordable)	Non- Restricted Units	Total Units	Income Limit	
				%	AMI
				%	AMI
				%	AMI
				%	AMI
				%	AMI
				%	AMI
				%	AMI
				%	AMI
				%	AMI
				%	AMI
				Market Rate	
				Mngr.	
Totals					

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.

[illegible]

On _____, 201_ before me, _____, a notary public,
personally appeared _____ who proved to me
on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the
entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Notary Public

SEAL:

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

[illegible]

On _____, 201_ before me, _____, a notary public,
personally appeared _____ who proved to me
on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the
entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Notary Public

SEAL:

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

[illegible]

On _____, 201_ before me, _____, a notary public,
personally appeared _____ who proved to me
on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the
entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Notary Public

SEAL:

ATTACHMENT NO. 8

TO CARSON ARTS AFFORDABLE HOUSING DLA

FREE RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

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

(Space Above This Line for Recorder's Office Use Only)

RELEASE OF CONSTRUCTION COVENANTS

RECITALS:

Pursuant to that certain Development and Loan Agreement ("**Agreement**") dated _____, 201__ between and between the CARSON HOUSING AUTHORITY, a public agency, corporate and politic ("**Authority**") and 21205 CARSON ARTS, L.P., a California limited partnership ("**Developer**"), Developer has agreed to develop a residential development ("**Project**") on the Site (as defined below).

- A.** As referenced in the Agreement, Authority is required to furnish Developer with a Release of Construction Covenants upon completion of construction and development, which release shall be in such form as to permit it to be recorded in the Los Angeles Official Records of the County Clerk of the County of Los Angeles, California.
- B.** Developer has requested that Authority furnish Developer with the Release of Construction Covenants for the Site more particularly described on Exhibit "A" attached hereto and incorporated herein by reference ("Site").
- C.** The Agreement provided for certain covenants to run with the land, which covenants were incorporated in the Regulatory Agreement, as those terms are defined in the Agreement.
- D.** This Release of Construction Covenants shall constitute a conclusive determination by Authority of the satisfactory completion by Developer of the construction and development required by the Agreement and of Developer's full compliance with the terms of the Agreement with respect to such construction and development, but not of the Regulatory Agreement, the provisions of which shall continue to run with the land pursuant to their terms.
- E.** Authority has conclusively determined that the construction and development on the Site required by the Agreement has been satisfactorily completed by Developer in full compliance with the terms of the Agreement.

NOW, THEREFORE, The improvements required to be constructed under the Agreement have been satisfactorily completed in accordance with the provisions of said Agreement.

1. This Release shall constitute a conclusive determination of satisfaction of the agreements and covenants contained in the Agreement with respect to the obligations of Developer, and its successors and assigns, to construct the improvements and the dates for the beginning and completion thereof.
2. This Release shall not constitute evidence of Developer's compliance with the Regulatory Agreement, the provisions of which shall continue to run with the land.
3. This Release shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of a mortgage or any insurer of a mortgage, securing money loaned to finance the improvements or any part thereof.
4. This Release is not a Notice of Completion as referred to in California Civil Code Section 3093.
5. Except as stated herein, nothing contained in this instrument shall modify in any way any other provisions of the Agreement or any other provisions of the documents incorporated therein.

IN WITNESS WHEREOF, Authority has executed this Release of Construction Covenants this ____ day of _____, 20__.

AUTHORITY:

CARSON HOUSING AUTHORITY,
a public agency, corporate and politic

By: _____
Albert Robles, Chair

Date: _____, 201__

ATTEST:

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

By: _____
Sunny K. Soltani
Authority Counsel

By: _____
Donesia L. Gause, CMC
Authority Secretary

EXHIBIT “A”

LEGAL DESCRIPTION

THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY OF CARSON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

The North 125 feet of Lot 6 of Tract No. 3612, in the City of Carson, County of Los Angeles, State of California, as per map recorded in Book 40 Pages 5 and 6 of Maps, in the office of the County Recorder of said county.

APNs 7343-001-040 & 7343-001-041

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.

[illegible]

On _____, 201_ before me, _____, a notary public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Notary Public

SEAL: