

**REPORT FROM**

**OFFICE OF THE CITY ADMINISTRATIVE OFFICER**

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Date: August 5, 2021

CAO File No. 0220-00540-1555

Council File No. 20-0121

Council District: 2

To: The Mayor  
The Council

From: *for* Matthew W. Szabo, City Administrative Officer 

Reference: Los Angeles Housing Department transmittal dated June 3, 2021; Received by the City Administrative Officer June 16, 2021; Additional Information Received through August 4, 2021

Subject: **REQUEST FOR AUTHORITY TO ISSUE TAX-EXEMPT MULTIFAMILY CONDUIT REVENUE BONDS IN AN AMOUNT UP TO \$11,250,000 AND ADOPTION OF THE RESOLUTION TO APPROVE THE REPLACEMENT HOUSING PLAN FOR NOHO 5050, A SUPPORTIVE HOUSING PROJECT**

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**RECOMMENDATIONS**

That the Council, subject to the approval of the Mayor:

1. Note and file the Los Angeles Housing Department (LAHD), formerly Housing and Community Investment Department (HCID), transmittal dated June 3, 2021 (Report) relative to the issuance of tax-exempt multifamily conduit revenue bonds for the NoHo 5050 project;
2. Adopt the Resolution (Attachment A to this report), prepared by the City Attorney, authorizing the NoHo 5050 Replacement Housing Plan (Attachment B to this report);
3. Adopt the Resolution (Attachment C to this report), authorizing the issuance of up to \$11,250,000 in tax-exempt multifamily conduit revenue bonds for the NoHo 5050 project; and,
4. Authorize the General Manager of the LAHD, or designee, to negotiate and execute the relevant documents for the NoHo 5050 project, subject to the approval of the City Attorney as to form.

**SUMMARY**

The Los Angeles Housing Department (LAHD), formerly known as the Housing and Community Investment Department (HCID), requests authority to issue tax-exempt multifamily housing conduit revenue bonds in an amount not to exceed \$11,250,000 to finance the construction of the

affordable housing development known as the NoHo 5050 (Project). The Project will consist of the new construction of 32 units of supportive housing for women experiencing homelessness and/or survivors of domestic violence, six units for low-income individuals, one unit for low-income households, and one unrestricted manager unit. The subject site is located at 5050 Bakman Avenue, Los Angeles, CA, 91601 in Council District Two. The California Debt Limit Allocation Committee (CDLAC) awarded the tax-exempt bond allocation for the Project to the City on April 28, 2021 in an amount not to exceed \$11,250,000 and designated an October 25, 2021 issuance deadline.

There are currently six income-restricted housing units at the Project site with an affordable housing covenant from the former Community Redevelopment Agency of Los Angeles (CRA/LA). The California Health and Safety Code requires that the City Council adopt a Replacement Housing Plan by Resolution when a development results in the reduction of restricted housing units. The LAHD reports that three of the six households have vacated their units and received relocation assistance, while the remaining three units will vacate by the bond issuance date.

Subsequent to the release of its transmittal dated June 3, 2021 (Report), the LAHD provided a revised Replacement Housing Plan Resolution (Attachment A) and Bond Resolution (Attachment B) to make technical corrections to the Project address and Borrower name, which are attached to this report for Council consideration and adoption. Additionally, the Bond Resolution references a Bond Purchase Agreement, which LAHD inadvertently excluded from its Report, but is attached to this report (Attachment G). This Office concurs with the recommendations of the Department as amended to include the revised Replacement Housing Plan Resolution, revised Bond Resolution, and missing Bond Purchase Agreement.

The City's involvement in the issuance of multifamily housing conduit revenue bonds is considered true conduit financing, in which the obligation for repayment of the bonds is the responsibility of NoHo 5050, L.P. and the City bears no financial responsibility for repayment as the issuer. There will be no impact to the General Fund. The financing is consistent with City policies regarding conduit financing.

The Council adopted a Responsible Banking Ordinance (RBO) in May 2012 (C.F. 09-0234 and C.F. 09-0234-S1). The purpose of the RBO is to create a social investment policy that reflects the community's priorities and acts as a tool when seeking financial services. KeyBank, National Association (KeyBank) is currently in compliance with the reporting requirements of the RBO and LAHD will ensure that KeyBank will continue to adhere to the RBO. The City acts only as a conduit issuer, not the borrower, in this bond transaction and has no financial interest in this transaction.

## **FISCAL IMPACT STATEMENT**

There will be no impact to the General Fund as a result of the issuance of these multifamily conduit revenue bonds for the NoHo 5050 project (Project). The City is a conduit issuer and does not incur liability for the repayment of the bonds, which are a limited obligation payable solely from the revenues of the Project, and the City will in no way be obligated to make payments on the bonds.

## **FINANCIAL POLICIES STATEMENT**

The recommendations in this report comply with the City's Financial Policies.

## **DEBT IMPACT STATEMENT**

There is no debt impact as these bonds are a conduit issuance debt and not a debt of the City.

*MWS:EIC:02220015c*

### **Attachments**

- Attachment A – Replacement Housing Plan Resolution
- Attachment B – Replacement Housing Plan
- Attachment C – Bond Resolution
- Attachment D – Loan Agreement
- Attachment E – Trust Indenture
- Attachment F – Regulatory Agreement
- Attachment G – Bond Purchase Agreement

## **RESOLUTION**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ANGELES TO ADOPT THE REPLACEMENT HOUSING PLAN FOR THE DEMOLITION OF SIX (6) DWELLING UNITS AT THE JESUS AND GLADYS GONZALEZ PROJECT (SITE 6 UNITS), LOCATED AT 5050 BAKMAN AVENUE, NORTH HOLLYWOOD, CALIFORNIA. THE DEMOLITION OF THE SITE WILL ALLOW FOR THE NEW CONSTRUCTION OF THE NOHO 5050 PROJECT, AN AFFORDABLE HOUSING DEVELOPMENT CONSISTING OF 40 UNITS. THE SIX DEMOLISHED UNITS WILL BE REPLACED WITHIN THE NEW NOHO 5050 DEVELOPMENT.

**WHEREAS**, pursuant to the provisions of California Community Redevelopment Law (Health and Safety Code Section 33413.5), the City of Los Angeles, a municipal corporation (City), acting by and through the Los Angeles Housing and Community Investment Department (HCIDLA) as successor agency to the housing assets and housing functions of the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA) under Section 34176(a) of the California Health and Safety Code pursuant to the agreement regarding CRA/LA Affordable Housing Assets and Functions with the effective date of April 5, 2013, has prepared Replacement Housing Plan (NoHo 5050 Replacement Housing Plan) a copy of which is attached hereto as **Exhibit A**, for demolition and loss of the existing 6-affordable units located at the site and replacing them within the new 40-unit NoHo 5050 affordable housing development in Council District 2, developed by NoHo 5050, L.P.; and

**WHEREAS**, NoHo 5050, L.P. owns and operates the Jesus and Gladys Gonzalez Project and has obtained financing from HCIDLA with a commitment in January 16, 2020 (C.F. 17-0090-S8). The California Debt Limit Allocation Committee (CDLAC) awarded a bond allocation for \$11,250,000 on April 28, 2021. The Project applied for 4% tax credits and State credits from the California Tax Credit Allocation Committee (CTCAC) and was awarded the credits in April 28, 2021; and,

**WHEREAS**, the demolition of the six (6) units at the Jesus and Gladys Gonzalez Project will allow for the construction of the new NoHo 5050 affordable housing development. The project will provide one unrestricted manager unit and 39 units of 100% affordable and permanent supportive housing for survivors of domestic violence and qualifying low-income families. The project will include support service spaces, common areas, and five parking spaces at grade level; and is to be constructed as a new five-story building. The residential unit breakdown includes four studios, 28 one-bedroom units, and 8 two-bedroom units, one of which is a manager unit. The project amenities will include a laundry room, learning center, community room, bicycle parking, support services spaces, and landscaped open space at the ground and roof levels; and,

**WHEREAS**, for a reasonable time prior to the adoption of this Resolution, the City has made available the Replacement Housing Plan to the public; and,

**WHEREAS**, the NoHo 5050 Replacement Housing Plan is consistent with the North Hollywood Project Area Redevelopment Plan; and,

**NOW, THEREFORE, BE IT RESOLVED** that by the adoption of this Resolution, the Council of the City of Los Angeles hereby finds the proposed NoHo 5050 Replacement Housing Plan to be in conformity with the provisions of the California Community Redevelopment Law and the North Hollywood Project Area Redevelopment Plan, and hereby approves and adopts the NoHo 5050 Replacement Housing Plan attached as Exhibit A.

This Resolution shall take effect immediately upon its adoption.

APPROVED AND ADOPTED BY THE CITY COUNCIL of the City of Los Angeles this \_\_\_\_\_ day of \_\_\_\_\_, 2021 at Los Angeles, California.

I hereby certify that the foregoing Resolution was adopted by the Council of the City of Los Angeles at its meeting held \_\_\_\_\_, 2021.

By: \_\_\_\_\_

City Clerk

(SEAL)

**Project NoHo 5050****REPLACEMENT HOUSING PLAN****City of Los Angeles**

This Replacement Housing Plan describes the following:

- a) The proposed Project;
- b) The general location of the very-low, lower and moderate-income dwelling units which will or may be removed or destroyed as a result of the Project;
- c) The general location and intentions for the development of the replacement housing units;
- d) The means proposed for financing such development;
- e) An anticipated schedule for the construction of the replacement housing;
- f) The period for which the replacement units will remain affordable; and,
- g) The non-applicability of California Constitution Article XXXIV.

Section **33413.5** of California Community Redevelopment Law (Health and Safety Code Section 33000 et. seq.) requires a redevelopment agency to adopt a 'Replacement Housing Plan' (the 'Plan') whenever the agency executes an agreement for acquisition of real property, *or* an agreement for the disposition and development of real property; *either* of which will lead to the clearance, or removal of dwelling units from the low- and moderate-income housing market within the community.

## I. Background

This **Replacement Housing Plan** (the “Plan”) has been prepared by Decro Corporation and Daylight Community Development to satisfy the requirements for replacement housing contemplated pursuant to California Redevelopment Law as a result of the prospective elimination of residential property at the following sites:

- 5050 – 5054 ½ Bakman Avenue, Los Angeles, CA 91601

**TOTAL NUMBER OF REPLACEMENT UNITS = 6 UNITS**

**Project:** NoHo 5050 is located at 5050 Bakman Avenue, Los Angeles, CA 91601. NoHo 5050 will consist of a Resident Manager’s unit and 39 rent restricted apartments to persons with incomes between 30% and 60% AMI (HCD/CRA rents). NoHo 5050 will include 32 PSH units at 30% AMI, 1 2-BR unit at 50% AMI and 6 2-BR units at 60% AMI. Set in the heart of downtown North Hollywood (urban), the NoHo 5050 will provide affordable permanent supportive housing in a community that critically needs such resources. The 32 permanent supportive housing units will be fully furnished and include private kitchen and bathroom. The Project will also feature a learning center, community room, supportive services spaces, landscaped open space, bicycle storage and laundry room.

The project is now fully financed with committed funding from HHH (City of LA), No Place Like Home (County of Los Angeles), 32 Section 8 PBVs from the Housing Authority of the City of Los Angeles, a tax-exempt bond award from CDLAC, a federal LIHTC award from CTCAC, and a state LIHTC award from CTCAC. Keybank will be providing the construction and permanent loans, while Red Stone Equity Partners and Sugar Creek Capital will be purchasing the federal and state tax credits, respectively.

The project will record a variety of rent-restricted covenants on the property, including a Land Use Covenant, HHH regulatory agreement, NPLH regulatory agreement, CDLAC bond regulatory agreement, and a CRA covenant. This will ensure that the property is restricted to low-income housing for at least 55 years.

The site includes relocation of 6 households, and has engaged Overland Pacific and Cutler (OPC) to manage all relocation matters. Two households have already left and received their RSO benefit. The other four households will be vacating on or before June 30, 2021, and these households will receive a benefit as well as a first right to return to the completed development. At this time, it is assumed that several households will return to the completed development.

Downtown Women’s Center (DWC), a 40-year old nonprofit organization providing housing and social services to homeless and formerly homeless women, and an advocate for increasing permanent supportive housing for women in downtown Los Angeles, will manage the supportive services program at NoHo 5050 (the “Project”). The Project will provide affordable, permanent supportive housing to women who are chronically homeless, severely mentally ill, or have other special needs. On-site staff will provide community-building, crisis intervention, and an array of support services designed to foster independent living and the maintenance of stable housing among the special needs populations served by DWC. Access to additional services, including meals, education and enrichment activities, workforce development, and a women’s medical and mental health clinic, will be located offsite at DWC’s Day Center. Tenants will be linked to the drop-in day center via case managers and transportation from the site to the Day Center will be provided.

## II. Replacement Project

NoHo 5050, LP ("Developer") is proposing to use the NoHo 5050 Apartments Project ("Project") for the replacement units. This plan identifies the location, timetable and proposed financing for future units that will serve as replacement units.

The NoHo 5050 Apartments is located at 5050 Bakman Avenue, Los Angeles, CA 91601. The Project is currently two one-story residential buildings and accessory structures with a total of six residential units. NoHo 5050, LP proposes to develop and construct a new, 5 story multi-family affordable permanent supportive housing project. The proposed project will consist of four (4) Studio Apartments, twenty-eight (28) 1BR Apartments, seven (7) 2BR Apartments and a 2BR apartment for the on-site manager, totaling forty units. Thirty-two (32) units will be reserved for permanent supportive housing for Very Low Income women experiencing homeless and/or survivors of domestic violence at AMI levels of 30% or below with nineteen (19) of those units set aside for women with serious mental illnesses. The remaining 1 unit will be reserved for low income households at 50% AMI or below, and (6) units will be reserved for low income individuals at 60% or below AMI level.

Each new studio apartment will be approximately 456 sq. ft.; one bedrooms and two bedrooms will average 503 sq. ft. and 755 sq. ft., respectively. Features include a private kitchen and bathroom and air conditioning. All studio and 1 BR supportive housing units come furnished with a bed, dresser, nightstand, table and chair; kitchens have a refrigerator and microwave oven. 15% of the units will either be fully UFAS/ADA compliant or fully adaptable. All units will also have full access to data and communications through the installed wiring and infrastructure. The Project will feature a learning center, community room, supportive services spaces, landscaped open space, bicycle storage and laundry room.

The project will replace a 6 unit bungalow style apartment complex built in the 1950s. NoHo 5050, LP purchased the site in April 2019 from Jesus and Gladys Gonzalez. The former owners recorded a CRA Covenant on the site in December of 1996. The participation agreement, titled Loan #872290, was recorded after the owners received a \$16,070 loan and \$10,000 grant for rehabilitating the property. The Covenant is number 97-70439. The Participation Agreement recorded against the property restricted rents to 50% AMI (by CRA levels). While the term of the loan is unclear, the Note does reference a term "no less than 40 years," which would translate to a maturity of December of 2036.



### III. Replacement Units

In order to comply with the original development agreement executed by the sites enumerated above, NoHo 5050, LP will set aside **6 units** of NoHo 5050 Apartments and designate them as replacement units for purposes of meeting any obligations set forth in the Replacement Housing Plan. The Housing and Community Investment Department of Los Angeles (HCIDLA) will restrict 39 units at the AMI levels as showcased below in the Replacement Units Table executed through an Agreement Containing Covenants Affecting Real Property and a Notice of Affordability Restrictions. The rent restrictions for the replacement housing units will be similarly restrictive to the proposed financing rent restrictions and will have minimal effect on the new project's cash flow.

#### Units being removed from housing market

Project Name	Project Address	Dwelling Units	Amount of Bedrooms	Very Low Income	Low Income	Moderate Income	Unknown	Removal Date
	5050 – 5054 ½ Bakman Ave	6	7	6 Units at 50% AMI (CRA)	0	0		6.30.2021
TOTAL		6	7	6	0	0		

5050 Bakman Avenue - 2 BR unit at 50% AMI (CRA)  
 5050.5 Bakman Avenue - 1 BR unit at 50% AMI (CRA)  
 5052 Bakman Avenue - 1 BR unit at 50% AMI (CRA)  
 5052.5 Bakman Avenue - 1 BR unit at 50% AMI (CRA)  
 5054 Bakman Avenue - 1 BR unit at 50% AMI (CRA)  
 5054.5 Bakman Avenue - 1 BR unit at 50% AMI (CRA)

#### Replacement Units (\*See Notes Below)

Project Name	Project Address	Dwelling Units	Bedrooms	Very Low Income	Low Income	Moderate Income	Replacement Date
NoHo 5050	5050 Bakman Ave	6	7	6* - 50% AMI (CRA)	0	0	Anticipated 9. 2023
TOTAL		6	7	6	0	0	

These units will be placed in service no later than four years from the adoption of this replacement housing plan.

\*Of the 6 units that will be replaced in a new CRA covenant, 5 will be 1 BR units at 50% AMI (CRA) and 1 will be a 2 BR unit at 50% AMI (CRA). The project will record a new CRA covenant for 55 years overlaid with the existing Land Use Covenant at financing closing expected in August 2021.

#### IV. Proposed Financing and Timetable for the NoHo 5050 Apartments

<b>HCIDLA- HHH Permanent Supportive Housing Program Awarded in October 2019</b>	<b>\$3,833,200</b>
<b>LACDC – No Place Like Home (NPLH) Application was awarded in October 2019.</b>	<b>\$4,370,000</b>
<b>HACLA - 32 PBVs were awarded in January 2020</b>	<b>32 PBVs for 20 years</b>
<b>CDLAC Tax Exempt Bond Allocation Application was submitted in January 2021 and received a preliminary recommendation for an allocation.</b>	<b>\$11,250,000</b>
<b>LIHTC 4% Tax Credit Equity and State Tax Credit Application was submitted in January 2021 and received a preliminary recommendation for an allocation.</b>	<b>\$10,672,847</b>

#### **Project Timeline:**

- April 2019: Acquire Site
- October 2019: HHH + NPLH Awards
- October 2019: Full entitlement completed
- January 2020: HACLA PBVs Award
- April 2021: CDLAC/TCAC Awards
- May 2021: Fully Permitted
- August 2021: Financing Closing
- September 2021: Construction Commencement
- March 2023: Construction Completion
- June 2023: 100% Leased
- September 2023: Perm Conversion

## Project Financing Capital Stack

CONSTRUCTION SOURCES			
Construction	Total	Per Unit	% Total
Tax-Exempt Construction Loan	\$11,250,000	\$281,250	46.9%
Taxable Tail	\$1,446,052	\$36,151	6.1%
Federal Tax Credit Equity	\$1,067,284	\$26,682	4.5%
HCIDLA (HHH Loan)	\$3,493,523	\$87,338	14.6%
NPLH	\$4,304,450	\$107,611	18.1%
Deferred Costs to Stabilization	\$2,175,061	\$54,377	9.1%
GP Equity/Contribution	\$161,216	\$4,031	0.7%
<b>Total</b>	<b>\$23,897,586</b>	<b>\$597,440</b>	<b>100%</b>

PERMANENT SOURCES			
PERMANENT	Total	Per Unit	% Total
Perm Loan	\$5,200,000	\$130,000	21.8%
Federal Tax Credit Equity	\$10,672,847	\$266,821	44.6%
HCIDLA (HHH Loan)	\$3,493,523	\$87,338	14.6%
NPLH	\$4,370,000	\$109,250	18.3%
GP Equity/Contribution	\$161,216	\$4,031	0.7%
<b>Total</b>	<b>\$23,897,586</b>	<b>\$597,440</b>	<b>100%</b>

USES OF FUNDS			
Uses of Funds	Total Uses	Cost/Unit	% Total
Acquisition Costs	\$2,319,739	\$57,993	9.7%
Construction Costs	\$14,284,129	\$357,103	59.8%
Relocation Costs	\$257,503	\$6,438	1.1%
Soft Costs (Excluding Dev Fee & Finance Costs)	\$1,873,335	\$46,833	7.8%
Perm Loan Costs	\$125,500	\$3,138	0.5%
Construction Loan Costs	\$1,033,026	\$25,826	4.3%
Contingency Costs	\$818,284	\$20,457	3.4%
GP Equity/Contribution	\$161,216	\$4,030	0.7%
Developer Fees	\$2,500,000	\$62,500	10.5%
Transition Reserves	\$206,640	\$5,166	0.9%
Operating Reserve	\$318,214	\$7,956	1.3%
<b>Total</b>	<b>\$23,897,586</b>	<b>\$597,440</b>	<b>100%</b>

## **V. RELOCATION Will there be relocation of existing tenants?**

There are six residential households that are eligible for relocation assistance. NoHo 5050, LP retained Overland, Pacific & Cutler, LLC (OPC) to prepare a Relocation Plan and to provide relocation assistance services to the tenants. This Plan conforms to the requirements of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended, Handbook 1378 of the Department of Housing and Urban Development (HUD), the implementing regulations at 24 Code of Federal Regulations, Part 42, California Relocation Assistance Law, Government Code Section 7260, et seq. (Law), the Relocation Assistance and Real Property Acquisition Guidelines adopted by the Department of Housing and Community Development as in Title 25, California Code of Regulations Section 6000, et seq. (Guidelines), and the Los Angeles Municipal Code and Rent Stabilization Ordinance (RSO).

To date, two households have claimed benefits under the RSO and received full RSO payments and vacated in early 2020. The remaining four households have not made a decision on benefit choice (URA / TITLE 25 or RSO) and will remain in the property through June 30, 2021.

## **VI. NON-APPLICABILITY OF ARTICLE XXXIV OF THE CALIFORNIA CONSTITUTION**

The development of the replacement housing does not require approval of the voters pursuant to Article **XXXIV** of the California Constitution for the following reasons. First, Article **XXXIV** requires approval of the electorate only when a state public body develops, constructs or acquires a low-rent housing project. The Legislature has enacted the Public Housing Implementation Law (Health & Safety Code Section **37000 et seq.**) to interpret and implement Article **XXXIV**. Health and Safety Code Section **37001(f)** states that the term "low-rent housing project" in Article **XXXIV** does not apply to any development that consists of rehabilitation, reconstruction, improvement, or replacement of dwelling units of a previously existing low-rent housing project, or a project previously or currently occupied by households with incomes at or below 80% of the area median income.

**RESOLUTION**

**CITY OF LOS ANGELES**

A RESOLUTION AUTHORIZING THE ISSUANCE AND DELIVERY OF ONE OR MORE SERIES OF BONDS BY THE CITY OF LOS ANGELES DESIGNATED AS ITS MULTIFAMILY HOUSING REVENUE BOND (NOHO 5050) SERIES 2021U IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$11,250,000 TO PROVIDE FINANCING FOR THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE MULTIFAMILY HOUSING PROJECT SPECIFIED IN PARAGRAPH 17 HEREOF AND APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS AND AGREEMENTS AND THE TAKING OF RELATED ACTIONS INCLUDING THE EXECUTION OF AMENDATORY DOCUMENTS THERETO.

WHEREAS, the City of Los Angeles (the “City”) is authorized, pursuant to the provisions of Section 248, as amended, of the City Charter of the City (the “City Charter”) and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended (the “Law”) to issue its obligations for the purposes of providing financing for the acquisition, rehabilitation, construction, equipping and development of multifamily rental housing for persons of low and moderate income (the “Program”) which will satisfy the provisions of Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the “Act”); and

WHEREAS, the City now desires to issue its revenue bond pursuant to the Law, and in accordance with the Act, to provide financing for the acquisition, construction and equipping of the multifamily rental housing project described in paragraph 17 below (the “Project”); and

WHEREAS, the Project will be located wholly within the City; and

WHEREAS, it is in the public interest and for the public benefit that the City authorize the financing of the Project, and it is within the powers of the City to provide for such a financing and the issuance of such bond; and

WHEREAS, the City proposes to issue, pursuant to the Law and in accordance with the Act, its Multifamily Housing Revenue Bond (NoHo 5050) Series 2021U (the “Bond”) with a principal amount not to exceed \$11,250,000; and

WHEREAS, the City proposes to use the proceeds of the Bond to fund a loan to the owner identified in paragraph 17 (the “Owner”) to finance a portion of the acquisition, construction and equipping of the Project and, if applicable, to pay certain costs of issuance in connection with the issuance of the Bond; and

WHEREAS, KeyBank National Association, a national banking association (the “Purchaser”), has expressed its intention to purchase (or to cause a subsidiary or affiliate to purchase) the Bond authorized hereby, in whole; and

WHEREAS, this Council (the “City Council”) finds that the public interest and necessity require that the City at this time make arrangements for the sale of such Bond pursuant to a Bond Purchase Agreement (the “Bond Purchase Agreement”) among the City, the Purchaser and the Owner; and

WHEREAS, the interest on the Bond may qualify for a federal tax exemption under Section 142(a)(7) of the Internal Revenue Code of 1986, as amended (the “Code”) only if the Bond is approved in accordance with Section 147(f) of the Code; and

WHEREAS, pursuant to the Code, the Bond is required to be approved, following a public hearing, by an elected representative of the issuer of the Bond and an elected representative of the governmental unit having jurisdiction over the area in which the Project is located; and

WHEREAS, this City Council is the elected legislative body of the City and is the applicable elected representative required to approve the issuance of the Bond within the meaning of Section 147(f) of the Code; and

WHEREAS, pursuant to Section 147(f) of the Code, the City caused a notice to appear in the *Los Angeles Times*, which is a newspaper of general circulation in the City, on January 7, 2020 to the effect that a public hearing would be held on January 21, 2020 regarding the issuance of the Bond; and

WHEREAS, the Los Angeles Housing and Community Investment Department (subsequently known as the Los Angeles Housing Department) held said public hearing on such date, at which time an opportunity was provided to present arguments both for and against the issuance of the Bond; and

WHEREAS, the minutes of such public hearing, and any written comments received with respect thereto, have been presented to this City Council;

WHEREAS, the Owner of the Project provided to the City the following information as a good faith estimate of the cost of the Bond financing and the City disclosed such information in accordance with Section 5852.1 of the California Government Code: (a) the true interest cost of the Bond, (b) the finance charge of the Bond, including all third party expenses, (c) the amount of proceeds received by the City for the issuance and delivery of the Bond less the finance charge of the Bond and any reserves or capitalized interest paid or funded with proceeds of the Bond and (d) the total payment amount (the “Financing Information”); and

WHEREAS, such Financing Information has been disclosed in connection with the City Council meeting in which this Resolution is approved;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Los Angeles, as follows:

1. The recitals hereinabove set forth are true and correct, and this City Council so finds. This Resolution is being adopted pursuant to the Law.

2. Pursuant to the Law and in accordance with the Act and the Indenture (as hereinafter defined) a revenue bond of the City, to be designated as “City of Los Angeles Multifamily Housing Revenue Bond (NoHo 5050) Series 2021U” in a principal amount not to exceed \$11,250,000 is hereby authorized to be issued. The principal amount of the Bond to be issued shall be determined by a Designated Officer (as defined below) in accordance with this Resolution.

3. The proposed form of a Trust Indenture (the “Indenture”) by and between the City and such trustee as appearing in the final form of Indenture executed by a below-defined Designated Officer (the “Trustee”), in substantially in the form attached hereto, is hereby approved along with any additions or supplements which may, in the determination of a Designated Officer, be necessary to document the issuance of the Bond authorized hereunder. The Mayor of the City, the General Manager, any Acting General Manager, or any Interim General Manager, any Assistant General Manager, Acting Assistant General Manager, Interim Assistant General Manager, Executive Officer or the Acting Director or Director—Finance and Development Division of the Housing Development Bureau of the Los Angeles Housing Department (formerly known as Los Angeles Housing and Community Investment Department) (each hereinafter referred to as a “Designated Officer”) are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Indenture with such additions, changes or corrections (including, without limitation, designation of the Trustee) as the Designated Officer executing the same may approve upon consultation with the City Attorney and Bond Counsel to the City and approval by the City Attorney, provided that such additions or changes shall not authorize an aggregate principal amount of the Bond in excess of the amount stated above, such approval by the City Attorney to be conclusively evidenced by the execution and delivery of the Indenture with such additions, changes or corrections.

Any Designated Officer shall be authorized to approve the appointment of the Trustee.

4. The proposed form of Loan Agreement (the “Loan Agreement”), by and among the City, the Trustee and the Owner, in substantially the form attached hereto, is hereby approved. Any Designated Officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute the Loan Agreement, with such additions, changes or corrections as the Designated Officer executing the same may approve upon consultation with the City Attorney and Bond Counsel and approval by the City Attorney, such approval to be conclusively evidenced by the execution of said Loan Agreement with such additions, changes or corrections.

5. The proposed form of the Bond, as set forth in the Indenture, is hereby approved, and the Mayor and City Treasurer, Interim City Treasurer, or Deputy City Treasurer of the City are hereby authorized and directed to execute, by manual or facsimile signatures of such officers under the seal of the City, and the Trustee or an authenticating agent, is hereby authorized and directed to authenticate, by manual signatures of one or



more authorized officers of the Trustee or an authenticating agent, the Bond in substantially such form and the Trustee is hereby authorized and directed to issue and deliver the Bond to the Purchaser in accordance with the Bond Purchase Agreement. The date, maturity dates, interest rate or rates (which may be either fixed or variable), interest payment dates, denomination, form of registration privileges, manner of execution, place of payment, terms of redemption, use of proceeds, series designation and other terms of the Bond shall be as provided in the Indenture as finally executed; provided, however, that the principal amount of the Bond shall not exceed \$11,250,000, the interest rate on the Bond shall not exceed 12% per annum, and the final maturity of the Bond shall be no later than forty years after the date of Bond issuance. The initial purchase price of the Bond shall be 100% of the principal amount thereof to be paid as advances are made with respect to the Bond by the Purchaser. The Bond may, if so provided in the Indenture, be issued as a “draw-down” bond to be funded over time as provided in the Indenture. Such Bond may be delivered in temporary form pursuant to the Indenture if, in the judgment of the City Attorney, delivery in such form is necessary or appropriate until the Bond in definitive form can be prepared.

6. The proposed form of Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) to be entered into by and among the City, the Trustee and the Owner, substantially in the form attached hereto, is hereby approved. Any Designated Officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Regulatory Agreement, with such additions, changes and corrections as the Designated Officer may approve upon consultation with the City Attorney and Bond Counsel and approval of the City Attorney, such approval to be conclusively evidenced by the execution of said Regulatory Agreement with such additions, changes or corrections. Any Designated Officer is hereby authorized and directed for and in the name and on behalf of the City to execute amendments to the Regulatory Agreement in order that interest on the Bond remains tax-exempt.

7. The proposed form of Bond Purchase Agreement among the City, the Purchaser and the Owner, in substantially the form attached hereto, is hereby approved. Any Designated Officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute the Bond Purchase Agreement, with such additions, changes or corrections as the Designated Officer executing the same may approve upon consultation with the City Attorney and Bond Counsel and approval by the City Attorney, such approval to be conclusively evidenced by the execution of the Bond Purchase Agreement with such additions, changes or corrections.

8. All actions heretofore taken by the officers and agents of the City with respect to the issuance and delivery of the Bond are hereby approved, confirmed and ratified, and each Designated Officer of the City, the City Clerk and other properly authorized officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including, but not limited to, those described in the Indenture, the Loan Agreement, the Regulatory Agreement and the other documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bond and the



implementation of the Program in accordance with the Act and the Law and this Resolution and resolutions heretofore adopted by the City.

9. The City Clerk of the City or any deputy thereof is hereby authorized to countersign or to attest the signature of any Designated Officer and to affix and attest the seal of the City as may be appropriate in connection with the execution and delivery of any of the documents authorized by this resolution, provided that the due execution and delivery of said documents or any of them shall not depend on such signature of the City Clerk or any deputy thereof or affixing of such seal. Any of such documents may be executed in multiple counterparts.

10. In addition to the Designated Officers, any official of the City, including any official of the Los Angeles Housing Department, as shall be authorized in writing by the Mayor of the City, is hereby authorized for and on behalf of the City to execute and deliver any of the agreements, certificates and other documents, except the Bond, authorized by this Resolution.

11. In accordance with procedures established by the City Charter, the City Council, by adoption and approval of this Resolution and with the concurrence of the Mayor, does hereby direct that the proceeds of the Bond be delivered directly to the Trustee, instead of the City Treasurer, to be deposited into the funds and accounts established under the Indenture.

12. Pursuant to Section 147(f) of the Code, the City Council hereby approves the issuance of the Bond to finance the Project. It is intended that this Resolution constitute approval of the Bond by the applicable elected representative of the issuer of the Bond and the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, in accordance with said Section 147(f).

13. Pursuant to the City Charter all agreements to which the City is a party shall be subject to approval by the City Attorney as to form.

14. Each Designated Officer and other properly authorized officials of the City as specifically authorized under this resolution are hereby authorized, directed and empowered on behalf of the City and this Council to execute any other additional applications, certificates, agreements, documents or other instruments or any amendments or supplements thereto, subject to approval by the City Attorney as to form, or to do and to cause to be done any and all other acts and things as they may deem necessary or appropriate to carry out the purpose of the foregoing authorizations and to address any issues arising with respect to the Bond or the agreements relating thereto subsequent to their issuance.

15. The Bond shall contain a recital that it is issued pursuant to the Law and in accordance with the Act.

16. This Resolution shall take effect immediately upon its passage and adoption.

17. The “Project” and “Owner” referred to herein are as follows:

<b>Project Name</b>	<b># of Units</b>	<b>Address</b>	<b>Owner</b>
NoHo 5050	40 (including 1 manager unit)	5050 Bakman Avenue, Los Angeles, CA 91601	NoHo 5050, L.P.

I certify that the foregoing Resolution was adopted by the Council of the City of Los Angeles at its meeting on \_\_\_\_\_, 2021.

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

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**LOAN AGREEMENT**

among

**CITY OF LOS ANGELES**

[TRUSTEE], as Trustee

and

**NOHO 5050, L.P.,**  
a California limited partnership

Relating to

\$[11,250,000]  
City of Los Angeles  
Multifamily Housing Revenue Bond  
(NoHo 5050)  
Series 2021U

Dated as of [\_\_\_\_\_] 1, 2021

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The interest of the City of Los Angeles (the “Issuer”) in this Loan Agreement has been assigned (except for certain “Reserved Rights” as defined in this Loan Agreement) pursuant to the Trust Indenture dated as of the date hereof from the Issuer to [Trustee], as trustee (the “Trustee”), and is subject to the security interest of the Trustee thereunder.

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## LOAN AGREEMENT

**THIS LOAN AGREEMENT** dated as of [DATE] (together with all supplements, modifications and amendments thereto, this “Loan Agreement”), among **CITY OF LOS ANGELES**, a charter city and municipal corporation of the State of California, (together with its successors and assigns, the “Issuer”) [TRUSTEE], a national banking association and being duly qualified to accept and administer the trusts created hereby, as trustee under the herein defined Indenture (together with any successor trustee hereunder and their respective successors and assigns, the “Trustee”), and **NOHO 5050, L.P.**, a California limited partnership (together with its successors and assigns, the “Borrower”).

### WITNESSETH:

WHEREAS, pursuant to Section 248 of the City Charter of the Issuer and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended (collectively, the “Law”), and in accordance with Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California, as amended (the “Act”), the Issuer is empowered to issue bonds and other evidence of indebtedness to finance the acquisition, construction and equipping of multifamily rental housing; and

WHEREAS, the Borrower, has applied to the Issuer for financial assistance for the purpose of providing all or part of the funds with which to pay the cost of the acquisition, construction and equipping of an approximately 40-unit (including one management unit) multifamily rental housing project in Los Angeles, California, to be known as NoHo 5050 (the “Project”); and

WHEREAS, the making of the Loan (as hereinafter defined), is authorized by the Law and the Act and will accomplish a valid public purpose of the Issuer, and

WHEREAS, the Issuer has determined that it is in the public interest to issue its City of Los Angeles Multifamily Housing Revenue Bond (NoHo 5050) Series 2021U in the aggregate principal amount of not to exceed \$[11,250,000] (the “Bond”) pursuant to the Trust Indenture dated as of [ ] 1, 2021 (the “Indenture”), executed by the Issuer and the Trustee, for the purpose of providing funding necessary for the acquisition, construction and equipping of the Project; and

WHEREAS, pursuant to this Loan Agreement, the Issuer has agreed to issue the Bond and to use proceeds of the Bond to fund a loan to the Borrower (the “Loan”), and the Borrower has agreed to (i) apply the proceeds of the Loan to pay a portion of the costs of acquisition, construction and equipping of the Project, (ii) make payments sufficient to pay the principal of, premium, if any, and interest on the Bond when due (whether at maturity, by redemption, acceleration or otherwise), and (iii) observe the other covenants and agreements and make the other payments set forth herein; and

WHEREAS, the Borrower has delivered to the Trustee, on behalf of the Issuer, its promissory note dated the date of issuance of the Bond in an original principal amount equal to the aggregate original principal amount of the Bond in substantially the form set forth in Exhibit B hereto (as the same may be amended, modified or supplemented from time to time, the “Note”) evidencing its obligation to repay the Loan; and

WHEREAS, to secure its obligations under the Loan Agreement and under the Note, the Borrower has executed a Deed of Trust, Assignment of Rents, Security Agreement, and Fixture Filing (as amended, modified or supplemented from time to time, the “Mortgage”) dated as of the Closing Date, for the benefit of the Issuer, as secured party;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS

**Section 1.1. Definitions.** The following capitalized terms shall have the meanings specified in this Article unless the context requires otherwise. All other capitalized terms used herein which are defined in the Indenture and not defined herein shall have the respective meanings ascribed thereto in the Indenture unless otherwise expressly provided or unless the context otherwise requires. The singular shall include the plural and the masculine shall include the feminine and neuter shall include the masculine or feminine.

“*Accountant*” means such independent certified public accountant or firm of independent certified public accountants, selected by the Borrower and approved by the Servicer, such approval not to be unreasonably withheld or delayed.

“*Appraisal*” means an appraisal of the market value of the Project performed by a qualified independent appraiser approved by the Servicer.

“*Approved Budget*” means the Proposed Budget approved by the Servicer.

“*Architect*” means [\_\_\_\_\_].

“*Budget*” has the meaning given to such term in the Continuing Covenants Agreement.

“*Capital Expenditures*” means capital expenditures determined in accordance with generally accepted accounting principles relating to the repair, renovation, replacement, construction, and equipping of the Project.

“*Completion*” means completion of construction of the Project, and equipping of the Improvements, in accordance with the Plans and Specifications and free and clear of all liens and security interests except as permitted under the Continuing Covenants Agreement, and delivery to Mortgage Lender of a final certificate of occupancy for the Project, certificates of insurance insuring the completed Project and a Certificate of Substantial Completion AIA Form G704 from the Architect, all as required under the Continuing Covenants Agreement.

“*Completion Date*” has the meaning given such term in the Continuing Covenants Agreement.



“*Consulting Engineer*” has the meaning given to the term “Lender’s Consultant” in the Continuing Covenants Agreement.

“*Control*,” “*Controlled*” and “*Controlling*” means, with respect to any Person, either (i) ownership directly or indirectly of more than 50% of all beneficial equity interest in such Person, or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, by contract or otherwise.

“*Default*” or “*Event of Default*” means, when referring to (i) the Indenture, an event or condition specified or defined as such by Article VI of the Indenture and (ii) this Loan Agreement, an event or condition specified or defined as such by Section 7.1 hereof.

“*Direct Costs*” means the costs of the Land, the Improvements, the Personal Property, and all labor, materials, fixtures, machinery and equipment required to construct and equip the Improvements in accordance with the Plans and Specifications, and includes all fees.

“*Financing Statements*” means Uniform Commercial Code Form 1 Financing Statement(s) from the Borrower in favor of the Trustee.

“*Generally Accepted Accounting Principles*” means the principles that are (i) consistent with the principles promulgated or adopted by the Financial Accounting Standards Board and its predecessors, as in effect from time to time, and (ii) consistently applied with past financial statements of the Borrower adopting the same principles; provided that a certified public accountant would, insofar as the use of such accounting principles is pertinent, be in a position to deliver an unqualified opinion (other than a qualification regarding changes in Generally Accepted Accounting Principles) as to financial statements in which such principles have been properly applied.

[“*General Partner*” means collectively, Decro NoHo 5050 LLC, a California limited liability company and Daylight NoHo 5050 LLC, a California limited liability company, together with any permitted successors and assigns as a general partner of Borrower.]

[“*General Partner Documents*” means [the Partnership Agreement].]

“*Governmental Authority*” means the United States, the State in which the Land is located and any political subdivision, agency, department, commission, board, bureau, authority or instrumentality of either of them, including any local authorities, or any other entity exercising executive, legislative, judicial, regulatory or administrative functions of government, which has jurisdiction over the Land or the construction, equipping and operation of the Project thereon.

“*Guarantor*” means [Guarantor], a/an [\_\_\_\_\_].

“*Guarantor Documents*” means the Guaranty and the Environmental Indemnity.

“*Hazardous Substances*” has the meaning set forth for that term in the Environmental Indemnity.

*“Improvements”* means the 40-unit (including one manager unit) multifamily rental housing project with related site improvements and amenities located on the Land, constructed, equipped and furnished in accordance with the Plans and Specifications.

*“Indebtedness”* means all obligations, contingent and otherwise, that in accordance with Generally Accepted Accounting Principles should be classified upon the Obligor’s balance sheet as liabilities, or to which reference should be made by footnotes thereto, including in any event and whether or not so classified: (a) all debt and similar monetary obligations, whether direct or indirect; (b) all liabilities secured by any deed to secure debt, mortgage, deed of trust, pledge, security interest, lien, charge or other encumbrance existing on property owned or acquired subject thereto, whether or not the liability secured thereby shall have been assumed; (c) all liabilities under capitalized leases; and (d) all guaranties, endorsements and other contingent obligations whether direct or indirect in respect of indebtedness of others, including the obligations to reimburse the issuer of any letter of credit for amounts drawn on such letter of credit.

*“Indenture”* means the Trust Indenture dated as of [\_\_\_\_] 1, 2021, between the Issuer and the Trustee, as the same may be supplemented, amended or modified.

*“Indirect Costs”* means all title insurance premiums, survey charges, engineering fees, architectural fees, real estate taxes, appraisal costs, premiums for insurance, marketing, advertising and leasing costs, brokerage commissions, legal fees, accounting fees, overhead and administrative costs, and all other expenses as shown in the Budget which are expenditures relating to the Project and are not Direct Costs.

*“Issuer’s Fee”* means an issuance fee in the amount of \$[\_\_\_\_\_] payable on the Closing Date and the ongoing fee stated in Section 7(n) of the Regulatory Agreement.

*“Land”* means the real property described in Exhibit [ ] attached to the Continuing Covenants Agreement.

*“Lien”* means any interest in the Project or any part thereof or any right therein, including without limitation any rents, issues, profits, proceeds and revenues therefrom, securing an obligation owed to, or a claim by, any Person, whether such interest is based on the common law, statute or contract, and including but not limited to the lien and security interest arising from a deed to secure debt, mortgage, deed of trust, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term “Lien” shall also include any and all reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting the Project or any part thereof or any interest therein.

*“Management Agreement”* means a property management agreement, in form and substance acceptable to the Servicer, between Borrower and a Property Manager.

*“Manager”* has the meaning given to the term “Property Manager” in the Continuing Covenants Agreement.

*“Net Operating Income”* is defined in the Continuing Covenants Agreement.

“*Obligor(s)*” means the Borrower, the General Partner and the Guarantor.

“*Operating Expenses*” has the meaning given such term in the Continuing Covenants Agreement.

“*Organizational Documents*” means for any corporation, partnership, trust, limited liability company, limited liability partnership, unincorporated association, business or other legal entity, the documents pursuant to which such entity has been established or organized, as such documents may be amended from time to time in accordance with the terms of this Loan Agreement.

“*Partnership Agreement*” means [\_\_\_\_\_].

“*Permitted Encumbrances*” means those encumbrances permitted under the terms of the Mortgage.

“*Permitted Transfer*” has the meaning given such term in the Continuing Covenants Agreement.

“*Personal Property*” means all materials, furnishings, fixtures, furniture, machinery, equipment and all items of tangible or intangible personal property now or hereafter owned or acquired by the Borrower in which the Issuer has been or will be granted an interest to secure the obligations of the Borrower under the Loan Documents.

“*Plans and Specifications*” means the plans and specifications for the Project prepared by the Architect and more particularly described in the Continuing Covenants Agreement, as the same may be amended, modified or supplemented in accordance with the terms hereof and the Continuing Covenants Agreement.

“*Project Approvals*” means all approvals, consents, waivers, orders, agreements, authorization, permits and licenses required under applicable Legal Requirements or under the terms of any restriction, covenant or easement affecting the Project, or otherwise necessary or desirable for the ownership, acquisition, construction, and equipping, use and operation of the Project and the Improvements, whether obtained from a Governmental Authority or any other Person.

“*Project Costs*” means the sum of all Direct Costs and Indirect Costs that will be incurred by the Borrower in connection with the acquisition of the Land and Improvements, the construction and equipping of the Improvements, the marketing and leasing of leasable space in the Improvements, and the operation and carrying of the Project through the Conversion Date.

“*Project Revenues*” means, for any period, the revenues actually collected during such period (a) generated from all tenants and others occupying or having a right to occupy or use the Project or any portion thereof, adjusted to reflect rental concessions over the term of any applicable lease, and (b) from the use and occupancy of any amenities and services of the Project, including vending machine income, net cable TV revenues, laundry service and parking income, but exclusive of (i) capital contributions, (ii) net proceeds from the sale or refinancing of the Project, (iii) net proceeds of insurance (other than proceeds of loss of rent insurance to the extent paid for apartment units occupied at the time of the loss), and net condemnation awards, (iv) security

deposits and prepaid rents to the extent not permitted to be released to the Borrower pursuant to the terms of leases, and (v) interest earnings.

“*Property*” has the meaning set forth for that term in the Mortgage.

“*Proposed Budget*” means the proposed capital and operating budget for the Project, submitted to the Servicer for approval.

“*Related Person*” means a “related person” as defined in Section 147(a) of the Code.

“*Required Equity Funds*” means the amounts required to be deposited in the Equity Account of the Project Fund pursuant to the Continuing Covenants Agreement and this Loan Agreement.

“*Reserved Rights*” means, the rights of the Issuer hereunder pursuant to Sections 2.3(a), 2.3(b), 2.3(c), 2.3(d), 2.3(j), 2.3(k), 2.3(l), 2.4, 3.2(c), 3.2(d), 3.2(g), 3.2(h), 5.2, 5.3, 5.6, 5.13, 5.14, 5.17, 5.18, 5.19, 6.3(a)(ii), 7.4, 7.8 and 8.15 hereof, which are retained and not assigned to the Trustee pursuant to the Indenture and those other rights of the Issuer contained in the Regulatory Agreement and the Mortgage.

“*Single Purpose Entity*” means an entity that (i) is formed solely for the purpose of owning and operating a single asset; (ii) does not engage in any business unrelated to such asset; (iii) keeps its own books and records and its own accounts, separate and apart from the books, records and accounts of any other Person; and (iv) holds itself out as being a legal entity, separate and apart from any other Person.

[“*Special Limited Partner*” means [SPECIAL LIMITED PARTNER], [a/an] [STATE] [STATE] [ENTITY TYPE], together with its permitted successors and assigns, as special limited partner of the Borrower.]

“*Subordinate Loans*” means, collectively, [\_\_\_\_], [\_\_\_\_], each as defined in the Continuing Covenants Agreement.

“*Survey*” means an instrument survey of the Land and the Improvements prepared in accordance with the Servicer’s survey requirements, such survey to be reasonably satisfactory to the Servicer in form and substance.

“*Tax Credit Agency*” means the California Tax Credit Allocation Committee in its capacity as the designated agency of the State to allocate Tax Credits, acting through any authorized representative.

“*Tax Credit Regulatory Agreement*” means, individually and collectively, any and all extended low-income housing commitments, regulatory agreements and/or restrictive covenants assumed, executed or to be executed by the Borrower and the Tax Credit Agency and properly recorded in the appropriate land records for the State, setting forth certain terms and conditions under which the Project is to be operated and which must meet the requirements of Section 42(h)(6)(B) of the Code.

“*Tax Credits*” means the federal low income housing credits available with respect to the Project.

“*Title Insurance Company*” means [TITLE INSURANCE COMPANY].

“*Title Policy*” means an ALTA standard form title insurance policy issued by the Title Insurance Company for the benefit of the Trustee and, its successors and assigns, as their interests may appear (with such reinsurance or co-insurance as the Servicer may require, any such reinsurance to be with direct access endorsements) insuring the priority of the Mortgage and that the Borrower holds marketable fee simple title to the Project, subject only to Permitted Encumbrances and such exceptions as the Servicer may approve, and containing such endorsements and affirmative insurance as the Servicer in its discretion may require.

**Section 1.2. Construction.** In this Loan Agreement, unless the context otherwise requires:

(a) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Loan Agreement.

(b) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms refer to this Loan Agreement, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of adoption of this Loan Agreement.

(c) Words of the masculine gender shall mean and include correlative words of the female and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa.

(d) References in this Loan Agreement to particular sections of the Code, the Act or any other legislation shall be deemed to refer also to any successor sections thereto or other redesignation for codification purposes.

## ARTICLE II

### REPRESENTATIONS AND COVENANTS

**Section 2.1. Representations by the Issuer.** The Issuer makes the following representations as of the date of the execution and delivery of this Loan Agreement as the basis for the undertakings on its part herein contained:

(a) The Issuer is a charter city and municipal corporation of the State of California.

(b) The Issuer has the power and lawful authority to adopt the Resolution, to execute and deliver the Issuer Documents, to issue the Bond and receive the proceeds of the Bond, to apply the proceeds of the Bond to make the Loan, to assign the revenues derived and to be derived by the Issuer from the Loan to the Trustee and to perform and observe the provisions of, and to enter into the transactions described in the Issuer Documents and the Bond on its part to be performed and observed.

(c) The Issuer has duly authorized the execution and delivery of each of the Issuer Documents, the issuance, sale and delivery of the Bond and the performance of the obligations of the Issuer thereunder.

(d) The Issuer makes no representation or warranty, express or implied, that the proceeds of the Bond will be sufficient to finance the acquisition, construction and equipping of the Project or that the Project will be adequate or sufficient for the Borrower's intended purposes.

**Section 2.2. Representations, Warranties and Covenants by the Borrower.** The Borrower makes the following representations and warranties, and covenants and agrees as follows, as of and from the date of the execution and delivery of this Loan Agreement as the basis for the undertakings on its part herein contained:

(a) The Borrower is, and at all times will be, a limited partnership duly organized, validly existing and in good standing under the laws of the State. The General Partner is, and at all times will be, a limited liability company duly organized, validly existing and in good standing as a limited liability company authorized to do business under the laws of the State. The General Partner has, and will at all times have, all requisite power to own its property and conduct its business as now conducted and as presently contemplated, to execute and deliver the Loan Documents and the General Partner Documents and to perform its duties and obligations hereunder and thereunder.

(b) The execution, delivery and performance of this Loan Agreement and the other Loan Documents and the transactions contemplated hereby and thereby (i) are within the authority of the Borrower, (ii) have been duly authorized by all necessary proceedings on the part of the Borrower, (iii) do not conflict with or result in any breach or contravention of any provision of law, statute, rule or regulation to which the Borrower is subject or any judgment, order, writ, injunction, license or permit applicable to the Borrower, (iv) do not conflict with any provision of the Organizational Documents of the Borrower, and (v) do not require the approval or consent of, or filing with, any governmental agency or authority other than those already obtained and the filing of certain of the Loan Documents in the appropriate public records.

(c) The execution and delivery of this Loan Agreement and the other Loan Documents will result in valid and legally binding obligations of the Borrower enforceable against it in accordance with the respective terms and provisions hereof and thereof, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights, and except to the extent that availability of the remedies of specific performance and injunctive relief are subject to the discretion of the court before which any proceeding therefor may be brought.

(d) The Borrower and the General Partner are, and will at all times during the term of this Loan Agreement, be, Single Purpose Entities.



(e) The address of the Borrower's chief executive office and principal place of business is c/o Decro Corporation, 3431 Wesley Street, Suite F, Culver City, CA 90232, Attention: Ted Handel. The organizational identification number for the Borrower is [ ]. The federal employer identification number for the Borrower is [ ].

(f) On the Closing Date, the Borrower will hold [a leasehold estate in the Land pursuant to the Ground Lease and will hold] a [fee interest] in the Land and the Improvements, in each case subject only to the Permitted Encumbrances. The Borrower possesses, and will at all times possess, all franchises, patents, copyrights, trademarks, trade names, licenses and permits, and rights in respect of the foregoing, adequate for the conduct of its business substantially as now conducted or as it is intended to be conducted with respect to the Project, without known conflict with any rights of others.

(g) The Borrower is not subject to any charter, partnership or other legal restriction, or any judgment, decree, order, rule or regulation that has or is expected in the future to have a materially adverse effect on the business assets or financial condition of the Borrower. The Borrower is not, and will not be, a party to any contract or agreement that has or is expected, in the judgment of the Borrower's partners, to have any materially adverse effect on the business or financial condition of the Borrower.

(h) The Borrower is not and will not at any time be, in violation of any provision of its Organizational Documents or any agreement or instrument to which it may be subject or by which it or any of its properties may be bound or any decree, order, judgment, statute, license, rule or regulation, in any of the foregoing cases in a manner that could result in the imposition of substantial penalties or adversely affect the financial condition, properties or business of the Borrower.

(i) The Borrower and each Obligor (i) has made or filed, and will make or file in a timely fashion, all federal and state income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject, (ii) has paid, and will pay when due, all taxes and other governmental assessments and charges shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and by appropriate proceedings, (iii) if a partnership, limited liability partnership or limited liability company, has, and will maintain, partnership tax classification under the Code, and (iv) has set aside, and will at all times set aside, on its books provisions reasonably adequate for the payment of all taxes for periods subsequent to the period to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the partners, officers or trustees of the Borrower know of no basis for any such claim. The Borrower has filed, and will continue to file, all of such tax returns, reports, and declarations either (x) separately from any Affiliate or (y) if part of a consolidated filing, as a separate member of any such consolidated group.

(j) The Project is located wholly within the State.

(k) None of the Issuer, the Trustee or any director, officer or employee of the Issuer or the Trustee has any interest, financial, employment or other, in the Borrower, the Project or the transactions contemplated hereby.

(l) There is no Event of Default on the part of the Borrower or any Obligor under this Loan Agreement or any other Loan Document, any General Partner Document, any Guarantor Document or any Organizational Document, and no event has occurred and is continuing which after notice or passage of time or both would give rise to a default under any thereof. The Borrower has received no notices of and has no knowledge of any violations of any Legal Requirements or Project Approvals.

(m) The certifications, representations, warranties, statements, information and descriptions contained in the Loan Documents and in the Tax Certificate, as of the Closing Date, are and will be true, correct and complete, do not and will not contain any untrue statement or misleading statement of a material fact, and do not and will not omit to state a material fact required to be stated therein or necessary to make the certifications, representations, warranties, statements, information and descriptions contained therein, in light of the circumstances under which they were made, not misleading. The estimates and the assumptions contained in the Loan Documents and in the Tax Certificate, as of the Closing Date, are reasonable and based on the best information available to the Borrower. Each of the certifications, representations, warranties, statements, information and descriptions contained in the Tax Certificate is hereby incorporated into this Loan Agreement by reference, as if fully set forth herein.

(n) The Borrower has furnished to the Issuer and to Bond Counsel in the Tax Certificate all information necessary for the Issuer to file an IRS Form 8038 with respect to the Bond, and all of such information is and will be on the date of filing, true, complete and correct.

(o) The Borrower is not contemplating either the filing of a petition by it or by the General Partner under any state or federal bankruptcy or insolvency law or the liquidation of all or a major portion of its property, and the Borrower has no knowledge of any Person contemplating the filing of any such petition against it or any Obligor.

(p) The Borrower is not an “employee benefit plan,” as defined in Section 3(3) of ERISA, subject to Title I of ERISA, and none of the assets of the Borrower constitutes or will constitute “plan assets” of one or more such plans within the meaning of 29 C.F.R. section 2510.3-101.

(q) No part of the proceeds of the Loan will be used for the purpose of purchasing or acquiring any “margin stock” within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other purpose that would be inconsistent with such Regulation U or any other Regulation of such Board of Governors, or for any purpose prohibited by Legal Requirements or any Loan Document.

(r) The Borrower is not (i) an “investment company” or a company “controlled” by an “investment company,” within the meaning of the Investment Company



Act of 1940, as amended; (ii) a “holding company” or a “subsidiary company” of a “holding company” or an “affiliate” of either a “holding company” or a “subsidiary company” within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (iii) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

(s) The Borrower has not entered into the Loan or any Loan Document with the actual intent to hinder, delay, or defraud any creditor, and the Borrower has received reasonably equivalent value in exchange for its obligations under the Loan Documents. Giving effect to the transactions contemplated by the Loan Documents, the fair saleable value of the Borrower’s assets exceeds and will, immediately following the execution and delivery of the Loan Documents, exceed the Borrower’s total liabilities, including subordinated, unliquidated, disputed or contingent liabilities. The fair saleable value of the Borrower’s assets is and will, immediately following the execution and delivery of the Loan Documents, be greater than the Borrower’s probable liabilities, including maximum amount of its contingent liabilities or its debts as such debts become absolute and matured. The Borrower’s assets do not and, immediately following the execution and delivery of the Loan Documents, will not, constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted. The Borrower does not intend to, and does not believe it will, incur debts and liabilities (including contingent liabilities and other commitments) beyond its ability to pay such debts as they mature (taking into account the timing and amounts to be payable on or in respect of obligations of the Borrower).

(t) All information regarding the Borrower, the Project and any Obligor delivered to the Issuer, the Trustee and the Servicer is true and correct in all material respects and all such financial information fairly presents the financial condition and results of operations of the Borrower and the other Obligors for the periods to which such financial information relates, and discloses all liabilities and contingent liabilities of the Borrower or the other Obligors.

(u) There are no actions, suits, proceedings or investigations of any kind pending or threatened against the Borrower or the General Partner before any court, tribunal or administrative agency or board or any mediator or arbitrator that, if adversely determined, might, either in any case or in the aggregate, adversely affect the business, assets or financial condition of the Borrower or the General Partner or result in any liability not adequately covered by insurance, or for which adequate reserves are not maintained on the balance sheet of the Borrower or the General Partner or which question the validity of this Loan Agreement or any of the other Loan Documents or any of the General Partner Documents, any action taken or to be taken pursuant hereto or thereto, or any lien or security interest created or intended to be created pursuant hereto or thereto, or which will adversely affect the ability of the Borrower or the General Partner to construct, equip, use and occupy the Project or to pay and perform its obligations hereunder in the manner contemplated by this Loan Agreement, any of the other Loan Documents or any of the General Partner Documents.

(v) All utility services necessary and sufficient for the construction, equipping and operation of the Project shall be, upon Completion of the Project, and thereafter will

at all times be available through dedicated public rights of way or through perpetual private easements with respect to the Borrower's interest in which the Mortgage creates a valid and enforceable first priority mortgage lien. The Borrower has obtained, or promptly will obtain, all utility installations and connections required for the operation and servicing of the Project for its intended purposes.

(w) The rights of way for all public roads necessary for the full utilization of the Project for its intended purposes have either been acquired by the appropriate Governmental Authority or have been dedicated to public use and accepted by such Governmental Authority. All such public roads shall have been completed, and the right to use all such roads, or suitable substitute rights of way approved by the initial Servicer, shall be maintained at all times for the Project. All curb cuts, driveways and traffic signals shown on the Plans and Specifications are existing or have been fully approved by the appropriate Governmental Authority and after the completion thereof, shall be maintained at all times for the Project.

(x) The acquisition, construction, equipping, use and occupancy of the Project will at all times comply with all Legal Requirements. The Borrower will give all notices to, and take all other actions with respect to, such Governmental Authorities as may be required under applicable Legal Requirements to construct and equip the Improvements and to use, occupy and operate the Project.

(y) Except as set forth on Exhibit [ ] to the Continuing Covenants Agreement, the Borrower has obtained all Project Approvals required for the acquisition, construction, and equipping of the Project in accordance with the Plans and Specifications. All Project Approvals obtained by the Borrower have been validly issued and are in full force and effect. The Borrower has no reason to believe that any of the Project Approvals required for acquisition, construction, and equipping of the Project in accordance with the Plans and Specifications and not heretofore obtained by the Borrower will not be obtained by the Borrower in the ordinary course in order to permit completion of construction, and equipping of the Project in accordance with the Plans and Specifications on or before the Completion Date. The Borrower will timely obtain all Project Approvals not heretofore obtained by the Borrower (including those listed and described on Exhibit [ ] to the Continuing Covenants Agreement, those required for use and occupancy of the Project for its intended purpose upon Completion and any other Project Approvals which may hereafter become required, necessary or desirable) and will furnish the Servicer with evidence that the Borrower has obtained such Project Approvals promptly upon their receipt. The Borrower will duly perform and comply with all of the terms and conditions of all Project Approvals obtained at any time. No Project Approvals will terminate, or become void or voidable or terminable, upon any sale, transfer or other disposition of the Project, including any transfer pursuant to foreclosure, deed in lieu of foreclosure or exercise of power of sale under the Mortgage.

(z) The Borrower has furnished the Servicer with true and complete sets of the Plans and Specifications. The Plans and Specifications so furnished to the initial Servicer comply with all Legal Requirements, all Project Approvals, and all restrictions, covenants

and easements affecting the Project, and have been approved by such Governmental Authority as is required for construction and equipping of the Improvements.

(aa) The Budget accurately reflects the Borrower's best estimate of all costs of the Project.

(bb) The Survey delivered to the Servicer does not fail to reflect any material matter of survey affecting the Project or the title thereto.

(cc) No part of the Land is located in an area identified by the Federal Emergency Management Agency as an area having special flood hazard or to the extent any part of the Land is an area identified as an area having special flood hazard, adequate flood insurance has been obtained by the Borrower.

(dd) The Borrower is not in default or violation of any order, writ, injunction, decree or demand of any Governmental Authority, the violation of which might materially adversely affect the condition (financial or otherwise) or business of the Borrower. There has not been and shall never be committed by the Borrower or any other Person in occupancy of or involved with the operation or use of the Project any act or omission affording any Governmental Authority the right of forfeiture as against the Project or any part thereof or any moneys paid in performance of the Borrower's obligations under any Loan Document.

(ee) Each Requisition submitted by the Borrower shall contain an affirmation that the foregoing representations and warranties remain true and correct as of the date hereof.

(ff) The Indenture has been submitted to the Borrower for its examination and the Borrower acknowledges, by execution of this Loan Agreement, that it will be bound by the terms thereof to the extent applicable to the Borrower.

(gg) The Borrower's Related Persons are not and to Borrower's knowledge after diligent inquiry, no other Person holding any legal or beneficial interest whatsoever in the Related Persons, directly or indirectly, is included in, owned by, Controlled by, acting for or on behalf of, providing assistance, support, sponsorship, or services of any kind to, or otherwise associated with any of the Persons referred to or described in any list of persons, entities, and governments issued by the Office of Foreign Assets Control of the United States Department of the Treasury ("OFAC") pursuant to Executive Order 13224 – Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, as amended ("Executive Order 13224"), or any similar list issued by OFAC or any other department or agency of the United States of America (collectively, the "OFAC Lists").

**Section 2.3. Covenants by the Borrower.** The Borrower hereby covenants and agrees that, on and after the Closing Date, it will:

(a) Give written notice promptly, and in any event at least 30 days prior to the closing thereof, of any intended refinancing of the Project to the Issuer, the Trustee and the Servicer;

(b) Comply with all Legal Requirements and promptly furnish the Issuer, the Trustee and the Servicer with reports of any official searches made by any Governmental Authority and any claims of violations thereof;

(c) Upon reasonable notice and at reasonable times, permit the Servicer, the Owner, the Issuer and the Trustee (or their representatives) to enter upon the Land and inspect the Project;

(d) Indemnify the Issuer, the Trustee, the Owner and the Servicer (and each of their directors, members, officers and employees) against claims of brokers arising by reason of the execution hereof or the consummation of the transactions contemplated hereby;

(e) Deliver to the Servicer copies of all leases (other than leases to residential tenants in the ordinary course of business) with respect to the Project or any portion thereof, whether executed before or after the date of this Loan Agreement;

(f) Not enter into, cancel or amend any agreement for the furnishing of management or similar services to the Project, without the prior written consent of the Servicer, such consent not to be unreasonably withheld or delayed;

(g) Comply with all restrictions, covenants and easements affecting the Land or the Project, including, without limitation, all requirements of the Regulatory Agreement;;

(h) Take, or require to be taken, such acts as may be required under applicable law or regulation in order that the interest on the Bond continues to be excludable from gross income for purposes of federal income taxation, and refrain from taking any action which would adversely affect the exclusion from gross income of interest on the Bond from federal income taxation;

(i) Perform and satisfy all the duties and obligations of the Borrower set forth and specified in the Indenture as duties and obligations of the Borrower, including those duties and obligations which the Indenture requires this Loan Agreement or the other Loan Documents to impose upon the Borrower;

(j) Confirm and assure that the Project, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and shall be subject to examination and inspection at reasonable times and upon reasonable notice by the Issuer, the Trustee or the Servicer or the duly authorized agent of any of them and shall keep copies

of all written contracts or other instruments which affect the Project, all or any of which shall be subject to inspection and examination by the Issuer, the Trustee, the Servicer or the duly authorized agent of any of them;

(k) Commencing on the fifth anniversary of the Closing Date, and on such anniversary in each fifth year thereafter, promptly pay or cause to be paid to the Trustee or the Servicer the expenses associated with the filing, registration or recording and re-filing, re-registration or re-recording, as applicable, of the Mortgage and any Financing Statement, amendments thereto, continuation statements or instruments of a similar character relating to the pledges and assignments made by the Borrower to the Issuer or the Trustee to or for the benefit of the Owner of Bond as required by law in order to fully preserve and protect the rights of the Issuer, the Trustee and the Owner of the Bond, as the case may be;

(l) Promptly notify the Issuer, the Trustee and the Servicer in writing of any (i) default by the Borrower in the performance or observance of any covenant, agreement, representation, warranty or obligation of the Borrower set forth in this Loan Agreement or any other Loan Documents or (ii) any event or condition which with the lapse of time or the giving of notice, or both would constitute an Event of Default under this Loan Agreement or any other Loan Documents; and commence, pursue and complete construction, and equipping of the Improvements as provided herein and in the Continuing Covenants Agreement.

**Section 2.4. Tax Covenants of the Borrower.** The Borrower further covenants and agrees that prior to the final maturity of the Bond, unless it has received and filed with the Issuer an opinion of Bond Counsel to the effect that failure to comply with any such covenant or agreement, in whole or in part, will not adversely affect the exclusion from gross income for federal income tax purposes of interest paid or payable on the Bond (other than with respect to interest on any portion of the Bond for a period during which such portion of the Bond is held by a “substantial user” of any facility financed with the proceeds of the Bond or a “related person,” as such terms are used in Section 147(a) of the Code), as follows:

(a) ***Limitation on Net Proceeds.*** At least 95% of the net proceeds of the Bond (within the meaning of the Code) actually expended shall be used to pay Qualified Costs of the Project that are costs of a “qualified residential rental project” (within the meaning of Sections 142(a)(7) and 142(d) of the Code) and property that is “functionally related and subordinate” thereto (within the meaning of Sections 1.103-8(a)(3) and 1.103-8(b)(4)(iii) of the Regulations).

(b) ***Prohibited Facilities.*** The Borrower shall not use or permit the use of any proceeds of the Bond or any income from the investment thereof to provide any airplane, skybox, or other private luxury box, health club facility, any facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

No portion of the proceeds of the Bond will be used for an office unless (i) the office is located on the premises of the facilities constituting a portion of the Project

financed with proceeds of the Bond and (ii) not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of such portion of the Project. For purposes of this paragraph, “office” does not include space that is solely for use by residents and their guests.

(c) ***Limitation on Land.*** Less than 25% of the net proceeds of the Bond actually expended will be or have been used, directly or indirectly, for the acquisition of land or an interest therein, and no portion of the net proceeds of the Bond will be used, directly or indirectly, for the acquisition of land or an interest therein to be used for farming purposes.

(d) ***Limitation on Existing Facilities.*** No portion of the net proceeds of the Bond will be used to finance or refinance the acquisition of any existing property or an interest therein unless (A) the first use of such property is or was pursuant to such acquisition or (B) the rehabilitation expenditures with respect to any building and the equipment therefor equal or exceed 15% of the cost of acquiring such building financed or refinanced with the proceeds of the Bond (with respect to structures other than buildings, this clause shall be applied by substituting 100% for 15%). For purposes of the preceding sentence, the term “rehabilitation expenditures” shall have the meaning set forth in Section 147(d)(3) of the Code.

(e) ***Qualified Residential Rental Project.*** The Borrower hereby covenants and agrees that the Project to be financed by the Bond will be operated as “qualified residential rental projects” within the meaning of Section 142(d) of the Code, on a continuous basis during the longer of the Qualified Project Period (as defined in the Regulatory Agreement) or any period during which any portion of the Bond remains outstanding, to the end that the interest on the Bond shall be excluded from gross income for federal income tax purposes. The Borrower hereby covenants and agrees, continuously during the Qualified Project Period, to comply with all the provisions of the Regulatory Agreement.

(f) ***Termination of Restrictions.*** Although the parties hereto recognize that, subject to the provisions of the Regulatory Agreement, the provisions of this Loan Agreement shall terminate in accordance with Section 8.11 hereof, the parties hereto recognize that pursuant to the Regulatory Agreement, certain requirements, including the requirements incorporated by reference in this Section, may continue in effect beyond the term hereof.

(g) ***40/60 Test Election.*** The Borrower and the Issuer hereby elect to apply the requirements of Section 142(d)(1)(B) to the portion of the Project financed by the Bond. The Borrower hereby represents, covenants and agrees, continuously during the Qualified Project Period, to comply with all the provisions of the Regulatory Agreement.



## ARTICLE III

### LOAN AND PROVISIONS FOR REPAYMENT

#### **Section 3.1. Issuance of Bond and Making of Loan; Delivery of Note and Other Loan Documents.**

(a) In order to finance a portion of the costs of the acquisition, construction, and equipping of the Project, the Issuer has, consistent with its purpose under the Act and pursuant to the Indenture, issued and caused the Trustee to authenticate and deliver the Bond to the initial Owner. The Bond shall bear interest and be payable as provided therein and in the Indenture. The Bond shall mature and all Outstanding principal of, Prepayment Fee (if any), interest and Additional Interest (if any) on the Bond shall be due and payable in full on the Maturity Date, all as provided more fully in the Bond and the Indenture.

(b) The Issuer agrees to lend the proceeds received from the sale of the Bond to the Borrower, by causing such amounts to be deposited directly into the Project Fund, subject to the terms and conditions of the Indenture and this Loan Agreement, including the terms and conditions thereof and hereof governing the disbursement of proceeds of the Loan.

(c) Pursuant to the Indenture, the Trustee shall make disbursements from the Project Fund created pursuant to the Indenture to pay or to reimburse the Borrower for costs of the acquisition, construction, and equipping of the Project, subject to the conditions of the Indenture and this Loan Agreement. Upon receipt of a properly signed Requisition approved by the Servicer (which approval of the Servicer is expressly subject to the satisfaction of the conditions precedent set forth in the Continuing Covenants Agreement), and acknowledged by the Issuer as required under the Indenture, the Trustee is authorized to act upon such Requisition without further inquiry, and, except for negligence after notice of facts to the contrary or willful misconduct of the Trustee, the Borrower shall hold the Trustee harmless against any and all losses, claims or liabilities incurred in connection with the Trustee's making disbursements from the Project Fund in accordance with such Requisition. Neither the Trustee nor the Issuer (nor any of their directors, members, officers and employees) shall be responsible for the application by the Borrower of moneys properly disbursed from the Project Fund.

(d) Concurrently with the sale and delivery of the Bond, and to evidence further the obligation to repay the Loan in accordance with the provisions of this Loan Agreement, the Borrower has executed and delivered the Note and the other Loan Documents.

#### **Section 3.2. Loan Repayments and Other Amounts.**

(a) From the Closing Date until the Amortization Date, the Loan shall be a non-amortizing obligation, with interest only accruing on the aggregate principal amount advanced from time to time in connection with the draw-down feature of the Bond, with such interest to be funded from the Capitalized Interest Account of the Project Fund unless and until such Account is exhausted, in which event interest shall be paid by the Borrower.

On the Conversion Date, the Borrower shall pay to the Trustee, for deposit into the Revenue Fund, a sum sufficient to redeem the principal amount of Bond sufficient to reduce the aggregate principal balance of the Bond to \$\_\_\_\_\_ or such lesser amount as permitted by the Continuing Covenants Agreement.

(b) Commencing on the Amortization Date, the Borrower shall pay to the Trustee for deposit into the Revenue Fund, on the first day of each month, an amount set forth in the Amortization Schedule, equal to the sum of (i) the interest due on the Bond on such date (after taking into account funds available for such purpose, if any, in the Capitalized Interest Account of the Project Fund), plus (ii) the principal due on the Bond on such date, including the amount of mandatory redemption payments, if any, required pursuant to Section 4.01 of the Indenture (to the extent of money not already on deposit with the Trustee with respect to such mandatory redemption payments). Amounts so paid to the Trustee by the Borrower shall be in immediately available funds or shall be such that on the Interest Payment Date they are available funds.

(c) The Borrower understands that the interest rate applicable under the Note and with respect to the Bond is based upon the assumption that interest income paid on the Bond will be excludable from the gross income of the Owner under Section 103 of the Code. In the event that an Initial Notification of Taxability shall occur, then the interest rate on the Note and the Bond, and on all obligations under this Loan Agreement (other than those to which the Default Rate applies) shall, effective on the date of such Initial Notification of Taxability, be increased to a rate equal to the Taxable Rate. The Borrower shall, in addition, pay to the Trustee, for deposit into the Revenue Fund, promptly upon demand from the Trustee or the Servicer, an amount equal to the Additional Interest payable on the Bond. The Borrower shall also indemnify, defend and hold the Owner, Issuer and Trustee (and each of their directors, members, officers and employees) harmless from any penalties, interest expense or other costs, including reasonable attorneys' fees (including all reasonably allocated time and charges of Owner's, Issuer's and Trustee's "in-house" and "outside" counsel) and accountants' costs, resulting from any dispute with the Internal Revenue Service concerning the proper tax treatment of the Bond and any interest payable to any Owner with respect to the Bond. The obligations of the Borrower under this Section 3.2(c) shall survive termination of this Loan Agreement and the Note and repayment of the Loan. If, following any increase in interest rates pursuant to this Section 3.2(c), a final determination is made, to the satisfaction of the Owner, that interest paid on the Bond is excludable from the Owner's gross income under Section 103 of the Code and applicable state law, the Owner shall promptly refund to the Borrower any Additional Interest and other additional amounts paid by the Borrower pursuant to this Section 3.2(c).

(d) The Borrower agrees to pay the Trustee Fee and Trustee Expenses to the Trustee and agrees to pay the Issuer's Fee to the Issuer, all as and when the same become due. The Borrower also agrees to pay all fees, charges and expenses of the Trustee and the Issuer, respectively (including, without limitation, the reasonable, actually incurred fees and expenses of counsel to the Issuer, Bond Counsel and counsel to the Trustee), as and when the same become due. The Borrower also agrees to pay the printing and engraving costs of the Bond, including any certificates required to be prepared for use in connection



with any exchanges of Bond for the cost of which Owner is not liable. The Borrower also agrees to pay the Loan Fee to Servicer on or before the Closing Date, to pay the fees of the Owner and the Servicer, and to pay all reasonable costs and expenses incurred by the Owner and the Servicer in connection with the administration of the Bond, the Loan or the collateral therefor, and any amendments, modifications or “workouts” thereof, including without limitation reasonable attorneys’ fees and costs (including allocated costs of in-house attorneys), fees and costs of engineers, accountants, appraisers and other consultants, title insurance premiums and recording costs upon receipt of written demand therefor.

(e) The Borrower agrees to pay all Costs of Issuance (in addition to those Costs of Issuance otherwise required to be paid by this Section 3.2).

(f) The Borrower agrees to pay any Prepayment Fee at the times and in the amounts the same become payable pursuant to the Indenture.

(g) The Borrower agrees to pay, as and when the same become due, to the Issuer, the Servicer or the Trustee any extraordinary expenses, including, without limitation, any costs of litigation, which may be incurred by the Issuer, the Servicer or the Trustee in connection with this Loan Agreement or the Indenture, including the reasonable, actually incurred costs and fees of any attorneys or other experts retained by the Issuer, the Servicer or the Trustee in connection therewith.

(h) The Borrower shall pay all charges, costs, advances and expenses, including agent and counsel fees of the Issuer and the Servicer incurred by the Issuer and the Servicer at any time in connection with the Bond or the Project, including, without limitation, counsel fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of the Loan Documents or any other documents relating to the Project or the Bond or in connection with questions or other matters arising under such documents or in connection with any federal tax audit or post issuance examination of the Bond. The Issuer agrees that it will notify the Borrower of the receipt of audit communications from any state or federal agency and will execute any consent required in order to permit the Borrower to assume the primary communication and/or negotiation responsibility with any state or federal agency.

(i) The Borrower agrees to repay the Loan at the times and in the amounts necessary to enable the Trustee, on behalf of the Issuer, to pay all amounts payable with respect to the Bond, when due, whether at maturity or upon redemption, acceleration, tender, purchase or otherwise. The Borrower shall provide no less than 30 days’ written notice to the California Debt Limit Allocation Committee and to the Issuer prior to the redemption of the Bond, in whole or in part, on the Conversion Date.

**Section 3.3. Payments Pledged and Assigned.** It is understood and agreed that the Loan Documents and certain other documents and property and all payments required to be made by the Borrower pursuant hereto (except payments to be made to the Issuer in respect of its Reserved Rights and payments to be made to the Servicer and the Trustee pursuant to Sections 3.2(d) and (g) hereof) have been assigned to the Trustee simultaneously herewith pursuant to the Indenture

as and for security for the Bond. The Borrower hereby consents to such assignment and recognizes the Trustee as the assignee of the Issuer, to the extent of the assignment, for purposes of such documents and property.

**Section 3.4. Obligations of Borrower Hereunder Unconditional.** The obligations of the Borrower to make any payments required by the terms of this Loan Agreement and the other Loan Documents, including, without limitation, the payments required in Section 3.2 hereof, and to perform and observe the other agreements on its part contained herein and in the other Loan Documents shall be absolute and unconditional and shall not be subject to any defense (other than payment) or any right of set-off, counterclaim, abatement or otherwise and, until such time as the principal of and interest on the Bond shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture. The Borrower (i) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for herein or in the other Loan Documents, (ii) will perform and observe all of its other agreements contained herein and in the other Loan Documents and (iii) will not suspend the performance of its obligations hereunder and under the other Loan Documents for any cause including, without limiting the generality of the foregoing, failure to complete construction and equipping of the Project, any acts or circumstances that may constitute failure of consideration, failure of or a defect of title to the Project or any part thereof, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision of either, or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement or the other Loan Documents. The Borrower may, at its own cost and expense and in its own name or in the name of the Issuer (provided the Issuer is a necessary party and consents thereto), prosecute or defend any action or proceeding or take any other action involving third persons which the Borrower deems reasonably necessary in order to secure or protect its rights hereunder, and in such event the Issuer, subject to the provisions of the Indenture, hereby agrees to cooperate fully with the Borrower and to take all action (at the Borrower's cost and expense) necessary to effect the substitution of the Borrower for the Issuer in any such action or proceeding if the Borrower shall so request.

## **ARTICLE IV**

### **ADVANCES**

**Section 4.1. Requisition.** At such time as the Borrower shall desire to obtain an advance to and/or disbursement from the Loan Account, the Insurance and Condemnation Proceeds Account or the Equity Account of the Project Fund, the Borrower shall complete, execute and deliver a Requisition to the Servicer and the Issuer. Each Requisition shall be signed on behalf of the Borrower, acknowledged by the Issuer and shall be in the form attached as Exhibit D to the Indenture. The Trustee may rely conclusively on the statements and certifications contained in any Requisition. The Borrower shall not submit any Requisition directly to the Trustee. Each disbursement from the Loan Account, the Insurance and Condemnation Proceeds Account, or the Equity Account of the Project Fund by the Trustee shall be subject to prior approval of the Requisition by the Servicer and the acknowledgment of the Issuer as provided in the Indenture.

Upon receipt to approvals and acknowledgments, as applicable, the Servicer shall forward each Requisition to the Trustee for payment.

## **ARTICLE V**

### **SPECIAL COVENANTS OF THE BORROWER**

**Section 5.1. Commencement and Completion of Project.** The Borrower will commence construction and equipping of the Improvements within 10 days after the Closing Date, will diligently pursue construction and equipping of the Improvements, will attain Completion prior to the Completion Date, and will pay all sums and perform all such acts as may be necessary or appropriate to complete such construction, and equipping, all as more fully set forth in the Continuing Covenants Agreement.

**Section 5.2. Records and Accounts.** In addition to any similar covenants contained in the Continuing Covenants Agreement, the Borrower will (a) keep true and accurate records and books of account in which full, true and correct entries will be made in accordance with Generally Accepted Accounting Principles, which records and books will not be maintained on a consolidated basis with those of any other Person, including any Affiliate of the Borrower, (b) maintain adequate accounts and reserves for all taxes (including income taxes), depreciation and amortization of its properties, contingencies, and other reserves, all of which accounts shall not be commingled with accounts of any other Person, including any Affiliate of the Borrower and (c) maintain all such records as are necessary to evidence compliance with the requirements of the Regulatory Agreement and the Tax Certificate.

**Section 5.3. Financial Statements and Information.** The Borrower will deliver, or cause to be delivered, to the Trustee and the Servicer the financial statements and other financial information required pursuant to the Continuing Covenants Agreement.

The Trustee shall not be required to monitor the financial condition or financial statements, certification, written statement or documents submitted to it pursuant to the requirements herein of the Borrower, the General Partner or Guarantors or the physical condition of the Project. Unless otherwise expressly provided, the Trustee shall be under no obligation to analyze, review or make any credit decisions with respect to any financial statements, reports, notices, certificates or documents received hereunder but shall hold such financial statements, reports, notices, certificates and documents solely for the benefit of, and review by, Owner, the Servicer, Issuer and such other parties to whom the Trustee may provide such information pursuant to the Indenture.

**Section 5.4. Insurance Proceeds or Condemnation Awards.**

(a) The Borrower will obtain and maintain insurance with respect to the Project and the operations of the Borrower as required from time to time by the Servicer. The initial insurance requirements are set forth in Exhibit E to the Continuing Covenants Agreement. All renewal policies, with premiums paid, shall be delivered to the Servicer at least 30 days before expiration of the existing policies. If any such insurance shall expire or be canceled, or become void or voidable by reason of the breach of any condition of coverage, or if the Servicer determines that any coverage is unsatisfactory by reason of the

failure or impairment of the capital of any insurance carrier, or if any insurance is unsatisfactory to the Servicer, as determined by the Servicer in its sole and absolute discretion, the Borrower shall promptly obtain new insurance satisfactory to the Servicer.

(b) The Borrower will provide the Trustee and the Servicer with certificates evidencing such insurance upon the request of the Servicer.

(c) If the Borrower fails to provide, maintain, keep in force or deliver to the Servicer the policies of insurance and certificates required by this Loan Agreement, the Servicer may (but shall have no obligation to) procure such insurance, and the Borrower will pay all premiums thereon promptly on demand by the Servicer, and until such payment is made by the Borrower, the amount of all such premiums shall bear interest at the Default Rate.

(d) Insurance Proceeds and Condemnation Awards shall be applied pursuant to Article 16 of the Continuing Covenants Agreement, as applicable.

**Section 5.5. Liens and Other Charges.** In addition to any similar covenants contained in the Continuing Covenants Agreement, the Borrower will duly pay and discharge, cause to be paid and discharged, or provide a bond satisfactory to the Servicer to pay or discharge, before the same shall become overdue, all claims for labor, materials, or supplies that if unpaid might by law become a lien or charge upon any of its property, including the Project.

**Section 5.6. Inspection of Project and Books, Appraisals.** In addition to any similar covenants contained in the Continuing Covenants Agreement:

(a) The Borrower shall permit the Issuer, the Trustee and the Servicer upon reasonable notice at reasonable times, at the Borrower's cost and expense, to visit and inspect the Project and all materials to be used in the acquisition, construction, and equipping thereof and will cooperate with the Issuer, the Trustee and the Servicer during such inspections (including making available working drawings of the Plans and Specifications); provided that this provision shall not be deemed to impose on the Issuer, the Trustee, and the Servicer any obligation to undertake such inspections.

(b) The Borrower shall permit the Issuer, Trustee and the Servicer, upon reasonable notice at reasonable times, at the Borrower's cost and expense, to examine the books of account of the Borrower and the Project (and to make copies thereof and extracts therefrom) and to discuss the affairs, finances and accounts of the Borrower and the Project with, and to be advised as to the same by, its officers, partners, or trustees, all at such reasonable times and intervals as the Trustee and the Servicer may reasonably request; provided that so long as no Default or Event of Default shall have occurred and be continuing, the Borrower shall only be obligated to pay the expenses associated with one such investigation during any 12-month period.

(c) The Issuer, Trustee and the Servicer shall have the right to obtain from time to time, at the Borrower's cost and expense, updated Appraisals of the Project; provided that so long as no Default or Event of Default shall have occurred and be continuing, the

Borrower shall only be obligated to pay for the costs and expenses associated with one such Appraisal during any 12-month period.

(d) The costs and expenses incurred by the Issuer, Trustee and the Servicer in obtaining such Appraisals or by the Issuer, the Trustee and the Servicer in performing such inspections shall be paid by the Borrower promptly upon billing or request by the Issuer, the Trustee and the Servicer for reimbursement.

**Section 5.7. Compliance With Laws, Contracts, Licenses, and Permits.** In addition to any similar covenants contained in the Continuing Covenants Agreement, the Borrower will comply with (a) all Legal Requirements, (b) the provisions of its Organizational Documents, (c) all applicable decrees, orders and judgments, and (d) all licenses and permits required by applicable laws and regulations for the conduct of its business or the ownership, use or operation of its properties, including all Project Approvals.

**Section 5.8. Use of Proceeds.** In accordance with the Budget, the Borrower will use the proceeds of the Bond solely for the purpose of paying for Qualified Costs of the Project.

**Section 5.9. Borrower To Pay Excess Project Costs.** The Borrower will pay when due all costs of acquisition, construction, and equipping of the Project in excess of the proceeds of the Bond, regardless of the amount. If at any time, the Servicer shall in its discretion determine that the remaining undisbursed portion of the Project Fund, together with the undisbursed balance of Required Equity Funds, and any other sums previously deposited or to be deposited by the Borrower in connection with the Project, is or will be insufficient to complete the construction, and equipping of the Improvements in accordance with the Plans and Specifications, to operate and carry the Project after Completion until the Conversion Date, to pay all other Project Costs, to pay all interest accrued or to accrue on the Bond from and after the date hereof and until the Conversion Date, and to pay all other sums due or to become due under the Loan Documents (or any budget category or line item), regardless of how such condition may be caused, the Borrower will, within 10 days after written notice of such determination from the Servicer, deposit with the Trustee such sums of money in cash as the Servicer may require, in an amount sufficient to remedy the condition described in such notice, and sufficient to pay any liens for labor and materials alleged to be due and payable at the time in connection with the Improvements, and, at the Servicer's direction, no further disbursements from the Project Fund shall be made by the Trustee until the provisions of this Section have been fully complied with. Notwithstanding the above, in the event amounts deposited hereunder are actually in excess of the amount necessary to achieve Completion, such excess amounts shall be disbursement by the Trustee in accordance with Section 5.03 of the Indenture.

**Section 5.10. Laborers, Subcontractors and Materialmen.** The Borrower will furnish to the Issuer, the Owner, the Trustee or the Servicer, upon reasonable request, and from time to time, affidavits listing all laborers, subcontractors, materialmen, and any other Persons who might or could claim statutory or common law liens and are furnishing or have furnished labor or material to the Project or any part thereof, together with affidavits, or other evidence satisfactory to the Issuer, the Owner, the Trustee or the Servicer, showing that such parties have been paid all amounts then due for labor and materials furnished to the Project. The Borrower will also furnish to the Issuer, the Trustee, and the Servicer, at any time and from time to time upon reasonable request by



the Issuer, the Owner, the Trustee, Servicer or the Servicer, lien waivers bearing a then current date and prepared on a form satisfactory to the Issuer, the Owner, the Trustee or the Servicer from the Contractor and such subcontractors or materialmen as the Issuer, the Owner, the Trustee or the Servicer may designate.

**Section 5.11. Further Assurance of Title.** If at any time the Servicer has reason to believe that any disbursement from the Project Fund is not secured or will or may not be secured by the Mortgage as a first priority mortgage lien and security interest on Borrower's [fee][leasehold] interest in the Property, then the Borrower shall, within 10 days after written notice from the Servicer, do all things and matters necessary, to assure to the satisfaction of the Servicer that any disbursement from the Project Fund previously made hereunder or to be made hereunder is secured or will be secured by the Mortgage as a first priority mortgage lien and security interest on Borrower's [fee][leasehold] interest in the Property, and the Servicer, at its option, may decline to approve any further Requisitions until the Servicer has received such assurance. Nothing in this Section shall limit the right of the Servicer, at the Borrower's expense, to order searches of title from time to time and to require bringdowns or endorsements extending the effective date of the Title Policy in connection with the making of advances as herein set forth.

**Section 5.12. Publicity.** The Borrower will permit the Servicer to obtain publicity in connection with the acquisition, construction, and equipping of the Improvements through press releases and participation in such events as ground breaking and opening ceremonies and placement of signs on the Land.

**Section 5.13. Further Assurances.** In addition to any similar covenants contained in the Continuing Covenants Agreement:

(a) ***Regarding Construction.*** The Borrower will furnish or cause to be furnished to the Issuer (upon request), the Trustee and the Servicer all instruments, documents, boundary surveys, footing or foundation surveys, certificates, plans and specifications, title and other insurance, reports and agreements and each and every other document and instrument required to be furnished by the terms of this Loan Agreement or the other Loan Documents, all at the Borrower's expense.

(b) ***Regarding Preservation of Collateral.*** The Borrower will execute and deliver to the Issuer, the Trustee and the Servicer such further documents, instruments, assignments and other writings, and will do such other acts necessary or desirable, to preserve and protect the collateral at any time securing or intended to secure the obligations of the Borrower under the Loan Documents, as the Issuer, the Trustee and the Servicer may require.

(c) ***Regarding this Loan Agreement.*** The Borrower will cooperate with, and will do such further acts and execute such further instruments and documents as the Issuer, the Trustee and the Servicer shall reasonably request to carry out to their satisfaction the transactions contemplated by this Loan Agreement and the other Loan Documents.

**Section 5.14. Notices.** The Borrower will promptly notify the Trustee and the Servicer in writing of (i) the occurrence of any Default or Event of Default or event which, with the giving of

notice or the passage of time, or both, would constitute a Default or Event of Default; (ii) the Borrower's receipt of notice from any Governmental Authority of any alleged violation of environmental laws or regulations or other Legal Requirements; (iii) any labor problems with respect to the Borrower or the Project; (iv) the occurrence of any other event which would have a material adverse effect on the Project or the business or financial condition of the Borrower; or (v) the receipt by the Borrower of any notice of default or notice of termination with respect to any contract or agreement relating to the ownership, construction, equipping, operation, or use of the Project.

**Section 5.15. Solvency; Adequate Capital.** In addition to any similar covenants contained in the Continuing Covenants Agreement, the Borrower will:

(a) Remain solvent and pay all of its indebtedness from its assets as the same become due; and

(b) Maintain adequate capital for the normal obligations reasonably foreseeable for a business of its size and character and in light of its contemplated business operations.

**Section 5.16. Management Contract.**

(a) On or before the date when the Project is 90% complete, Borrower shall deliver to the Servicer a Management Agreement with the Property Manager, in form and substance acceptable to the Servicer. At all times thereafter, the Project shall be managed pursuant to a management contract with the Manager, which contract shall be terminable with or without cause by the Borrower or its successors as owners of the Project and shall otherwise be in form and substance reasonably satisfactory to the Servicer. The Borrower acknowledges that the Issuer, the Trustee and the Servicer will rely on the Manager's experience in operating properties such as the Project as a means of maintaining the value of the collateral. In connection with the approval of the Manager, or any replacement management company (any such changes to be approved as described in the Continuing Covenants Agreement):

(i) the Manager shall be a Person whose character, financial strength, stability and experience is acceptable to the Servicer and who shall have experience managing properties of a type and size reasonably similar to the Project;

(ii) the Manager shall deliver all organizational documentation and other materials evidencing its experience acceptable to the Servicer; and

(iii) the terms of any management contract shall provide for management fees in excess of [3.0]% of the Project Revenues to be subordinate to payments owed by the Borrower under the Loan Documents and otherwise must be acceptable to the Servicer in all respects.

(b) The Borrower shall, from time to time, obtain from the Manager such certificates of estoppel with respect to compliance by the Borrower with the terms of the management contract as may be requested by the Trustee and the Servicer.



(c) At all times after a Management Agreement is delivered to the Servicer in accordance with paragraph (a) above, the Project will be managed by a Manager pursuant to a Management Agreement. The Borrower acknowledges and agrees that Trustee, as secured party under the Mortgage, is and shall be a third-party beneficiary of any Management Agreement and any replacement management agreement. Any amendment to such Management Agreement or delivery of a replacement management agreement must be approved in writing by the Servicer.

**Section 5.17. Negative Covenants of the Borrower.** In addition to any similar covenants contained in the Continuing Covenants Agreement, the Borrower covenants and agrees that, so long as the Loan is outstanding:

(a) ***Restrictions on Easements and Covenants.*** Except for Permitted Encumbrances and matters permitted by Section 5.17(d), the Borrower will not create or suffer to be created or to exist any easement, right of way, restriction, covenant, condition, license or other right in favor of any Person which affects or might affect title to the Project or the use and occupancy of the Project or any part thereof without obtaining the prior written consent of the Servicer, which shall not be unreasonably withheld or delayed so long as the proposed action is necessary for the operation of the Project for the purposes contemplated hereby and the proposed action does not materially impair the validity or priority of the lien of the Mortgage.

(b) ***No Amendments, Terminations or Waivers.*** Neither the Borrower nor the General Partner shall amend, supplement, terminate or otherwise modify or waive any provision of its Organizational Documents or any documents relating to the contribution of equity by the partners of the Borrower in a manner that would have a material adverse effect on the Issuer or the Owner without obtaining the prior written consent of the Servicer.

(c) ***Restrictions on Indebtedness.*** Without obtaining the prior written consent of the Servicer, the Borrower will not create, incur, assume, guarantee or be or remain liable, contingently or otherwise, with respect to any Indebtedness other than:

(i) Indebtedness arising under the Loan Documents and under the documents executed by the Borrower in connection with the Subordinate Loans;

(ii) current liabilities of the Borrower relating to the Project, incurred in the ordinary course of business but not incurred through (A) the borrowing of money, or (B) the obtaining of credit except for credit on an open account basis customarily extended and in fact extended in connection with normal purchases of goods and services; and

(iii) Indebtedness relating to the Project, in respect of taxes, assessments, governmental charges or levies and claims for labor, materials and supplies to the extent that payment therefor shall not at the time be required to be made.

(d) ***Restrictions on Liens.*** The Borrower shall not subject the Project, or permit the Project to be subjected, to any Lien or encumbrance except as permitted pursuant to the Mortgage.

(e) **Transfers.** The Borrower shall not transfer the Project or any interest in the Project, in the Borrower or in any partner of the Borrower, or permit any such transfer, except as permitted pursuant to the Mortgage, the Continuing Covenants Agreement and the Regulatory Agreement.

(f) **Merger, Consolidation, Conversion and Disposition of Assets.** In addition to any similar covenants contained in the Continuing Covenants Agreement:

(i) The Borrower will not become a party to any merger or consolidation, or agree to or effect any asset acquisition or stock acquisition.

(ii) The Borrower will not convert into any other type of entity.

(iii) The Borrower will not seek the dissolution or winding up, in whole or in part, of the Borrower or voluntarily file, or consent to the filing of, a petition for bankruptcy, reorganization, assignment for the benefit of creditors or similar proceedings.

(g) **Sale and Leaseback.** The Borrower will not enter into any arrangement, directly or indirectly, whereby the Borrower shall sell or transfer any property owned by it in order then or thereafter to lease such property or lease other property that the Borrower intends to use for substantially the same purpose as the property being sold or transferred.

(h) **Preservation of Tax Exemption.** The Borrower will not take any action that would adversely affect the exclusion of interest on the Bond from gross income for purposes of federal income taxation, nor omit or fail to take any action required to maintain the exclusion of interest on the Bond from gross income for purposes of federal income taxation.

**Section 5.18. Arbitrage and Tax Matters.** The Borrower and Issuer will not take, or omit to take, any action that will adversely affect the exclusion from gross income for federal income tax purposes of interest paid on the Bond, and, in the event of such action or omission, it will use all reasonable efforts to cure the effect of such action or omission.

With the intent not to limit the generality of the foregoing, the Borrower covenants and agrees that prior to the final maturity of the Bond, unless it has received and filed with the Issuer and the Trustee an opinion of Bond Counsel to the effect that failure to comply with any of the following covenants and agreements, in whole or in part, will not adversely affect the exclusion from gross income for federal income tax purposes of interest paid or payable on the Bond (other than with respect to interest on any portion of the Bond for a period during which such portion of the Bond is held by a “substantial user” of any facility financed with the proceeds of the Bond or a “related person,” as such terms are used in Section 147(a) of the Code):

(a) **Limit on Costs of Issuance.** The Sale Proceeds of the Bond will be expended for the purposes set forth in this Loan Agreement and in the Indenture and no portion thereof in excess of 2% of the proceeds of the Bond, within the meaning of Section 147(g) of the Code, will be expended to pay Costs of Issuance with respect to the Bond.

(b) ***Program Investment.*** Pursuant to the requirements of Treasury Regulation Section 1.148-1(b), the Borrower (or any related person contemplated by such regulations) shall not purchase the Bond in an amount related to the amount of the Loan financed by the Bond.

(c) ***“Federally Guaranteed” Obligations.*** The Borrower will not cause the Bond to be treated as a “federally guaranteed” obligation for purposes of Section 149(b) of the Code.

(d) ***Information Reporting Requirements.*** The Borrower will comply with the information reporting requirements of Section 149(e)(2) of the Code requiring certain information regarding the Bond to be filed with the Internal Revenue Service within prescribed time limits.

(e) ***Yield on Investment of Gross Proceeds.*** The Borrower will restrict the cumulative, blended Yield on the investment of the Gross Proceeds of the Bond to the Yield of the Bond, other than amounts (i) not subject to yield restriction due to any applicable temporary period under section 148(b) of the Code, deposited in a Reasonably Required Reserve or Replacement Fund (as defined in the Code and the Regulations), the Rebate Fund, a bona fide debt service fund, or as a minor portion, or (ii) invested at a restricted yield by virtue of being invested in obligations described in Section 103(a) of the Code that are not “specified private activity bonds” within the meaning of Section 57(a)(5) of the Code to the extent required by the Code or the Regulations.

(f) ***No Arbitrage.*** The Borrower will not use or invest the Proceeds of the Bond such that the Bond becomes an arbitrage bond within the meaning of Section 148 of the Code, and as evidence of this intent, a representative of the Borrower has reviewed the Tax Certificates prepared in connection with the Bond and the Borrower understands, and will take (or request the Trustee or the Issuer to take), the actions described therein.

(g) ***Bond is Not a Hedge Bond.*** The Borrower covenants and agrees that not more than 50% of the proceeds of the Bond will be invested in Nonpurpose Investments having a substantially guaranteed Yield for four years or more within the meaning of Section 149(g) of the Code, and the Borrower reasonably expects that at least 85% of the spendable proceeds of the Bond will be used to carry out the governmental purposes of the Bond within the three-year period beginning on the Closing Date.

(h) ***Limitation on Maturity.*** Taking into account the issue price (as defined in Section 1273 of the Code) of the Bond, the average term of the Bond does not exceed 120% of the average reasonably expected economic life of the Project to be financed by the Bond, weighted in proportion to the respective cost of each item comprising the property the cost of which has been or will be financed, directly or indirectly, with the net proceeds of the Bond. For purposes of the preceding sentence, the reasonably expected economic life of property shall be determined as of the later of (i) the Closing Date or (ii) the date on which such property is placed in service (or expected to be placed in service). In addition, land shall not be taken into account in determining the reasonably expected economic life of

property, and less than 25% or more of the collective net proceeds of the Bond, directly or indirectly, have been or will be expended for land.

(i) **Representations.** The Borrower has supplied or caused to be supplied to Bond Counsel all documents, instruments and written information requested by Bond Counsel, and all such documents, instruments and written information supplied by or on behalf of the Borrower at the request of Bond Counsel, which have been reasonably relied upon by Bond Counsel in rendering its opinion with respect to the exclusion from gross income of the interest on the Bond for federal income tax purposes, are true and correct in all material respects, do not contain any untrue statement of a material fact and do not omit to state any material fact necessary to be stated therein in order to make the information provided therein, in light of the circumstances under which such information was provided, not misleading, and the Borrower is not aware of any other pertinent information which Bond Counsel has not requested.

(j) **Public Approval.** The Borrower covenants and agrees that the proceeds of the Bond will not be used in a manner that deviates in any substantial degree from the Project described in the written notice of a public hearing regarding the Bond.

(k) **Modification of Tax Covenants.** Subsequent to the issuance of the Bond and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of this Loan Agreement), this Section 5.18 may not be amended, changed, modified, altered or terminated except as permitted herein and with the written consent of the Issuer and the Majority Owner. Anything contained in this Loan Agreement to the contrary notwithstanding, the Issuer and the Borrower hereby agree to amend this Loan Agreement and, if appropriate, the Regulatory Agreement, to the extent required, in the opinion of Bond Counsel, in order for interest on the Bond to remain excludable from gross income for federal income tax purposes. The party requesting such amendment shall notify the other parties to this Loan Agreement of the proposed amendment and send a copy of such requested amendment to Bond Counsel. After review of such proposed amendment, Bond Counsel shall render to the Issuer and the Majority Owner an opinion as to the effect of such proposed amendment upon the includability of interest on the Bond in the gross income of the recipient thereof for federal income tax purposes. The Borrower shall pay all necessary fees and expenses incurred with respect to such amendment. The Borrower, the Issuer and, where applicable, the Majority Owner, per written instructions from the Issuer shall execute, deliver and, if applicable, the Borrower shall file of record, any and all documents and instruments, including without limitation, an amendment to the Regulatory Agreement, with a file-stamped copy to the Majority Owner, necessary to effectuate the intent of this Section 5.18.

(l) **Registration Covenant.** The Issuer will maintain a system for recording the ownership of the Bond that complies with the provisions of Section 149 of the Code until the Bond has been surrendered and canceled.

(m) **Record Retention.** The Issuer and the Borrower will each retain its records of all accounting and monitoring it carries out with respect to the Bond for at least three years after the Bond matures or is redeemed (whichever is earlier); however, if the Bond is

redeemed and refunded, the Issuer and the Borrower will each retain its records of accounting and monitoring at least three years after the earlier of the maturity or redemption of the obligations that refunded the Bond.

(n) ***Compliance With Tax Certificates.*** The Issuer and the Borrower will comply with the provisions of the Tax Certificate with respect to the Bond, which are incorporated herein as if fully set forth herein. In the event of any conflict between this Section and the Tax Certificate, the provisions of the Tax Certificate will prevail.

(o) ***Acquisition, Disposition and Valuation of Investments.***

(i) Except as otherwise provided in clause (ii) of this subsection, the Issuer and the Borrower covenant that all investments of amounts deposited in any fund or account created by or pursuant to the Indenture, or otherwise containing gross proceeds of the Bond (within the meaning of Section 148 of the Code) will be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value.

(ii) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code will be valued at their present value (within the meaning of Section 148 of the Code).

To the extent the provisions of any other Section of this Loan Agreement or the Indenture shall conflict with the provisions of this Section 5.18, the provisions of this Section 5.18 shall control.

The covenants of this Section will survive payment in full or defeasance of the Bond.

To the extent that published rulings of the IRS, or amendments to the Code or the Regulations modify the covenants of the Borrower that are set forth in this Section 5.18 or that are necessary to preserve the excludability from gross income of interest on the Bond for federal income tax purposes, the Borrower and the Issuer will comply with such modifications.

#### **Section 5.19. Indemnification.**

(a) The Borrower hereby releases the Issuer, the Owner, the Trustee and the Servicer (including any Person at any time serving as officers, directors, agents, officials, employees, counsel, attorneys and agents, past, present and future, and as to the Issuer, members of its governing body) and any person who controls Issuer, the Owner, Trustee or Servicer within the meaning of the Securities Act, from and agrees without limiting the indemnity provided in the Regulatory Agreement, to indemnify, hold harmless and defend the Issuer, the Owner, the Trustee and the Servicer and their respective officers, members, supervisors, directors, officials and employees, counsel, attorneys and agents, past present and future of each of them (and as to the Issuer, members of its governing body) and any person who controls such party within the meaning of the Securities Act and employees and each of them (each an “Indemnified Party”) from and against, any and all losses, claims, damages, demands, liabilities and expenses (including reasonable attorney’s fees and expenses), taxes (other than income taxes payable by any party as a result of any fees

payable to such parties in connection with the transaction contemplated hereby), causes of action, suits, claims, demands and judgments of any nature, joint or several, by or on behalf of any person arising out of:

(i) the transactions provided for in the Loan Documents or the Indenture or otherwise in connection with the Project, the Bond, the Loan or the execution and delivery or amendment of any other document entered into in connection with the transactions provided for in the Indenture or the Loan Documents (provided no indemnity shall be required for claims due to nonpayment of the Note);

(ii) the approval of the financing for the Project or the making of the Loan;

(iii) the issuance and sale of the Bond or any certifications or representations made by any person other than the party seeking indemnification;

(iv) any and all claims arising in connection with the interpretation, performance, enforcement, breach, default or amendment of the Indenture, the Loan Documents or any other documents relating to the Project or the Bond or in connection with any federal or state tax audit or any questions or other matters arising under such documents (provided no indemnity shall be required for claims due to nonpayment of the Note);

(v) the carrying out by the Borrower of any of the transactions provided for in the Indenture or the Loan Documents;

(vi) the Trustee's acceptance or administration of the trusts created by the Indenture or the exercise of its powers or duties under the Indenture or under this Loan Agreement, the Regulatory Agreement or any other agreements to which it is a party or otherwise in connection with the transactions provided for in the Indenture or the Loan Documents except for claims arising from the Trustee's administration where such is a result of actions contrary to the Trustee's duties and obligations;

(vii) any and all claims arising in connection with the issuance and sale of the Bond or any certifications or representations made by any person other than the Indemnified Party seeking indemnification, including, without limitation, any statement or information made by the Borrower with respect to the Borrower or the Project in any offering document or materials regarding the initial offering of the Bond (in connection with its issuance under the Indenture), the Project or the Borrower or the Borrower's Tax Certificate or any other certificate executed by the Borrower which, at the time made, is misleading, untrue or incorrect in any material respect and any untrue statement or alleged untrue statement of a material fact by the Borrower relating to the Borrower or the Project contained in any offering material relating to the initial offering of the Bond, as from time to time amended or supplemented with information provided by the Borrower, or arising out of or



based upon the omission or alleged omission to state in such offering material a material fact relating to the Borrower or the Project required to be stated in such offering material or necessary in order to make the statements in such offering material not misleading, or failure to properly register or otherwise qualify the sale of the Bond or failure to comply with any licensing or other law or regulation which would affect the manner in which or to whom the Bond could be sold and the carrying out by the Borrower of any of the transactions contemplated by the Indenture or the Loan Documents;

(viii) the Borrower's failure to comply with any requirement of this Loan Agreement or the Regulatory Agreement (provided no indemnity shall be required for claims due to nonpayment of the Note);

(ix) any act or omission of the Borrower or any of its agents, servants, employees or licensees in connection with the Loan or the Project, including violation of any law, ordinance, court order or regulation affecting the Project or any part of it or the ownership, occupancy or use of it (provided no indemnity shall be required for claims due to nonpayment of the Note);

(x) any damage or injury, actual or claimed, of whatsoever kind, cause or character, to property (including loss of use of property) or persons, occurring or allegedly occurring in, on or about the Project or arising out of any action or inaction of the Borrower, or resulting from or in any way connected with the acquisition, rehabilitation and construction or management of the Project, the issuance of the Bond or otherwise in connection with transactions contemplated or otherwise in connection with the Project, the Bond or the execution or amendment of any document relating to the Project or the Bond;

(xi) any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project; and

(xii) any and all claims arising in connection with the operation of the Project, or the conditions, environmental or otherwise, occupancy, use, possession, conduct or supervision of work done in or about, or from the planning, design, acquisition, rehabilitation, construction, repair or equipping of, the Project or any part of it, including, but not limited to, the Americans with Disabilities Act, if applicable (as evidenced by an architect's certificate to such effect).

(b) This indemnification shall extend to and include, without limitation, all reasonable costs, counsel fees, expenses or liabilities incurred in connection with any such claim or proceeding brought with respect to such claim, except:

(i) in the case of the foregoing indemnification of the Owner, the Trustee or the Servicer, or any of their respective related Indemnified Parties, to the extent such damages are caused by the negligence or willful misconduct of such Person; and



(ii) in the case of the foregoing indemnification of the Issuer, or any of its related Indemnified Parties, to the extent such damages are caused by the active negligence or willful misconduct of the Issuer.

(c) In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought under this Loan Agreement, the Borrower, upon written notice from an Indemnified Party, shall assume the investigation and defense of the action or proceeding, including the employment of counsel selected by the Borrower, subject to the approval of such Indemnified Party, which approval shall not be unreasonably withheld, conditioned or delayed, and shall assume the payment of all expenses related to the action or proceeding, with full power to litigate, compromise or settle the same in its sole discretion, provided that the Issuer, the Servicer and Trustee, as appropriate, shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense of the action or proceeding, and the Borrower shall be obligated to pay the reasonable fees and expenses of such separate counsel if (i) the Indemnified Party, upon the advice of counsel, determines that a conflict of interest exists between the interests of the Indemnified Party and the interests of another Indemnified Party or the Borrower or (ii) such separate counsel is employed with the approval of the Borrower, which approval shall not be unreasonably withheld, conditioned or delayed.

(d) The Borrower understands and agrees that the foregoing release includes all claims of every nature and kind whatsoever, whether known or unknown, suspected or unsuspected, and the Borrower has read and understands, and hereby waives the benefits of, Section 1542 of the California Civil Code which provides as follows:

“A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.”

(e) The Borrower acknowledges that it may hereafter discover facts different from or in addition to those which it now knows or believes to be true with respect to the foregoing release by the Borrower and agrees that the foregoing release shall be and remain effective in all respects notwithstanding such different or additional facts or the discovery thereof.

Nothing in this Section shall in any way limit the Borrower's indemnification and other payment obligations set forth in the Regulatory Agreement.

The obligations of the Borrower under this Section shall survive the termination of this Loan Agreement and the Indenture and the repayment of the Loan and the Bond. If, and to the extent that the obligations of the Borrower under this Section are unenforceable for any reason, the Borrower hereby agrees to make the maximum contribution to the payment in satisfaction of such obligations which is permissible under applicable law.

(f) The obligations of Borrower to the Indemnified Parties under this Section 5.19 shall not be subject to the recourse limitations of Section 8.12 hereof.

**Section 5.20. Agreements Between Borrower and Its Affiliates.** The Borrower shall not enter into any agreement, written or otherwise, directly or indirectly relating to the Project with an Affiliate of the Borrower without the prior written consent of the Servicer.

**Section 5.21. [Reserved].**

**Section 5.22. Required Reserves.** The Borrower acknowledges that the Bank requires the funding of certain reserves, as set forth in the Continuing Covenants Agreement, and agrees to fund such reserves as required therein. Disbursements of such reserves shall take place to the extent permitted in, and pursuant to the terms of, the Continuing Covenants Agreement.

**Section 5.23. Budget.**

(a) Prior to the Conversion Date, on or before December 1 of each year, the Borrower shall submit to the Servicer for approval the Proposed Budget to be effective for the next following year. The Servicer shall have the right to approve or disapprove any Proposed Budget or any line-item contained in such Proposed Budget. If any Proposed Budget is not approved by the Servicer within 30 days following submission by the Borrower, such Proposed Budget shall be deemed disapproved. If any line-item or Proposed Budget is disapproved, the Borrower shall thereafter consult for an additional 30 days with the Servicer in an effort to achieve mutually acceptable Approved Budget. To the extent that the Proposed Budget is disapproved, the Approved Budget for the previous year shall remain in effect, increased by 5% over the previous year (except for costs of utilities, real estate taxes and assessments and insurance and other third-party costs or cost associated with remediation of emergency conditions which shall be permitted variances to the Proposed Budget) until the parties resolve their differences. In addition to, and not in limitation of the foregoing, each Approved Budget may be revised from time to time with prior written consent of the Servicer to reflect changes to items set forth in the then-current Approved Budget.

(b) Each Proposed Budget:

(i) shall be prepared on the basis of sound accounting practices consistently applied;

(ii) shall reflect the projected gross revenues and Operating Expenses regarding the Project;

(iii) shall reflect all projected Capital Expenditures which are reasonably expected to be made in connection with the Project during the year covered by such Proposed Budget; and

(iv) shall contain such other information as reasonably may be requested by the Servicer.

(c) Borrower shall provide to the Trustee and the Servicer, promptly following the Borrower's receipt thereof, copies of all bills received by the Borrower for real property taxes for the Property and for the premiums on the insurance policies required to be maintained pursuant to the Loan Documents.

**Section 5.24. Covenants Regarding Tax Credits.** The Servicer acknowledges that Tax Credits have been allocated with respect to the Project and that the Project is, or will be, subject to a Tax Credit Regulatory Agreement executed, or to be executed, in connection with the allocation of the Tax Credits. The Borrower hereby agrees to comply with all of the following covenants (each, a "Tax Credit Covenant"):(a) The Borrower will submit to Servicer, each year at the time of annual submission of Borrower's financial analysis of operations, a copy of the following sections of Borrower's federal tax return, as applicable: Internal Revenue Forms 1065, 8586, 8609 and Form 8609, Schedule A, which must reflect the total Tax Credits allocated to the Project and the Tax Credits claimed for the Project in the preceding year.

(a) The Borrower acknowledges and agrees that any default, event of default, or breach (however such terms may be defined) after the expiration of any applicable notice and/or cure periods under the Tax Credit Regulatory Agreement will be an Event of Default under this Continuing Covenants Agreement and that any costs, damages or other amounts, including reasonable attorneys' fees and costs incurred by the Servicer as a result of such an Event of Default by the Borrower, including amounts paid to cure any default or event of default under the Tax Credit Regulatory Agreement, will be an obligation of the Borrower and become a part of the Indebtedness.

(b) The Borrower will submit annually (or such other shorter period required under the Tax Credit Regulatory Agreement) to the Servicer evidence that the Project is in ongoing compliance with all income, occupancy, and rent restrictions under the Tax Credit Regulatory Agreement relating to the Project. Such submissions to the Servicer will be made contemporaneously with the submission of reports to Tax Credit Agency as required under the Tax Credit Regulatory Agreement.

(c) The Servicer agrees that if the Tax Credit Regulatory Agreement recorded, or to be recorded, against the Project, by its terms, terminates upon foreclosure under the Mortgage or upon a transfer of the Project by instrument in lieu of foreclosure, in accordance with Tax Code Section 42(h)(6)(E), the lien of the Mortgage and the Continuing Covenants Agreement will be subordinate to such Tax Credit Regulatory Agreement, regardless of the order of recording of the Mortgage and the Tax Credit Regulatory Agreement document; provided, however, the Servicer reserves the right not to subordinate the lien of the Mortgage to the Tax Credit Regulatory Agreement if remedies reserved to Tax Credit Agency under the Tax Credit Regulatory Agreement exceed those of specific performance or injunctive relief. In such event, Borrower acknowledges that the Servicer may require the Tax Credit Agency to enter into a subordination agreement in form and substance satisfactory to Servicer. To the extent a Tax Credit Regulatory Agreement is not recorded as of the date of this Continuing Covenants Agreement, the Borrower will first obtain the Servicer's consent prior to recording the Tax Credit Regulatory Agreement.

The Borrower agrees to indemnify, defend, and hold the Servicer, the Trustee and the Owner harmless for, from, and against any and all actions, suits, claims, demands, liabilities, losses, damages, obligations, and costs or expenses, including litigation costs and reasonable attorneys' fees, arising from or in any way connected with a default, event of default, or breach (however such terms may be defined in the Tax Credit Regulatory Agreement) occurs after the expiration of any applicable notice and/or cure periods under the Tax Credit Regulatory Agreement, excepting those arising out of, or resulting, solely from the gross negligence or willful misconduct of the Servicer.

### **Section 5.25. Leasing.**

(a) The Servicer (and all other parties whose approval is required) must approve the Borrower's standard form of residential lease or rental agreement prior to its use by the Borrower. The Borrower may not materially modify the approved standard form of residential lease without the Servicer's prior written consent in each instance (which consent shall not be unreasonably withheld), together with the approval of all other parties whose consent is required. Each lease, other than leases on the Borrower's standard form of residential lease, of any part of the Project is subject to the Servicer's written approval as to form and substance prior to execution and delivery. Despite the foregoing, the Borrower may enter into residential leases (and amendments) in the ordinary course of business with bona fide third-party tenants without the Servicer's prior written consent if the Borrower uses the approved standard form of residential lease and:

(i) Within 15 days after the Servicer's written request therefor, the Servicer receives a copy of the executed lease (accompanied by all financial information and certificates obtained by the Borrower pertaining to the tenant);

(ii) The Borrower, acting in good faith and exercising due diligence, has determined that the tenant qualifies as a low-income family for purposes of meeting the requirements for obtaining Tax Credits;

(iii) The lease meets the standards required by Section 42 of the Code;

(iv) The lease meets the requirements of the Servicer, the Issuer, and the [Investor Limited Partner];

(v) The lease reflects an arm's-length transaction and, so long as the Continuing Covenants Agreement is in effect, conforms to the projections of the Pro Forma Schedule attached thereto;

(vi) The lease does not affect more than one residential unit within the Improvements and is for a minimum term of six months and a maximum term of 12 months, unless otherwise agreed in writing by the Servicer; and

(vii) Prior to the Conversion Date and so long as the Continuing Covenants Agreement is in effect, the lease, together with all leases previously executed, does not cause the Loan to fail to be "In Balance" as that term is defined in the Continuing Covenants Agreement. The Borrower acknowledges that the

Loan may fail to be “In Balance” if the landlord’s aggregate economic obligations under the leases exceed, or the Net Operating Income from the Project fails to meet, the Borrower’s projections for such obligations, thereby increasing the cost or decreasing the value of the Project.

(b) The Servicer in the exercise of its sole discretion may consider any executed lease it receives to be unsatisfactory if the lease fails to meet any of the requirements of this Loan Agreement. If this happens, or if the Borrower at any time fails to submit any executed lease (and accompanying information) at the time required by this Section, or if any Event of Default has occurred and is continuing, the Servicer may make written demand on the Borrower to submit all future leases for the Servicer’s approval prior to execution. The Borrower must comply with any such demand by the Servicer.

(c) The Servicer’s approval of any lease is for the sole purpose of protecting the Servicer’s security and preserving the Servicer’s rights under the Loan Documents. No approval by the Servicer will result in a waiver of any default of the Borrower. In no event will the Servicer’s approval of any lease be a representation of any kind with regard to the lease, its enforceability or the financial capacity of any tenant or guarantor.

(d) The Borrower must perform all obligations required to be performed by it as landlord under any lease affecting any part of the Land or any space within the Improvements.

(e) In addition to the provisions of this Section 5.25, leasing must be consistent with the requirements of the Continuing Covenants Agreement.

#### **Section 5.26. Compliance With Anti-Terrorism Regulations.**

(a) None of the Related Persons will be included in, owned by, controlled by, act for or on behalf of, provide assistance, support, sponsorship, or services of any kind to, or otherwise associate with any of the Persons referred to or described in any list of persons, entities, and governments issued by OFAC pursuant to Executive Order 13224 or any other OFAC List.

(b) Borrower will comply at all times with the requirements of Executive Order 13224; the International Emergency Economic Powers Act, 50 U.S.C. Sections 1701-06; the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56 (the “USA PATRIOT Act”); the Iraqi Sanctions Act, Pub. L. 101-513, 104 Stat. 2047-55; the United Nations Participation Act, 22 U.S.C. Section 287c; the Antiterrorism and Effective Death Penalty Act, (enacting 8 U.S.C. Section 219, 18 U.S.C. Section 2332d, and 18 U.S.C. Section 2339b); the International Security and Development Cooperation Act, 22 U.S.C. Section 2349 aa 9; the Terrorism Sanctions Regulations, 31 C.F.R. Part 595; the Terrorism List Governments Sanctions Regulations, 31 C.F.R. Part 596; the Foreign Terrorist Organizations Sanctions Regulations, 31 C.F.R. Part 597; the Bank Secrecy Act, Pub. L. 91-508, 84 Stat. 1114, 1118; the Trading with the Enemy Act, 50 U.S.C. App. Section 1 et seq.; the laws relating to prevention and detection of money laundering in 18 U.S.C.

Sections 1956 and 1957 and any similar laws or regulations currently in force or hereafter enacted (collectively, the “Anti-Terrorism Regulations”).

(c) If Borrower becomes aware or receives any notice that any of the Related Persons are named on any of the OFAC Lists (such occurrence, an “OFAC Violation”), Borrower will immediately (i) give written notice to the Issuer, the Trustee and the Servicer of such OFAC Violation, and (ii) comply with all laws applicable to such OFAC Violation (regardless of whether the party included on any of the OFAC Lists is located within the jurisdiction of the United States of America), including, without limitation, the Anti-Terrorism Regulations, and Borrower hereby authorizes and consents to Issuer’s, Trustee’s and Servicer’s taking any and all steps Issuer, Trustee and Servicer deem necessary, in the sole discretion of each of Issuer, Trustee and Servicer, to comply with all laws applicable to any such OFAC Violation, including, without limitation, the requirements of the Anti-Terrorism Regulations (including the “freezing” and/or “blocking” of assets).

(d) Upon Issuer, Trustee’s or Servicer’s request from time to time during the term of the Loan, Borrower agrees to deliver a certificate confirming that the representations and warranties set forth in this Loan Agreement remain true and correct as of the date of such certificate and confirming Borrower’s compliance with this Section. Borrower also agrees to cooperate with each of Issuer, Trustee and Servicer, and to cause each Related Person to cooperate with Issuer, Trustee and Servicer, in providing such additional information and documentation on Borrower’s and such Related Person’s legal or beneficial ownership, policies, procedures and sources of funds as Issuer, Trustee and Servicer deem necessary or prudent to enable each of them to comply with the Anti-Terrorism Regulations as now in existence or hereafter amended. From time to time upon the written request of Issuer, Trustee or Servicer, Borrower shall deliver to the requesting party a schedule of the name, legal domicile, address and jurisdiction of organization, if applicable, for each Related Party and each holder of a legal interest in the Borrower.

**Section 5.27. Obligations Under Indenture.** The provisions of the Indenture concerning the Bond and other matters therein are an integral part of the terms and conditions of the Loan, and this Loan Agreement shall constitute conclusive evidence of approval of the Indenture by the Borrower to the extent it relates to the Borrower. Additionally, the Borrower agrees that, whenever the Indenture by its terms imposes a duty or obligation upon the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to the Indenture, and the Borrower agrees to carry out and perform all of its obligations under the Indenture as fully as if the Borrower were a party to the Indenture.



## ARTICLE VI

### OPTION AND OBLIGATIONS OF BORROWER TO PREPAY

#### Section 6.1. Optional Prepayment.

(a) The Note and amounts due under Section 3.2(a) hereof are subject to prepayment in order to effect the redemption of the Bond under Section 4.03 of the Indenture at the option of the Borrower in whole or in part at the times (and not before the times) and at the redemption prices plus accrued interest to the redemption date of the Bond, Additional Interest and the Prepayment Fee, if applicable, as set forth in Section 4.03 of the Indenture together with interest as set forth in Section 4.03 of the Indenture. The Note is not otherwise subject to optional prepayment by the Borrower.

(b) To effect prepayment of the Note and redemption of the Bond as contemplated in subparagraph (a) above, the Borrower shall deliver to the Trustee and the Servicer, not less than 60 days prior to the date on which Bond is subject to redemption, a written certificate of the Borrower stating that the Borrower is prepaying the Note pursuant to this Section 6.1. The certificate from the Borrower shall certify the following: (i) the principal amount of the Note to be prepaid, (ii) that the amount to be prepaid on the Note shall be credited to redemption of the Bond pursuant to Section 4.03 of the Indenture, (iii) the date for redemption of the Bond, and (iv) any conditions to such prepayment.

(c) The options granted to the Borrower in this Section 6.1 shall be exercisable only (i) in the event and to the extent the Bond is subject to redemption in accordance with the Indenture and (ii) if no Event of Default under any of the Loan Documents shall have occurred and be then continuing or if all costs associated with any existing Event of Default (including, without limitation, late fees, penalties, costs of enforcement, protective advances and interest on such amounts) which are then due and owing under the Loan Documents are paid in full in connection with such prepayment.

(d) The Borrower shall provide no less than 30 days' written notice to CDLAC and to the Issuer prior to the redemption of the Bond, in whole or in part, on the Conversion Date.

**Section 6.2. Mandatory Prepayment.** The Loan and amounts due under Section 3.2(a) hereof shall be prepaid in whole or in part in order to effect the mandatory redemption of the Bond at the times and in the amounts specified in Section 4.01 of the Indenture; provided, however, that in the case of a deemed redemption of the Bond pursuant to Sections 4.01(c) and (g) of the Indenture, the Note shall not be deemed paid, but shall remain outstanding.

#### Section 6.3. Amounts Required for Prepayment.

(a) The amount payable by the Borrower hereunder upon either (i) the exercise of the option granted to the Borrower in Section 6.1 hereof, or (ii) the mandatory prepayment of the Note by the Borrower in Section 6.2 hereof shall be, to the extent applicable and except as otherwise provided, the sum of the following:



(i) the amount of money necessary to pay the redemption price of the Bond to be redeemed specified in Section 4.03 of the Indenture, in the case of optional redemption and Section 4.02 of the Indenture in the case of mandatory redemption, together with all interest specified therein payable up to and including the redemption date, Prepayment Fee (if applicable), and all expenses of the redemption; plus

(ii) in the event of a redemption in whole, an amount of money equal to the Trustee Fee, Trustee Expenses, Issuer's Fee, and expenses under the Indenture accrued and to accrue until the final payment and redemption of the Bond and in the case of the Issuer's Fee for such longer period described in the Regulatory Agreement; plus

(iii) in the event of any prepayment during the existence and continuance of an Event of Default, the amounts described in Section 6.1(c)(ii) hereof.

(b) Any prepayment made pursuant to Section 6.1 or 6.2 hereof shall be deposited into the Revenue Fund. No prepayment or investment of the proceeds thereof shall be made which shall cause the Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code.

**Section 6.4. Cancellation at Expiration of Term.** At the acceleration, termination or expiration of the term of this Loan Agreement and following full payment of the Bond or provision for payment thereof in accordance with Article IX of the Indenture and of all other fees and charges of all parties having been made in accordance with the provisions of this Loan Agreement and the Indenture, the Issuer shall deliver to the Borrower any documents and take or cause the Trustee to take such actions as may be necessary to effectuate the cancellation and evidence the termination of this Loan Agreement and the other Loan Documents (other than the Regulatory Agreement, which shall not terminate except in accordance with the terms thereof).

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES

**Section 7.1. Events of Default.** The following shall be "Events of Default" under this Loan Agreement, and the term "Event of Default" shall mean, whenever it is used in this Loan Agreement, any one or more of the following events:

(a) Failure by the Borrower to pay any amounts required to be paid on the Note or under Section 3.2(a) or (b) hereof when due;

(b) Any failure by the Borrower to pay as and when due and payable any other sums to be paid by the Borrower under this Loan Agreement and the continuation of such failure for a period of five days after the same are due;

(c) Any failure of any representation or warranty made in this Loan Agreement, the Continuing Covenants Agreement, the other Loan Documents or any Requisition to be true and correct;

(d) Any failure by the Borrower to observe and perform any covenant or agreement on its part to be observed or performed hereunder or thereunder, other than as referred to in subsections (a) or (b) of this Section 7.1, for a period of 30 days after written notice specifying such breach or failure and requesting that it be remedied, given to the Borrower by the Issuer, the Trustee or the Servicer; provided, however, that in the event such breach or failure be such that it can be corrected but cannot be corrected within such 30-day period, the same shall not constitute an Event of Default hereunder if corrective action is instituted by the Borrower or on behalf of the Borrower within such 30-day period and is diligently pursued to completion thereafter (unless, in the opinion of Bond Counsel delivered to the Servicer, failure to correct such breach or failure within the cure period herein provided (or such shorter time as shall be established as a limitation on the period of time during which correction may be pursued) will adversely affect the exclusion from gross income of interest on the Bond for federal income taxation purposes or violate State law, in which case the extension of cure period herein provided will not be available);

(e) [Reserved];

(f) Any Event of Default (as defined or otherwise set forth in the Indenture or any of the Loan Documents, General Partner Documents or the Guarantor Documents) shall have occurred and shall remain uncured beyond any applicable cure period provided in the applicable document;

(g) Any dissolution, termination, partial or complete liquidation, merger or consolidation of any Obligor or the General Partner of Borrower, or any sale, transfer or other disposition of the Project (other than a Permitted Transfer) or of all or substantially all of the assets of Borrower;

(h) Any failure by the Borrower to obtain any Project Approvals as required in order to proceed with the construction and equipping of the Project so as to complete the same by the Completion Date, or the revocation or other invalidation of any Project Approvals previously obtained;

(i) Any change in the legal or beneficial ownership of the Borrower or the General Partner, other than as expressly permitted by the terms hereof or in the Continuing Covenants Agreement or by reason of the death of the owner of such interest;

(j) The General Partner ceases for any reason to act in that capacity unless replaced by a transferee permitted pursuant to Section 5.17(e);

(k) Either Manager of the General Partner ceases for any reason to act in the capacity of manager of the General Partner and the Borrower fails to deliver to the Servicer, within 30 days of Borrower's discovery of this occurrence, a plan, reasonably satisfactory to the Servicer, for the replacement of the manager of the General Partner in such capacity within 90 days;

(l) Reserved;

(m) Any failure by the Borrower to pay at maturity, or within any applicable period of grace, any Indebtedness, or any failure to observe or perform any material term, covenant or agreement contained in any agreement by which it is bound, evidencing or securing any Indebtedness, for such period of time as would permit (assuming the giving of appropriate notice if required) the holder or holders thereof or of any obligations issued thereunder to accelerate the maturity thereof;

(n) Any Obligor shall file a voluntary petition in bankruptcy under Title 11 of the United States Code, or an order for relief shall be issued against any such Obligor in any involuntary petition in bankruptcy under Title 11 of the United States Code, or any such Obligor shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief of debtors, or such Obligor shall seek or consent to or acquiesce in the appointment of any custodian, trustee, receiver, conservator or liquidator of such Obligor, or of all or any substantial part of its respective property, or such Obligor shall make an assignment for the benefit of creditors, or such Obligor shall give notice to any governmental authority or body of insolvency or pending insolvency or suspension of operation;

(o) An involuntary petition in bankruptcy under Title 11 of the United States Code shall be filed against the Borrower or any Obligor and such petition shall not be dismissed within 90 days of the filing thereof;

(p) A court of competent jurisdiction shall enter any order, judgment or decree approving a petition filed against any Obligor seeking any reorganization, arrangement, composition, readjustment, liquidation or similar relief under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief for debtors, or appointing any custodian, trustee, receiver, conservator or liquidator of all or any substantial part of its property;

(q) Any of the events described in Section 7.1(n), (o) or (p) occurs with respect to the Equity Investor prior to funding by the Equity Investor of all of the capital contributions required in order to avoid the occurrence of an Event of Default pursuant to Section 7.1(x);

(r) Any uninsured final judgment in excess of \$25,000 shall be rendered against the Borrower and shall remain in force, undischarged, unsatisfied and unstayed, for more than 30 days, whether or not consecutive;

(s) Any of the Loan Documents, the General Partner Documents or the Guarantor Documents shall be canceled, terminated, revoked or rescinded otherwise than in accordance with the terms thereof or with the express prior written consent of the Servicer, or any action at law, suit in equity or other legal proceeding to cancel, revoke or rescind any of the Loan Documents, the General Partner Documents or the Guarantor Documents shall be commenced by or on behalf of any Obligor which is a party thereto, or any of their respective stockholders, partners or beneficiaries, or any court or any other

governmental or regulatory authority or agency of competent jurisdiction shall make a determination that, or issue a judgment, order, decree or ruling to the effect that, any one or more of the Loan Documents, the General Partner Documents or the Guarantor Documents is illegal, invalid or unenforceable in accordance with the terms thereof;

(t) Any refusal by the Title Insurance Company to ensure that any advance is secured by the Mortgage as a valid lien and security interest on the Borrower's fee interest in the Project and the continuation of such refusal for a period of 20 days after notice thereof by Servicer to the Borrower;

(u) Completion shall not have been attained by the Completion Date;

(v) Any cessation at any time in the construction, or equipping of the Improvements for more than 20 consecutive days except for strikes, acts of God, fire or other casualty, or other causes entirely beyond the Borrower's control, or any cessation at any time in construction, or equipping of the Improvements for more than 60 consecutive days, regardless of the cause thereof; provided, however, that such cessation may continue for a period of longer than 60 consecutive days with the consent of the Servicer if the Borrower shall have requested and received the consent of the Servicer to an extension of the Completion Date, in which case it shall not be an Event of Default hereunder unless and until the period of cessation extends beyond the number of days for which the extension was granted;

(w) Any of the Indenture, this Loan Agreement, the Regulatory Agreement or the Tax Certificate shall be amended in a material manner without the prior written consent of the Servicer;

(x) Failure of the Equity Investor to fund its capital contributions to the Borrower in at least the amounts and on or before the deadline dates as set forth in the Partnership Agreement; or

(y) A Determination of Taxability.

## **Section 7.2. Remedies on Default.**

(a) Whenever any Event of Default referred to in Section 7.1 hereof shall have occurred and be continuing, any obligation of the Servicer to approve Requisitions shall be terminated, and the Trustee (but only if directed to do so by Servicer and, subject to the provisions of the Indenture) shall:

(i) by notice in writing to the Borrower declare the unpaid indebtedness under the Loan Documents to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable; and

(ii) take whatever action at law or in equity or under any of the Loan Documents, the General Partner Documents or the Guarantor Documents, as may appear necessary or desirable (in each case as directed by the Servicer) to collect the payments and other amounts then due and thereafter to become due hereunder

or thereunder or under the Note, or to exercise any right or remedy or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Loan Agreement, the Note or any other Loan Document (including without limitation foreclosure of the Mortgage), any General Partner Document or any Guarantor Document (including actions to enforce the Guaranty and/or the Environmental Indemnity); and

(iii) cause the Project to be completed, constructed and equipped in accordance with the Plans and Specifications, with such changes therein as the Servicer may, from time to time, and in its sole discretion, deem appropriate.

(b) Any amounts collected pursuant to action taken under this Section (other than amounts collected by the Issuer pursuant to the Reserved Rights) shall, after the payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Issuer, the Trustee or the Servicer and their respective Counsel, be paid into the Revenue Fund (unless otherwise provided in this Loan Agreement) and applied in accordance with the provisions of the Indenture. No action taken pursuant to this Section 7.2 shall relieve the Borrower from the Borrower's obligations pursuant to Section 3.2 hereof.

**Section 7.3. No Remedy Exclusive.** No remedy conferred herein or in any other Loan Document upon or reserved to the Trustee or the Servicer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee or the Servicer to exercise any remedy reserved to it herein or in any other Loan Document, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

**Section 7.4. Agreement To Pay Fees and Expenses of Counsel.** If an Event of Default shall occur under this Loan Agreement or under any of the other Loan Documents, and the Issuer, the Trustee, the Servicer should employ counsel or incur other expenses for the collection of the indebtedness or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower herein or therein contained, the Borrower agrees that it will on demand therefor pay to any such party, or, if so directed by any such party, to its counsel, the reasonable actually incurred fees of such Counsel and all other out-of-pocket expenses incurred by or on behalf of the Issuer, the Trustee, the Servicer.

**Section 7.5. No Additional Waiver Implied by One Waiver; Consents to Waivers.** In the event any agreement contained in this Loan Agreement should be breached by any party and thereafter waived by the other parties, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver shall be effective unless in writing and signed by the party making the waiver.

**Section 7.6. Remedies Subject to Applicable Law.** All rights, remedies, and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provisions of law, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the Land and to be limited to the extent necessary so that they will not render this Loan Agreement invalid, unenforceable, or not entitled to be recorded, registered, or filed under the provisions of any applicable law.

**Section 7.7. Cure by Equity Investor.** The Issuer, the Trustee and the Servicer hereby agree that cure of any Event of Default made or tendered by the Equity Investor shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

**Section 7.8. Issuer Exercise of Remedies.** Notwithstanding anything to the contrary contained herein, the Issuer may enforce its Reserved Rights under the Loan Documents and exercise the permitted remedies with respect thereto against the Borrower; provided that the Issuer shall not commence or direct the Trustee to commence any action to declare the outstanding balance of the Bond or the Loan to be due and neither the Issuer nor the Trustee shall take any action solely in respect of the Reserved Rights (i) to foreclose or take similar action under the Mortgage or otherwise in respect of any liens upon or security interests in the Borrower's leasehold interest in the Project or other property pledged to secure the Borrower's obligations under the Loan Documents, (ii) to appoint a receiver, (iii) to enforce any similar remedy against the Project or other property pledged to secure the Borrower's obligations under the Loan Documents; or (iv) to enforce any other remedy which would cause any liens or security interests granted under the Loan Documents to be discharged or materially impaired thereby.

**Section 7.9. Issuer and Borrower To Give Notice of Default.** The Borrower covenants that it will, at its own expense, promptly give to the Trustee, the Issuer, the Servicer, the Equity Investor and to each other written notice of any Event of Default under the Indenture or this Loan Agreement of which it has actual knowledge or written notice.

## **ARTICLE VIII**

### **MISCELLANEOUS**

**Section 8.1. General Provisions.** The following provisions shall be applicable at all times throughout the term of this Loan Agreement:

(a) The Issuer, the Trustee and the Servicer shall, at all times, be free to establish independently to their respective satisfaction and in their respective absolute discretion the existence or nonexistence of any fact or facts the existence of which is a condition of this Loan Agreement or any other Loan Document.

(b) The Bond and the obligations and undertakings of the Issuer hereunder do not constitute an obligation, either general or special and does not constitute a pledge of the general credit or taxing power of the Issuer or the State or any political subdivision thereof, but is payable solely from the Project revenues and property pledged therefor in



the Indenture and not from any other revenues, funds or assets of the Issuer, and neither the Issuer, the State of California nor any such political subdivision thereof shall be liable thereon. Recourse on the Bond and on the instruments and documents executed and delivered by or on behalf of the Issuer in connection with the transactions contemplated hereby may be had only against certain moneys due and to become due under the Loan Documents (and not against any moneys due or to become due to the Issuer pursuant to the Reserved Rights). No member, officer, agent, employee or attorney of the City of Los Angeles, including any person executing this Loan Agreement or the Bond, shall be liable personally on this Loan Agreement or the Bond or for any reason relating to the issuance of the Bond. No recourse shall be had for the payment of the principal of or the interest on the Bond, or for any claim based on the Bond, or otherwise in respect of the Bond, or based on or in respect of this Loan Agreement, the Indenture or any supplement thereto, against any officer, board member, employee or agent, past, present or future, of the City of Los Angeles, as such, or any successor, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance of the Bond and as part of the consideration for the issue of the Bond, expressly waived and released.

(c) No recourse shall be had for the payment of the principal of or interest on the Bond, or for any claim based thereon or on this Loan Agreement or any other Loan Document, any Issuer Document or any instrument or document executed and delivered by or on behalf of the Issuer in connection with the transactions contemplated hereby, against the Issuer or any officer, board member, employee or agent, past, present or future, of the Issuer or any successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or by any legal or equitable proceeding or otherwise and all such liability of the Issuer or any such officer, board member, employee or agent, past, present or future as such is hereby expressly waived and released as a condition of and consideration for the adoption of the resolution authorizing the execution of the Issuer Documents and issuance of the Bond and the delivery of other documents in connection herewith. No officer, board member, employee or agent, past, present or future, of the Issuer or any successor body shall be personally liable on the Issuer Documents, the Bond or any other documents in connection herewith, nor shall the issuance of the Bond be considered as misfeasance or malfeasance in office. The Bond and the undertakings of the Issuer under the Issuer Documents do not constitute a pledge of the general credit or taxing power of the Issuer, the State, or any political subdivision thereof, do not evidence and shall never constitute a debt of the State or any political subdivision thereof and shall never constitute nor give rise to a pecuniary liability of the State or any political subdivision thereof.

(d) Anything in the Indenture to the contrary notwithstanding, it is expressly understood by the parties to this Loan Agreement that (i) the Issuer may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee, the Borrower or the Owner as to the existence of any fact or state of affairs, (ii) the Issuer shall not be under any obligation under the Indenture or this Loan Agreement to perform any record keeping or to provide any legal services, it being understood that such services shall be performed or caused to be performed by the Trustee, or the Owner, and (iii) none of the provisions of the Indenture, this Loan Agreement, the



Regulatory Agreement or any Loan Document shall require the Issuer to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under the Indenture, this Loan Agreement, the Regulatory Agreement and any Loan Document unless it shall first have been adequately indemnified to its satisfaction against any costs, expenses and liability which it may incur as a result of taking such action. It is recognized that notwithstanding any other provision of this Loan Agreement, neither the Borrower nor any Owner shall look to the Issuer or the members of its City Council, officers, program participants, attorneys, accountants, financial advisors, agents or staff for damages suffered by the Borrower or such bondholder as a result of the failure of the Issuer to perform any covenant, undertaking or obligation under this Loan Agreement, the Bond, the Regulatory Agreement, any of the Loan Documents or any of the other documents referred to herein, or as a result of the incorrectness of any representation made by the Issuer in any of such documents, nor for any other reason except for representations made by the Issuer in any certificate of the Issuer and the opinion of counsel to the Issuer delivered on the Closing Date.

**Section 8.2. Authorized Borrower Representative.** Pursuant to written direction provided on the Closing Date, the Borrower has appointed one or more Authorized Representative for the purpose of taking all actions and making all certificates required to be taken and made by the Authorized Representative under the provisions of the Loan Documents. Whenever under the provisions of any Loan Document the approval of the Borrower is required or any party is required to take some action at the request of the Borrower, such approval or such request shall be made by the Authorized Representative of the Borrower, unless otherwise specified in this Loan Agreement, and the Issuer, the Trustee and the Servicer shall be authorized to act on any such approval or request and the Borrower shall have no complaint against any such party as a result of any such action taken in conformity with such approval or request by the Authorized Representative of the Borrower.

**Section 8.3. Binding Effect.** This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Trustee and the Borrower and their respective successors and permitted assigns. The Borrower acknowledges and agrees that the Issuer has assigned or is assigning its rights (except the Reserved Rights) under this Loan Agreement to the Trustee, and that, pursuant to the Indenture, Trustee will follow directions from the Servicer in implementing certain of the rights and remedies under this Loan Agreement. The Owner of the Bond and the Servicer shall be express third party beneficiaries of this Loan Agreement, and shall have the right to enforce directly against Borrower or other persons the rights and implement the rights and remedies provided to each of them hereunder, but not including the Reserved Rights; provided, however, that the rights of the Owner to bring actions and implement rights and remedies hereunder shall be subject to the same restrictions as are imposed with respect to actions, rights and remedies of the Owner under the Indenture.

**Section 8.4. Execution in Counterparts.** This Loan Agreement may be 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 for purposes of perfecting a lien or security interest in this Loan Agreement by the Trustee, whether under Article 9 of the Uniform Commercial Code of the State or otherwise, only the counterpart delivered to, and receipted by, the Trustee shall be deemed the original.

**Section 8.5. Amendments, Changes and Modifications.** Subsequent to the issuance of the Bond and prior to payment or provision for the payment of the Bond in full (including interest thereon) in accordance with the provisions of the Indenture and except as otherwise provided herein, the Loan Documents may not be amended, changed, modified, altered or terminated by the Issuer, the Trustee or the Borrower except in compliance with Article VIII and Article IX of the Indenture, as applicable.

**Section 8.6. Severability.** In the event any provision of this Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof and such invalid or unenforceable provision shall be deemed no longer to be contained in this Loan Agreement.

**Section 8.7. Notices.** All notices, demands, requests, consents, approvals, certificates or other communications hereunder shall be effective if given in the manner required in Section 10.08 of the Indenture.

A duplicate copy of each notice, certificate or other communication given hereunder by either the Issuer or the Borrower to the other shall also be given to the Equity Investor, Trustee and the Servicer. The Issuer, the Borrower, the Servicer, the Equity Investor and the Trustee may, by ten days' prior written notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. No notice need be given to any party if such party is no longer a party to the transactions contemplated by this Loan Agreement.

**Section 8.8. Applicable Law.** This Loan Agreement shall be governed exclusively by and construed in accordance with the laws of the State.

**Section 8.9. Debtor-Creditor Relationship.** It is expressly understood and agreed that the relationship between the Issuer and the Borrower established by the transaction contemplated by this Loan Agreement and by all of the other Loan Documents is exclusively that of creditor or lender, on the part of the Issuer, and debtor or borrower, on the part of the Borrower and is in no way to be construed as a partnership or joint venture of any kind. It is further understood that all payments by the Borrower under the Loan Documents shall be exclusively on account of the debtor/creditor relationship.

**Section 8.10. Usury; Total Interest.** This Loan Agreement is subject to the express condition, and it is agreed, that at no time shall payments hereunder, under the Note or under the other Loan Documents that are or are construed to be payments of interest on the unpaid principal amount of the Loan reflect interest that is borne at a rate in excess of the Maximum Rate. The Borrower shall not be obligated or required to pay, nor shall the Issuer be permitted to charge or collect, interest borne at a rate in excess of such Maximum Rate. If by the terms of this Loan Agreement or the other Loan Documents the Borrower is required to make such payments reflecting interest borne at a rate in excess of such Maximum Rate, such payments shall be deemed to be reduced immediately and automatically to reflect such Maximum Rate. Any such excess payment previously made in either case shall be immediately and automatically applied to the unpaid balance of the principal sum of the Loan and not to the payment of interest thereon. This

Loan Agreement is also subject to the condition that amounts paid hereunder representing late payment or penalty charges or the like shall only be payable to the extent permitted by law.

**Section 8.11. Term of This Loan Agreement.** This Loan Agreement shall be in full force and effect from its date to and including such date as the Bond issued under the Indenture shall have been fully paid or retired in accordance with their terms and the terms of the Indenture (or provision for such payment shall have been made as provided in the Indenture), except, however, that the covenants and provisions relating to the Reserved Rights of the Issuer, the covenants and provisions relating to indemnification and the covenants relating to the preservation of exclusion from gross income of interest on the Bond for purposes of federal income taxation shall survive the termination hereof.

**Section 8.12. Non-Recourse.** Anything contained in any provision of this Loan Agreement, the Mortgage, the Regulatory Agreement, the Tax Certificate or the Note notwithstanding (except the provisions of Section 5.19(b) hereof), in the event of any proceeding to foreclose the Mortgage or otherwise to enforce the provisions of the Note, this Loan Agreement, the Mortgage or the Regulatory Agreement after the Conversion Date, neither the Issuer, the Trustee or other holder of the Note (collectively, the “Noteholder”), nor the Owner of Bond, nor any beneficiary of the Mortgage shall be entitled to take any action to procure any personal money judgment or any deficiency decree against the Borrower or any partner of the Borrower or its or their heirs, personal representatives, successors and assigns, it being understood and agreed that recourse hereon and under the Mortgage, the Regulatory Agreement and the Note shall, following the Conversion Date, be limited to the assets of the Borrower that are the security from time to time provided with respect to the Note and this Loan Agreement; provided, however, nothing herein contained shall limit or be construed to limit or impair the enforcement against the Project or any other additional security as may from time to time be given to the beneficiary hereof as security for the performance of this Loan Agreement, the Mortgage, the Regulatory Agreement, the Tax Certificate, the Note, or any other instrument now or hereafter securing the Note or this Loan Agreement, or the rights and remedies of the Trustee or the beneficiary, its successors and assigns, under this Loan Agreement, the Mortgage, the Regulatory Agreement, the Tax Certificates or the Note or any other instruments. Notwithstanding the foregoing, the provisions of this Section shall be null and void and have no force and effect to the extent of any loss suffered by the Issuer, the Trustee, any Owner or any beneficiary of or the trustee under the Mortgage as a result of the Borrower’s: (a) committing any act of fraud; (b) misapplication of any condemnation award or casualty insurance proceeds; (c) failure to apply the revenues of the Project in the manner and for the purposes provided in the Bond Documents, whether before or after an Event of Default; or (d) violation of any environmental laws. Nothing herein shall be deemed to prohibit the naming of the Borrower in an action to realize upon the remedies provided herein either at law or in equity, subject to the foregoing limitation against a personal money judgment or deficiency decree against the Borrower, the partners of the Borrower or their heirs, personal representatives, successors and assigns, or to prohibit the naming of any person in any action to realize upon the remedies provided in the General Partner Documents, the Guarantor Documents or any other guaranty given in favor of the Issuer, the Trustee or the Servicer.

**Section 8.13. USA PATRIOT Act Notice.** Issuer hereby notifies Borrower and Guarantor that, pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies Borrower and Guarantor, which information includes the names

and addresses of Borrower and Guarantor and other information that will allow Issuer to identify Borrower and Guarantor in accordance with the USA PATRIOT Act.

**Section 8.14. Limitation on Issuer's Liability.** No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future director, officer, employee, attorney or agent of Issuer in his or her individual capacity, and neither any employee, attorney or officer of the Issuer nor any officer thereof executing the Bond shall be liable personally on the Bond or be subject to any personal liability or accountability by reason of the issuance thereof. No director, officer, employee, attorney or agent of Issuer shall incur any personal liability with respect to any other action taken by him or her pursuant to this Loan Agreement, the Law or the Act, provided such director, officer, employee, attorney or agent acts in good faith. No agreements or provisions contained in this Loan Agreement nor any agreement, covenant or undertaking by Issuer contained in any document executed by Issuer in connection with the Project or the issuance, sale and delivery of the Bond shall give rise to any pecuniary liability of Issuer or a charge against its general credit or taxing powers, or shall obligate Issuer financially in any way.

THE BOND IS NOT AN OBLIGATION, EITHER GENERAL OR SPECIAL, AND DOES NOT CONSTITUTE A PLEDGE OF THE GENERAL CREDIT OR TAXING POWER, OF THE CITY OF LOS ANGELES (THE "CITY"), THE STATE OF CALIFORNIA (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF, BUT IS PAYABLE SOLELY FROM THE PROJECT REVENUES AND PROPERTY PLEDGED THEREFOR IN THE INDENTURE AND NOT FROM ANY OTHER REVENUES, FUNDS OR ASSETS OF THE CITY. NEITHER THE CITY, THE STATE NOR ANY SUCH POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE NOR ANY POLITICAL CORPORATION OR SUBDIVISION OR AGENCY THEREOF NOR THE FAITH AND CREDIT OF THE CITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BOND OR OTHER COSTS INCIDENT THERETO. THE BOND IS NOT A DEBT OF THE UNITED STATES OF AMERICA.

To the extent permitted by law, no recourse shall be had for the enforcement of any obligation, promise or agreement of the Issuer contained herein or in the other Loan Documents to which the Issuer is a party or for any claim based hereon or thereon or otherwise in respect hereof or thereof against any director, officer, agent, attorney or employee, as such, in his individual capacity, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise. No personal liability whatsoever shall attach to, or be incurred by, any director, officer, agent, attorney or employee as such, past, present or future, of the Issuer or any successor entity, either directly or through the Issuer or any successor entity, under or by reason of any of the obligations, promises or agreements entered into between the Issuer and the Borrower, whether herein contained or to be implied here from as being supplemental hereto; and all personal liability of that character against every such director, officer, agent attorney and employee is, by the execution of this Loan Agreement and as a condition of, and as part of the consideration for, the execution of this Loan Agreement, expressly waived and released.

**Section 8.15. Nondiscrimination and Affirmative Action.** The Borrower shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the City of Los Angeles. The Borrower shall not discriminate in its employment practices against any employee or applicant for employment, deny family and medical care leave; deny pregnancy disability leave or make reasonable accommodations against any employee or applicant for employment because of such person's race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief. The Borrower shall comply with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 C.F.R. Part 60). The Borrower shall comply with the provisions of the Los Angeles Administrative Code Sections 10.8 through 10.13, to the extent applicable hereto. The affirmative action program of the Borrower shall include the mandatory contract provisions set forth in the Los Angeles Administrative Code Section 10.8.4, and said provisions are incorporated herein by this reference. The Borrower shall also comply with all rules, regulations, and policies of the City of Los Angeles's Board of Public Works, Office of Contract Compliance relating to nondiscrimination and affirmative action, including the filing of all forms required by the City of Los Angeles. Any subcontract entered into by the Borrower relating to this Loan Agreement, to the extent allowed hereunder, shall be subject to the provisions of this section. No person shall on the grounds of race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief be excluded from participation in, be denied the benefit of, or be subjected to discrimination under this Loan Agreement. For purposes of this Section, Title 24 Code of Federal Regulations Part 107 and Section 570.601(b) defines specific discriminatory actions that are prohibited and corrective action that shall be taken in a situation as defined therein.

**Section 8.16. Americans with Disabilities Act.** The Borrower hereby certifies that it and any contractor or subcontractor will comply with the Accessibility Laws (as defined in Exhibit I of the Regulatory Agreement). The Borrower and any contractor and subcontractor will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services, and activities in accordance with the applicable provisions of: (i) the Americans with Disabilities Act, 42 U.S.C. 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act (ADAAA) Pub. L.110 325 and all subsequent amendments; (ii) Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794, the implementing regulations at 24 C.F.R. Part 8, as well as the requirements of Uniform Federal Accessibility Standards 24 C.F.R § 40, Appendix A; (iii) the Fair Housing Act, 42 U.S.C. §§ 3601 3620; 24 C.F.R. Parts 100, 103, and 104, and its implementing regulations; and (iv) applicable California building codes. The Borrower and any contractor and subcontractor will not discriminate against persons with disabilities or against persons due to their relationship to or association with a person with a disability. Any contract and subcontract entered into by the Borrower, relating to this Loan Agreement and the Project, to the extent allowed hereunder, shall be subject to the provisions of this Section.

**Section 8.17. Business Tax Registration Certificate.** Subject to any exemption available to it, the Borrower represents that it has obtained or will obtain the Business Tax Registration



Certificate(s) required by the City of Los Angeles' Business Tax Ordinance (Article 1, Chapter 2, Section 21.00 and following, of the Los Angeles Municipal Code). For the term covered by this Loan Agreement, the Borrower shall maintain, or obtain as necessary, any such Business Tax Registration Certificate(s) required of it under said Ordinance and shall not allow any such Business Tax Registration Certificate(s) to be revoked or suspended.

**Section 8.18. Child Support Assignment Orders.** This Loan Agreement is subject to Section 10.10 of the Los Angeles Administrative Code, Child Support Assignment Orders Ordinance. Pursuant to this Ordinance, the Borrower certifies that (a) it will fully comply with all State and Federal employment reporting requirements applicable to Child Support Assignment Orders; (b) the principal owner(s) of the Borrower are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (c) it will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230 et seq.; and (d) it will maintain such compliance throughout the term of the Regulatory Agreement. Pursuant to Section 10.10.b of the Los Angeles Administrative Code, failure of the Borrower to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of the Borrower to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default by the Borrower as appropriate, under the terms of this Loan Agreement, subjecting (i) the Borrower to the remedies provided herein and (ii) the Trustee to termination under the Indenture where, in either case, such failure shall continue for more than 90 days after notice of such failure to the Borrower by Issuer. Any subcontract entered into by the Borrower relating to this Loan Agreement, to the extent allowed hereunder, shall be subject to the provisions of this paragraph and shall incorporate the provisions of the Child Support Assignment Orders Ordinance. Failure of the Borrower to obtain compliance of its subcontractors shall constitute a default by the Borrower under the terms of this Loan Agreement, subjecting the Borrower to the remedies provided herein where such failure shall continue for more than 90 days after notice of such failure to the Borrower by Issuer.

The Borrower shall comply with the Child Support Compliance Act of 1998 of the State of California Employment Development Department. The Borrower assures that to the best of its knowledge it is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the Employment Development Department as set forth in subdivision (b) of Section 7110 of the Public Contract Code.

**Section 8.19. Disclosure of Border Wall Contracting Ordinance.** The Borrower shall comply with Los Angeles Administrative Code Section 10.50 et seq., "Disclosure of Border Wall Contracting". The Issuer may declare a default under this Loan Agreement if the Issuer determines that the Borrower failed to fully and accurately complete the required affidavit and disclose all Border Wall Bids and Border Wall Contracts, as defined in Los Angeles Administrative Code Section 10.50.1.



**Section 8.20. Pet Ownership in Publicly-Financed Housing Developments.** The Borrower shall comply with the Pet Ownership in Publicly-Financed Housing Developments Ordinance, Los Angeles Municipal Code Sections 51.20., et seq., as amended from time to time.

[Remainder of page intentionally blank]

The parties to this Loan Agreement have caused this Loan Agreement to be executed by their duly authorized representatives as of the date set forth above.

CITY OF LOS ANGELES, as Issuer

By Housing and Community Investment  
Department

By \_\_\_\_\_  
Daniel Huynh  
Assistant General Manager

Approved as to form:

MICHAEL N. FEUER,  
City Attorney

\_\_\_\_\_  
Deputy/Assistant City Attorney

[TRUSTEE], as Trustee

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

NOHO 5050 L.P., a California limited partnership

By Decro NoHo 5050 LLC, a California limited liability company, its Managing General Partner

By Decro Corporation, a California nonprofit public benefit corporation, its Sole Member and Manager

By \_\_\_\_\_  
Ted M. Handel  
Chief Executive Officer

By Daylight NoHo 5050 LLC, a California limited liability company, its Administrative General Partner

By Daylight Community Development, LLC, a California limited liability company, its Sole Member

By \_\_\_\_\_  
Gregory Comanor  
Manager

## **EXHIBIT A**

### **PROJECT DESCRIPTION**

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

[TO BE PROVIDED]

**EXHIBIT B**  
**FORM OF PROMISSORY NOTE**

[\$11,250,000]

\_\_\_\_\_, 2021

FOR VALUE RECEIVED, NOHO 5050, L.P., a California limited partnership (together with its permitted successors and assigns, the “Borrower”), having an address of c/o Decro Corporation, 3431 Wesley Street, Suite F, Culver City, CA 90232, Attention: Ted Handel, promises to pay to the order of the CITY OF LOS ANGELES, or its successors or assigns (the “Holder”), at its office at c/o Housing and Community Investment Department, 8<sup>th</sup> Floor, 1200 West 7<sup>th</sup> Street, Los Angeles, CA 90017, Attention: Supervisor, Affordable Housing Bond Program or at such other place as may be designated in writing by the Holder, in legal tender of the United States, the aggregate principal sum of [\_\_\_\_\_] and NO/100 Dollars (\$[11,250,000])) as provided herein, together with interest thereon at the rates, at the times and in the amounts provided below.

All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Trust Indenture (as the same may be modified, amended or supplemented from time to time, the “Indenture”) dated as of even date herewith between City of Los Angeles (the “Issuer”), and [TRUSTEE] (the “Trustee”) or the Loan Agreement dated as of even date herewith among the Issuer, the Trustee and Borrower (as the same may be modified, amended or supplemented from time to time, the “Loan Agreement”).

This Note shall bear interest at the rate from time to time borne by the Bond, and Additional Interest shall be payable on this Note as provided in Sections 3.1 and 3.2 of the Loan Agreement.

On the Conversion Date, the Borrower shall pay to the Trustee, for deposit into the Revenue Fund, the amount equal to \$[\_\_\_\_\_] or such lesser amount as is required under the Continuing Covenant Agreement. Commencing on the first (1<sup>st</sup>) day of each month for the period commencing on the Amortization Commencement Date, Borrower shall pay to the Trustee for deposit into the Revenue Fund, (i) an amount equal to the sum of the principal and interest next coming due on the Bond to pay the principal of and interest on the Bond due and payable on each Bond Payment. Amounts so paid to the Trustee by the Borrower shall be in immediately available funds or shall be such that on the Bond Payment Date they are available funds.

All payments under this Note shall be applied as provided in the Indenture.

The obligations of Borrower under this Note are secured by a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of even date herewith (as the same may be modified, amended or supplemented from time to time, the “Mortgage”) made by Borrower to the Holder covering property, with improvements thereon, as more fully described therein (the “Property”) and certain other security as more fully set forth in the Loan Agreement.

At no time shall interest be payable on this Note or under the Mortgage or the Loan Agreement at a rate in excess of the Maximum Rate, as defined in the Indenture. Borrower shall not be obligated or required to pay, nor shall the Holder per permitted to charge or collect, interest at a rate in excess of such Maximum Rate. If by the terms of this Note or of the Mortgage or Loan



Agreement, Borrower is required to pay interest at a rate in excess of such Maximum Rate, the rate of interest hereunder or thereunder shall be deemed to be reduced immediately and automatically to such Maximum Rate, and any such excess payment previously made shall be immediately and automatically applied to the unpaid balance of the principal sum hereof and not to the payment of interest.

Amounts payable hereunder representing late payments, penalty payments or the like shall be payable to the extent allowed by law.

This Note is subject to all of the terms, conditions, and provisions of the Loan Agreement, including Section 8.12 thereof and the provisions of the Loan Agreement respecting prepayment and the acceleration of maturity and is further subject to all of the terms, conditions and provisions of the Indenture. The outstanding principal hereof is subject to acceleration at the same time or times and under the same terms and conditions, and with the same notice, if any, as provided under the Indenture for the acceleration of payment of the Bond.

If there is an Event of Default under the Loan Documents, then in any such event and subject to the requirements set forth in the Loan Agreement, the Holder may, upon the direction of the Servicer, declare the entire unpaid principal balance of this Note and accrued interest, if any, due and payable at once. All of the covenants, conditions and agreements contained in the Loan Documents are hereby made part of this Note.

No delay or omission on the part of the Holder in exercising any remedy, right or option under this Note or the Loan Documents shall operate as a waiver of such remedy, right or option. In any event a waiver on any one occasion shall not be construed as a waiver or bar to any such remedy, right or option on a future occasion. The rights, remedies and options of the Holder under this Note and the Loan Documents are and shall be cumulative and are in addition to all of the rights, remedies and options of the Holder at law or in equity or under any other agreement.

Borrower shall pay all costs of collection on demand by the Holder, including without limitation, reasonable attorneys' fees and disbursements, which costs may be added to the indebtedness hereunder, together with interest thereon at the Default Rate to the extent allowed by law.

This Note may not be changed orally. Presentment for payment, notice of dishonor, protest and notice of protest are hereby waived. The acceptance by the Holder of any amount after the same is due shall not constitute a waiver of the right to require prompt payment, when due, of all other amounts due hereunder. The acceptance by the Holder of any sum in an amount less than the amount then due shall be deemed an acceptance on account only and upon condition that such acceptance shall not constitute a waiver of the obligation of Borrower to pay the entire sum then due, and Borrower's failure to pay such amount then due shall be and continue to be a default notwithstanding such acceptance of such amount on account, as aforesaid. Consent by the Holder to any action of Borrower which is subject to consent or approval of the Holder hereunder shall not be deemed a waiver of the right to require such consent or approval to future or successive actions.

Borrower agrees that this Note shall be construed in accordance with and governed by the laws of the State of California.

[Signature Page to Follow]

NOHO 5050 L.P., a California limited partnership

By Decro NoHo 5050 LLC, a California limited liability company, its Managing General Partner

By Decro Corporation, a California nonprofit public benefit corporation, its Sole Member and Manager

By \_\_\_\_\_  
Ted M. Handel  
Chief Executive Officer

By Daylight NoHo 5050 LLC, a California limited liability company, its Administrative General Partner

By Daylight Community Development, LLC, a California limited liability company, its Sole Member

By \_\_\_\_\_  
Gregory Comanor  
Manager

## ENDORSEMENT

Pay to the order of [TRUSTEE], without recourse, as Trustee under the Indenture referred to in the within mentioned Loan Agreement, as security for such Bond issued under such Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Note.

Dated: \_\_\_\_\_, 2021

CITY OF LOS ANGELES, as Issuer

By Housing and Community Investment  
Department

By \_\_\_\_\_  
Daniel Huynh  
Assistant General Manager

Approved as to form:

MICHAEL N. FEUER,  
City Attorney

\_\_\_\_\_  
Deputy/Assistant City Attorney

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**TRUST INDENTURE**

between

**CITY OF LOS ANGELES,**  
as Issuer

and

**[TRUSTEE],**  
as Trustee

Relating to

\$[11,250,000]  
City of Los Angeles  
Multifamily Housing Revenue Bond  
(NoHo 5050)  
Series 2021U

Dated as of [\_\_\_\_\_] 1, 2021

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## TRUST INDENTURE

**THIS TRUST INDENTURE** dated as of [\_\_\_\_\_] 1, 2021 (this “Indenture”), by and between **CITY OF LOS ANGELES**, a charter city and municipal corporation in the State of California (together with its successors and assigns (together with its successors and assigns, the “Issuer”), and [TRUSTEE], a national banking association organized and existing under the laws of the United States of America and being duly qualified to accept and administer the trusts created hereby, as trustee (the “Trustee”),

### WITNESSETH:

WHEREAS, pursuant to Section 248 of the City Charter of the Issuer and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended (collectively, the “Law”), and in accordance with Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California, as amended (the “Act”), the Issuer is empowered to issue bonds and other evidence of indebtedness to finance the acquisition, construction and equipping of multifamily rental housing for persons of low and moderate income; and

WHEREAS, the Internal Revenue Code of 1986, as amended (the “Code”), provides that the interest on fully registered obligations issued by or on behalf of a state or a political subdivision thereof which are used to provide financing for eligible projects meeting the requirements of Section 142(d) of the Code shall be exempt from federal income taxation if certain conditions specified in the Code are met; and

WHEREAS, NoHo 5050, L.P., a California limited partnership (the “Borrower”), has applied to the Issuer for financial assistance for the purpose of providing all or part of the funds with which to pay the cost of the acquisition, construction and equipping of an approximately 40-unit (including one management unit) multifamily rental housing project in the City of Los Angeles, California, to be known as NoHo 5050 (the “Project”); and

WHEREAS, the provision of the Loan (as hereinafter defined), will accomplish a valid public purpose of the Issuer, and the Issuer has determined that it is in the public interest to issue its City of Los Angeles Multifamily Housing Revenue Bond (NoHo 5050), Series 2021U in the maximum principal amount of not to exceed \$[11,250,000] (the “Bond”) for the purpose of providing funding necessary for the acquisition, construction and equipping of the Project, as more fully described in Exhibit A to the Loan Agreement (as hereinafter defined); and

WHEREAS, pursuant to a Loan Agreement dated as of even date herewith (the “Loan Agreement”) among the Issuer, the Trustee and the Borrower, the Issuer has agreed to issue the Bond and use the proceeds thereof to make a loan in the maximum principal amount of not to exceed \$[11,250,000] (the “Loan”) to the Borrower in connection with the Project and the Borrower has agreed to (i) apply the proceeds of the Loan to pay a portion of the costs of acquisition, construction and equipping of the Project, (ii) make payments sufficient to pay the principal of and interest on the Bond when due (whether at maturity, by redemption, acceleration or otherwise), and (iii) observe the other covenants and agreements and make the other payments set forth therein; and

WHEREAS, the Borrower's repayment obligations in respect of the Loan will be evidenced by a Promissory Note dated the Closing Date (as defined below) (together with all riders and addenda thereto, the "Note") delivered to the Issuer; and

WHEREAS, the Borrower has delivered the Note to the Trustee, on behalf of the Issuer, dated the Closing Date in an original principal amount equal to the aggregate original principal amount of the Bond (as amended, modified or supplemented from time to time) evidencing its obligation to repay the Loan, and the Issuer has made the Loan to the Borrower, subject to the terms and conditions of the Loan Agreement and this Indenture; and

WHEREAS, the Note will be secured by, among other things, a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (as amended, modified or supplemented from time to time, the "Mortgage"), dated as of the Closing Date, for the benefit of the Issuer; and

WHEREAS, the Issuer has assigned its interest in the Note and, pursuant to an Assignment of Mortgage and Collateral Loan Documents (as amended, modified or supplemented from time to time, the "Assignment"), dated as of the Closing Date, the Issuer has assigned its interest in the Mortgage and the other Loan Documents, to the Trustee as security for the Bond, for the benefit of the Bond holder; and

WHEREAS, the Project will be occupied in part by individuals of low or moderate income, all for the public purpose of providing more adequate residential facilities for low- and moderate-income families and persons; and

WHEREAS, in order to provide for the authentication and delivery of the Bond, to establish and declare the terms and conditions upon which the Bond is to be issued and secured and to secure the payment of the principal thereof and of the interest and premium, if any, thereon, the Issuer has authorized the execution and delivery of this Indenture; and

WHEREAS, all acts and proceedings required by law necessary to make the Bond, when executed by the Issuer, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal limited obligations of the Issuer, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth, in accordance with its terms, have been done and taken; and the execution and delivery of this Indenture have been in all respects duly authorized.

NOW, THEREFORE, in consideration of the premises and the mutual promises, representations and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

## **GRANTING CLAUSES**

The Issuer, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bond by the Owner thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to secure the payment of the principal of and interest on the Bond according to their tenor and effect, and to secure the performance and observance by the Issuer of all the covenants,

agreements and conditions herein and in the Bond contained, does hereby transfer, pledge and assign, without recourse, to the Trustee and its successors and assigns in trust forever, and does hereby grant a security interest unto the Trustee and its successors in trust and its assigns, in and to all and singular the property described in paragraphs (a), (b) and (c) below (such property being herein referred to as the "Trust Estate"), to wit:

(a) All right, title and interest of the Issuer (excluding Reserved Rights) in and to the Mortgage, the Loan Agreement, the Note and the other Loan Documents (as that term is defined below), and all moneys (including revenues) from time to time paid by the Borrower and/or any Guarantor pursuant to the terms of the Loan Documents, all other sums required to be deposited in the funds and accounts in accordance with this Indenture, and all right, title and interest of the Issuer (including, but not limited to, the right to enforce any of the terms thereof) under and pursuant to and subject to the provisions of the Loan Agreement (but excluding the Reserved Rights as defined in the Loan Agreement); and

(b) All other moneys and securities from time to time held by the Trustee under the terms of this Indenture, excluding amounts required to be rebated to the United States Treasury under Section 148(f) of the Code, whether or not held in the Rebate Fund; and

(c) All the Issuer's right, title and interest (excluding Reserved Rights) in all property mortgaged, pledged and assigned under the Mortgage and the Loan Agreement to secure the Bond and any and all other property of every name and nature which may from time to time hereafter by delivery or by writing of any kind be subjected to the lien hereof by the Issuer or by anyone on its behalf or with its written consent, and the Trustee is hereby authorized to receive any and all such property at any and all times and to hold and apply the same as additional security hereunder subject to the terms hereof; and

(d) Any and all property (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security hereunder to the Trustee, which the Trustee is hereby authorized to receive at any and all times and to hold and apply the same subject to the terms of this Indenture; and

(e) The earnings derived from the investment of any of the foregoing sums (excluding moneys and investments held in the Rebate Fund and rebatable arbitrage required to be deposited in the Rebate Fund) as provided herein.

TO HAVE AND TO HOLD, all and singular, the Trust Estate with all rights and privileges hereby transferred, pledged, assigned and/or granted or agreed or intended so to be, to the Trustee and its successors and assigns in trust forever;

IN TRUST NEVERTHELESS, upon the terms and conditions herein set forth for the equal and proportionate benefit, security and protection of the present and future Owners of the Bond Outstanding, without preference, priority or distinction as to participation in the lien, benefit and protection of this Indenture of one Bond over or from the others, except as herein otherwise expressly provided;

PROVIDED, NEVERTHELESS, and these presents are upon the express condition, that if the Issuer or its successors or assigns shall well and truly pay or cause to be paid the principal of such Bond with interest, according to the provisions set forth in the Bond, or shall provide for the payment or redemption of such Bond by depositing or causing to be deposited with the Trustee the entire amount of funds or securities requisite for payment or redemption thereof when and as authorized by the provisions of Article IX (it being understood that any payment with respect to the principal of or interest on the Bond made by the Borrower shall not be deemed payment or provision for the payment of the principal of or interest on the Bond, except a Bond purchased and canceled by the Trustee, all such uncanceled Bond to remain Outstanding and the principal of and interest thereon payable to the Owner thereof), and shall also pay or cause to be paid all other sums payable hereunder by the Issuer, then these presents and the estate and rights hereby granted shall cease, terminate and become void, and thereupon the Trustee, on payment of its lawful charges and disbursements then unpaid, on demand of the Issuer and upon the payment by the Issuer of the cost and expenses thereof, shall duly execute, acknowledge and deliver to the Issuer such instruments of satisfaction or release as may be necessary or proper to discharge this Indenture of record, and if necessary shall grant, reassign and deliver to the Issuer all and singular the property, rights, privileges and interests by it hereby granted, conveyed and assigned, and all substitutes therefor, or any part thereof, not previously disposed of or released as herein provided; otherwise this Indenture shall be and remain in full force;

THIS INDENTURE FURTHER WITNESSETH, and it is hereby expressly declared, covenanted and agreed by and between the parties hereto, that the Bond issued and secured hereunder is to be issued, authenticated and delivered and that all the Trust Estate is to be held and applied under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer does hereby agree and covenant with the Trustee, for the benefit of the Owner from time to time of the Bond as follows:

## ARTICLE I

### DEFINITIONS AND CONSTRUCTION

**Section 1.01. Definitions.** The following capitalized terms, as used in this Indenture, shall have the meanings specified below unless the context otherwise shall require. All other capitalized terms which are defined in the Loan Agreement or the Continuing Covenants Agreement (as hereinafter defined) and not defined herein shall have the respective meanings ascribed to them in the Loan Agreement or the Continuing Covenants Agreement, as applicable.

*“Accounts”* means the accounts established pursuant to Section 5.01 hereof.

*“Act”* means Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California, as the same may be amended from time to time (but only to the extent any such amendments, by their terms or by appropriate election of the Issuer, apply to the Bond outstanding as of the effective date of such amendments).

*“Additional Interest”* means an amount equal to the excess of (i) the amount of interest an Owner (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) would have received during the period



of time commencing on the date that the interest on the Bond becomes subject to federal income taxation to the earlier of the date of the payment of the Bond or the date on which the Bond is redeemed pursuant to Section 4.01(c) following a Determination of Taxability (excluding from such period any time in which the tax on such interest is uncollectible) at a per annum rate equal to the Taxable Rate, over (ii) the aggregate amount of interest received by an Owner for such period not exceeding the Maximum Rate.

[“*Adjusted Daily LIBOR Rate*” means the Daily LIBOR Rate plus the LIBOR Rate Margin, applicable (i) with respect to the Permanent Loan Amount, from the Closing Date to the day prior to the Interest Rate Conversion Date and (ii) with respect to Bond in excess of the Permanent Loan Amount, from the Closing Date to the date of redemption of such Bond. ]

“*Affiliates*” or “*Affiliate*” means, if with respect to an entity, (i) any manager, member, officer or director thereof and any Person who or which is, directly or indirectly, the beneficial owner of more than 10% of any class of shares or other equity security, or (ii) any Person which, directly or indirectly, controls or is controlled by or is under common control with such entity. Control (including the correlative meanings of “controlled by” and “under common control with”) means effective power, directly or indirectly, to direct or cause the direction of the management and policies of such Person. With respect to a partnership or venture, “Affiliate” shall include, without limitation, any (i) general partner, (ii) general partner of a general partner, or (iii) partnership with a common general partner, and if any general partner is a corporation, any Person which is an “Affiliate” (as defined above) of such corporation. With respect to a limited liability company, “Affiliate” shall include, without limitation, any member.

“*Amortization Date*” means the earlier of (i) the Conversion Deadline, as may be extended at the sole discretion of the Bank, and (ii) the first day of the month following the month in which the Conversion Date occurs.

“*Amortization Schedule*” means the loan amortization schedule attached as Exhibit C hereto prepared by the Servicer on or before the Amortization Date, as amended in connection with any extension of the Amortization Date.

“*Applicable Rate*” means (a) prior to the Interest Rate Conversion Date, the Adjusted Daily LIBOR Rate or the applicable Replacement Rate, as may be in effect, and (b) after the Interest Rate Conversion Date, the Fixed Rate.

“*Approved Institutional Buyer*” means: (a) an affiliate of the Bank; (b) a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933 as amended (a “QIB”); (c) an “accredited investor” as defined in Sections 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act of 1933 as amended (“Accredited Investor”); (d) a trust or other custodial arrangement established by the Bank or one of its Affiliates, the owners of the beneficial interests in which are limited to QIBs or Accredited Investors; (e) a government-sponsored enterprise (Fannie Mae or the Federal Home Loan Mortgage Corporation), or (f) a special purpose entity, a trust or a custodial or similar pooling arrangement from which the Bond or securitized interests therein are not expected to be sold or transferred except to (x) owners or beneficial owners thereof that are Approved Institutional Buyers or (y) in circumstances where secondary market credit enhancement is provided for such securitized

interests resulting in a rating thereof of at least “A” or better, provided that in such instance the controlling interest in the residual interest of such trust or pooling arrangement shall be a single QIB.

“*Assignment*” has the meaning set forth for that term in the Recitals above.

“*Authorized Attesting Officer*” means the Los Angeles City Treasurer or Los Angeles Deputy City Treasurer or Los Angeles Interim City Treasurer, or such other officer or official of the City of Los Angeles who, in accordance with the laws of the State, the bylaws or other governing documents of the City of Los Angeles, or practice or custom, regularly attests or certifies official acts and records of the City of Los Angeles, and includes any assistant or deputy officer to the principal officer or officers exercising such responsibilities.

“*Authorized Denomination*” means aggregate principal amount of the Bond then Outstanding.

“*Authorized Representative*” means, (i) with respect to the Issuer, the Mayor, the General Manager, any Interim General Manager, Acting General Manager, or any Assistant General Manager, Acting Assistant General Manager, Interim Assistant General Manager, Executive Officer, Director or Acting Director—Finance and Development Division of the Housing Bureau of the Los Angeles Housing and Community Investment Department, and any other officer or employee of the Issuer designated to perform a specified act, to sign a specified document or to act generally, on behalf of the Issuer by a written certificate furnished to the Trustee, which certificate is signed by the Mayor, the General Manager, any Interim General Manager, Acting General Manager, Assistant General Manager, Acting Assistant General Manager, or any Interim Assistant General Manager, Executive Officer, Director or Acting Director—Finance and Development Division of the Housing Bureau Los Angeles Housing and Community Investment Department and contains the specimen signature of such other officer or employee of the Issuer; (ii) with respect to the Borrower, any person or persons designated to act on behalf of the Borrower by a certificate filed with the Issuer, the Trustee and the Servicer containing the specimen signatures of such person or persons and signed by the General Partner of the Borrower and (iii) with respect to the Servicer, any person or persons designated to act on behalf of the Servicer by a certificate filed with the Borrower, the Issuer and the Trustee, containing the specimen signatures of such person or persons and signed on behalf of the Servicer by its President, Vice President or Secretary. Each such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties and exercise all powers of an Authorized Representative.

“*Bank*” means KeyBank National Association, its successors and assigns.

“*Bond*” or “*Bonds*” has the meaning set forth for that term in the Recitals above.

“*Bond Counsel*” means Kutak Rock LLP, or any other attorney or firm of attorneys of nationally recognized standing in the field of municipal finance law whose opinions are generally accepted by purchasers of tax-exempt obligations and who is or are selected by the Issuer and is or are duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia, but shall not include counsel for the Borrower.

“*Bondholder Representative*” means the Majority Owner or any Person designated by the Majority Owner to act on behalf of the Majority Owner as provided in Section 10.14 hereof, or an assignee of such Person as provided in Section 10.14 hereof. The initial Bondholder Representative shall be the Bank.

“*Bond Payment Date*” means each date on which principal or redemption price or interest shall be payable on the Bond according to their respective terms.

“*Bond Purchase Agreement*” means the Bond Purchase Agreement, dated [\_\_\_\_], 2021, among the Issuer, the Bank and the Borrower.

“*Borrower*” has the meaning set forth for that term in the Recitals above.

“*Business Day*” means a day of the year which is not a Saturday or Sunday or any other day on which banks located in the city of New York, New York and banks located in the city in which the Principal Office of the Trustee is located are required or authorized by law to remain closed and on which The New York Stock Exchange is not closed.

“*Calculation Period*” means the period commencing upon the first day of each month and ending on (and including) the last day of such month, except that the first Calculation Period shall commence on the Closing Date and end on (and include) [\_\_\_\_] [31], 2021.

“*Capitalized Interest Account*” means the account of that name established in the Project Fund pursuant to Section 5.01 of this Indenture.

“*Closing Date*” means [\_\_\_\_], 2021, the date of issuance of the Bond.

“*Code*” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bond or as it may be amended to apply to obligations issued on the date of issuance of the Bond, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“*Completion Agreement*” means that certain Performance and Completion Guaranty executed by the Guarantor and dated as of even date with this Indenture.

“*Condemnation Award*” means the total condemnation proceeds actually paid by the condemnor as a result of the condemnation of all or any part of the property subject to the Mortgage less the actual costs incurred, including attorneys’ fees, costs and expenses in obtaining such award.

“*Continuing Covenants Agreement*” means the Construction Loan and Permanent Loan Agreement dated as of even date with this Indenture, between the Borrower and the Bank, as the same may be supplemented, amended or modified.

“*Conversion Date*” has the meaning given such term in the Continuing Covenants Agreement, as it may be amended from time to time.

“*Conversion Deadline*” has the meaning given such term in the Continuing Covenants Agreement, as it may be amended from time to time.

“*Costs of Issuance*” means “issuance costs” with respect to the Bond within the meaning of Section 147(g) of the Code.

“*Costs of Issuance Account*” means the account of that name established within the Project Fund pursuant to Section 5.01 of this Indenture.

“*Counsel*” means an attorney or firm of attorneys acceptable to the Servicer, and may, but need not, be Bond Counsel, counsel to the Issuer, the Servicer or the Borrower.

[“*Daily LIBOR Rate*” means the rate of interest calculated by the Servicer on a daily basis equal to the one month rate of interest (rounded upward to the next highest 1/16th of 1%) of the one-month London Interbank Offered Rate, as shown by Reuters, for deposits in U.S. Dollars at approximately 11:00 a.m. (London time) on the second preceding LIBOR Business Day, as determined and adjusted from time to time in the Servicer’s sole discretion. If as so determined, the Daily LIBOR Rate would be less than 0%, the Daily LIBOR Rate shall be deemed to be 0% for the purposes of this Indenture and the Loan Documents.]

“*Default Rate*” means a rate per annum equal to the lesser of (i) 3% in excess of the Applicable Rate (or Taxable Rate, if in effect), and (ii) 12% per annum, but shall not exceed the highest rate permitted by applicable laws.

“*Determination of Taxability*” means written notice from the Issuer, the Servicer or the Borrower to the Trustee and the Servicer of (a) failure to make any amendment to the Indenture, the Regulatory Agreement, the Loan Agreement or the Tax Certificate or to take any other action that, in the written opinion of Bond Counsel, is necessary to preserve the exclusion for purposes of federal income taxation from gross income of interest on the Bond, (b) a final judgment or order of a court of competent jurisdiction, or a final ruling or decision of the Internal Revenue Service, to the effect that interest on the Bond is includable in gross income for federal income tax purposes (other than interest on any Bond held by an Owner who is a “substantial user” of the Project or a “related person,” as such terms are defined in Section 147(a) of the Code) for any period, or (c) the enactment of federal legislation that would cause the interest on the Bond to be includable in gross income for federal income tax purposes (other than interest on any Bond held by an Owner who is a “substantial user” of the Project or a “related person,” as such terms are defined in Section 147(a) of the Code). Any judgment or order of a court of competent jurisdiction or a ruling or decision of the IRS shall be considered final only if no appeal or action for judicial review has been filed (and is pending) and the time for filing the appeal or action has expired.

“*Environmental Indemnity*” means the Environmental and Hazardous Substances Indemnity Agreement, dated as of [\_\_\_\_\_] 1, 2021, by the Borrower and the Guarantor in favor of the [Issuer], as the same may be modified, supplemented or amended from time to time.

“*Equity Account*” means the account of that name established within the Project Fund pursuant to Section 5.01 of this Indenture.

“*Equity Investor*” means [RedStone Entity], a [\_\_\_\_\_].

“*Fair Market Value*” means the price at which a willing buyer would purchase an investment from a willing seller in a bona fide, arm’s-length transaction, except for specified investments as described in Treasury Regulation §1.148-5(d)(6), including United States Treasury obligations, certificates of deposit, guaranteed investment contracts, and investments for yield restricted defeasance escrows. Fair Market Value is generally determined on the date on which a contract to purchase or sell an investment becomes binding, and, to the extent required by the applicable regulations under the Code, the term “investment” will include a hedge.

“*Fallback Rate*” has the meaning given such term in Section 3.06(c) hereof.

“*Fixed Rate*” means, with respect to the Permanent Loan Amount, [ ]% per annum.

“*Fixed Rate Period*” means, with respect to the Permanent Loan Amount, the period commencing on the Interest Rate Conversion Date and ending on (and including) the Maturity Date.

“*Funds*” means the funds established pursuant to Section 5.01 hereof.

“*Governmental Authority*” means the United States, the state in which the Land is located and any political subdivision, agency, department, commission, board, bureau, authority or instrumentality of either of them, including any local authorities, or any other entity exercising executive, legislative, judicial, regulatory or administrative functions of government, which has jurisdiction over the Land or the construction, equipping and operation of the Project thereon.

“*Government Obligations*” means direct obligations of, or obligations guaranteed by, the United States of America.

“*Guarantor*” means [ ].

“*Guaranty*” means, collectively, (i) the Payment Guaranty, and (ii) the Completion Agreement, both from the Guarantor for the benefit of the Bank, its successors and assigns, as amended, restated, supplemented or otherwise modified.

“*Indenture*” has the meaning set forth for that term in the Recitals above.

“*Initial Notification of Taxability*” means the receipt by Trustee or any Owner of a communication from the Internal Revenue Service or any court of competent jurisdiction to the effect that interest on the Bond is includable in gross income for federal income tax purposes (other than interest on any Bond held by an Owner who is a “substantial user” of the Project or a “related person,” as such terms are defined in Section 147(a) of the Code).

“*Insurance and Condemnation Proceeds Account*” means the account of that name established within the Project Fund pursuant to Section 5.01 of this Indenture.

“*Insurance Proceeds*” means the total proceeds of insurance actually paid or payable by an insurance company in respect of the required insurance on the Project, less the actual costs incurred, including attorneys’ fees, in the collection of such proceeds.



*“Interest Payment Date”* means, (i) the first (1<sup>st</sup>) day of each month commencing with the second month following the month in which the Closing Date occurs, (ii) the Interest Rate Conversion Date, and (iii) thereafter, the first (1<sup>st</sup>) day of each month.

*“Interest Rate Conversion Date”* means, with respect to the Permanent Loan Amount, the earlier of (i) \_\_\_\_\_, 20\_\_, subject to extension at the sole discretion of the Servicer, and (ii) the first day of the month following the month in which the Conversion Date occurs.

*“Investment Securities”* means:

- (a) direct and general obligations of the United States of America;
- (b) obligations of any agency or instrumentality of the United States of America the payment of the principal of and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America;
- (c) senior debt obligations of the Federal Home Loan Mortgage Corporation (“Freddie Mac”);
- (d) senior debt obligations of the Federal National Mortgage Association (“Fannie Mae”);
- (e) demand deposits or time deposits with, or certificates of deposit issued by, the Trustee or its affiliates or any bank organized under the laws of the United States of America or any state or the District of Columbia which has combined capital, surplus and undivided profits of not less than \$50,000,000; provided that the Trustee or such other institution has been rated at least “VMIG-1”/“A-1+” by Moody’s or S&P;
- (f) investment agreements with a bank or any insurance company or other financial institution which has a rating assigned by Moody’s or S&P to its outstanding long-term unsecured debt which is the highest rating (as defined below) for long-term unsecured debt obligations assigned by Moody’s or S&P, and which are approved by the Servicer;
- (g) shares or units in any money market mutual fund rated “Aaa”/“AAA” by Moody’s or S&P (or if a new rating scale is implemented, the equivalent rating category given by Moody’s or S&P for that general category of security) (including mutual funds of the Trustee or its affiliates or for which the Trustee or an affiliate thereof serves as investment advisor or provides other services to such mutual fund receives reasonable compensation therefor) registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of (A) direct obligations of the government of the United States of America, or (B) tax-exempt obligations;
- (h) tax-exempt obligations rated in the highest short-term rating category by Moody’s or S&P, or (ii) shares of a tax-exempt municipal money market mutual fund or other collective investment fund registered under the federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933, having assets of at least \$100,000,000, and having a rating of “Aaa”/“AAA” by Moody’s or S&P (or if

a new rating scale is implemented, the equivalent rating category given by Moody's or S&P for that general category of security), for which at least 95% of the income paid to the holders on interest in such money market fund will be excludable from gross income under Section 103 of the Code, including money market funds for which the Trustee or its affiliates receive a fee for investment advisory or other services to the fund; or

- (i) any other investments approved in writing by the Servicer.

For purposes of this definition, the "highest rating" means a rating of at least "VMIG-1"/"A-1+" for obligations with less than one year maturity; at least "Aaa"/"VMIG-1"/"AAA"/"A-1+" for obligations with a maturity of one year or greater but less than three years; and at least "Aaa"/"AAA" for obligations with a maturity of three years or greater. Investment Securities must be limited to instruments that have a predetermined fixed-dollar amount of principal due at maturity that cannot vary or change and interest, if tied to an index, shall be tied to a single interest rate index plus a single fixed spread, if any, and move proportionately with such index. Ratings of Investment Securities shall be determined at the time of purchase of such Investment Securities and without regard to ratings subcategories, and the Trustee shall have no responsibility to monitor the ratings of Investment Securities after the initial purchase of Investment Securities.

"*Issuer*" has the meaning set forth for that term in the Recitals above.

"*Issuer Documents*" means, collectively, this Indenture, the Loan Agreement, the Regulatory Agreement, the Bond Purchase Agreement, the Assignment and the Tax Certificate.

"*Law*" has the meaning set forth for that term in the Recitals above.

"*Legal Requirements*" means any legal requirements, including any local, state or federal statute, law, ordinance, code, rule or regulation, now or hereinafter in effect (including environmental laws) or order, judgment, decree, injunction, permit, license, authorization, certificate, franchise, approval, notice, demand, direction or determination, of any Governmental Authority and all legal requirements imposed upon the Land, or upon the owner(s) of the Land from time to time, pursuant to any applicable covenants, conditions, easements, servitudes and restrictions and any applicable ground lease.

"*LIBOR Business Day*" means a Business Day on which dealings in U.S. Dollars are carried on in the London Interbank Market.

"*LIBOR Rate Margin*" means \_\_\_\_\_ percent (\_\_\_\_%) per annum.

"*LIBOR Termination*" means a determination by the Servicer (which determination shall be conclusive absent manifest error) that: (i) the making or refunding of loans on the basis of the Daily LIBOR Rate has become impracticable, impossible or illegal, or the Daily LIBOR Rate cannot be determined; (B) the Daily LIBOR Rate is not ascertainable or does not adequately and fairly reflect the cost of making, maintaining, holding or extending credit by owning the Bond; (C) the Daily LIBOR Rate no longer can reasonably be expected to measure contemporaneous variations in the costs of newly borrowed funds in United States Dollars; (D) LIBOR has been discontinued or deteriorated to an extent that its relevance as a reliable benchmark has been



significantly impaired; (E) final regulations are expected to be enacted that would cause the replacement of LIBOR as contemplated herein to no longer be clearly permitted without triggering a deemed exchange under Treasury Regulation §1.1001-3; and in any such case the Servicer determines that such circumstances are unlikely to be temporary; or (F) the Servicer intends to cease offering a rate based on LIBOR for tax-exempt obligations.

“*Loan*” means the loan by the Issuer to the Borrower of the proceeds received by the Issuer from the sale of the Bond, in an amount not to exceed \$\_\_\_\_\_.

“*Loan Account*” means the account of that name established within the Project Fund pursuant to Section 5.01 of this Indenture.

“*Loan Agreement*” means the Loan Agreement dated as of even date herewith, among the Issuer, the Trustee and the Borrower, as the same may be supplemented, amended or modified.

“*Loan Documents*” means, collectively, the Loan Agreement, the Note, the Bond Purchase Agreement, the Regulatory Agreement, the Continuing Covenants Agreement, the Mortgage, the Environmental Indemnity, the Guaranty, and the Security Agreement, together with all other documents or instruments executed by the Borrower which evidence or secure the Borrower’s indebtedness under such documents and all other documents and instruments delivered simultaneously herewith or required under the Loan Documents to be delivered during the term of the Loan.

“*Majority Owner*” means the Person who owns at least 51% in aggregate principal amount of Outstanding Bond, or, if no single person owns at least 51% in aggregate principal amount of Outstanding Bond, the person who is designated in writing to exercise the powers of “Servicer” and “Majority Owner” hereunder by persons who collectively own at least 51% in aggregate principal amount of Outstanding Bond.

“*Maturity Date*” means \_\_\_\_\_, 20\_\_.

“*Maximum Rate*” means the lower of (a) 12% per annum or (b) the maximum rate permitted by law.

“*Moody’s*” means Moody’s Investors Service, Inc., and its successors and assigns.

“*Mortgage*” has the meaning for that term set forth in the Recitals above.

“*Note*” means the promissory note of the Borrower, dated as of even date with the Bond, in the form attached as Exhibit B to the Loan Agreement and in the principal amount of \$\_\_\_\_\_, evidencing the obligation of the Borrower to repay the Loan.

“Notice Address” means as follows:

With respect to the Issuer: City of Los Angeles  
c/o Housing and Community Investment  
Department  
8th Floor  
1200 West 7th Street  
Los Angeles, CA 90017  
Attention: Supervisor, Affordable Housing Bond  
Program  
HIMS# [ ]  
Facsimile: (213) 808-8918

with a copy to: City of Los Angeles  
Housing and Community Investment Department  
Post Office Box 532729  
Los Angeles, CA 90053-2729  
Attention: Supervisor, Affordable Housing  
Bond Program  
HIMS# [ ]  
Facsimile: (213) 808-8606

With respect to the Trustee: TRUSTEE]  
[ADDRESS]  
Los Angeles, CA 90071  
Attention: Global Corporate Trust  
Ref: LA MF (NoHo 5050 2021U)  
Telephone: (213) [ ]  
Facsimile: (213) [ ]

With respect to the Bank: KeyBank National Association  
[ ]  
[ ]  
[ ]  
Attention: [ ]  
Telephone: [ ]  
Email: [ ]

with a copy to: Tiber Hudson LLC  
4th Floor  
1900 M Street, NW  
Washington, DC 20036  
Attention: Kent Neumann, Esq.  
Telephone: (202) 973-0107  
Email: kent@tiberhudson.com

With respect to the Borrower: NoHo 5050 L.P.  
c/o Decro Corporation  
Suite F  
3431 Wesley Street  
Culver City, CA 90232  
Attention: Ted Handel  
Gregory Comanor  
Telephone: [ ]

with a copy to: Law Office of Patrick R. Sabelhaus  
Suite 110  
1724 10th Street  
Sacramento, CA 95811  
Attention: Stephen Strain  
Facsimile: (916) 444-3408

“*Outstanding*” means, when used with respect to the Bond, as of any date, the Bond theretofore authenticated and delivered under this Indenture except:

- (a) any Bond canceled or delivered to the registrar for cancellation on or before such date;
- (b) any Bond specified as not Outstanding in paragraph (b) of Section 4.05 hereof;
- (c) any Bond in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to Article II of this Indenture;
- (d) any Bond deemed to have been paid as provided in Article IX of this Indenture;
- (e) any Bond owned or held by or for the account of the Issuer or the Borrower, as provided in Section 10.11 of this Indenture, for the purpose of consent or other action or any calculation of outstanding Bond provided for in this Indenture, and
- (f) any undelivered Bond (except for purposes of receiving the purchase price thereof upon surrender in accordance with this Indenture).

“*Owner*” means the registered owner of the Bond. The initial Owner shall be the Bank.

“*Permanent Loan Amount*” means the principal amount of the Bond not in excess of \$[ ].

“*Person*” means any natural individual, corporation, partnership, trust, unincorporated association, business or other legal entity, and any government or governmental agency or political subdivision thereof.

“*Prepayment Fee*” means the premium to be paid by the Borrower in connection with a prepayment of the Loan, as set forth in the Continuing Covenants Agreement.

“*Prime Rate*” means the greater of (i) 1.50% per annum, or (ii) that interest rate established from time to time by the Servicer as the Servicer’s Prime Rate, whether or not such rate is publicly announced; the Prime Rate may not be the lowest interest rate charged by the Servicer for commercial or other extensions of credit.

“*Principal Office*” means, with respect to any party, the office designated as such in, or as designated by the respective party in writing pursuant to, this Indenture.

“*Project*” has the meaning set forth for that term in the Recitals above.

“*Project Fund*” means the fund of that name established pursuant to Section 5.01 of this Indenture.

“*Property*” has the meaning ascribed to such term in the Mortgage.

“*Qualified Costs of the Project*” means costs paid with respect to the Project that meet each of the following requirements: (i) the costs are properly chargeable to capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general federal income tax principles and in accordance with Section 1.103-8(a)(1) of the Regulations, provided, however, that only such portion of the interest accrued during rehabilitation or construction of the Project (in the case of rehabilitation, with respect to vacated units only) will be eligible to be a Qualified Cost of the Project as bears the same ratio to all such interest as the Qualified Costs of the Project bear to all costs of the acquisition and construction or rehabilitation of the Project; and provided further that interest accruing after the date of completion of the Project will not be a Qualified Cost of the Project; and provided still further that if any portion of the Project is being constructed or equipped by an Affiliate of the Borrower (whether as general contractor or a subcontractor), Qualified Costs of the Project will include only (A) the actual out of pocket costs incurred by such affiliate in constructing or equipping the Project (or any portion thereof), (B) any reasonable fees for supervisory services actually rendered by such affiliate, and (C) any overhead expenses incurred by such affiliate which are directly attributable to the work performed on the Project, and will not include, for example, intercompany profits resulting from members of an “affiliated group” (within the meaning of Section 1504 of the Code) participating in the construction or equipping of the Project or payments received by such affiliate due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of 60 days prior to [INDUCEMENT DATE], being the date on which the Issuer first declared its “official intent” to reimburse costs paid with respect to the Project (within the meaning of Section 1.150-2 of the Regulations) or the date of issue of the Bond, and (iv) if the costs of the acquisition, construction and equipping of the Project were previously paid and are to be reimbursed with proceeds of the Bond such costs were (A) “preliminary expenditures” (within the meaning of Section 1.150-2(f)(2) of the Regulations) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of acquisition and construction or rehabilitation of the Project that do not exceed 20% of the issue price of the Bond

(as defined in Section 1.148-1 of the Regulations), or (B) were capital expenditures with respect to the Project that are reimbursed no later than 18 months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three years after the expenditures is paid); provided, however, that (w) Costs of Issuance will not be deemed to be Qualified Costs of the Project; (x) fees, charges or profits (including, without limitation, developer fees) payable to the Borrower or a “related person” (within the meaning of Section 144(a)(3) of the Code) will not be deemed to be Qualified Costs of the Project; (y) letter of credit fees and municipal bond insurance premiums which represent a transfer of credit risk will be allocated between Qualified Costs of the Project and other costs and expenses to be paid from the proceeds of the Bond; and (z) letter of credit fees and municipal bond insurance premiums which do not represent a transfer of credit risk (including, without limitation, letter of credit fees payable to a “related person” to the Borrower) will not constitute Qualified Costs of the Project.

“*Rebate Analyst*” means any Person, chosen by the Borrower and at the expense of the Borrower, qualified and experienced in the calculation of rebate payments under Section 148 of the Code and compliance with the arbitrage rebate regulations promulgated under the Code, which is engaged for the purpose of determining the amount of required deposits to the Rebate Fund, if any, pursuant to the Tax Certificate. The initial Rebate Analyst will be Tiber Hudson LLC.

“*Rebate Fund*” means the fund of that name established pursuant to Section 5.01 of this Indenture.

“*Record Date*” means, with respect to each Bond Payment Date, the close of business on the day preceding such Bond Payment Date, whether or not such day is a Business Day.

“*Regulatory Agreement*” means the Regulatory Agreement and Declaration of Restrictive Covenants dated as of [\_\_\_\_\_] 1, 2021, by and among the Issuer, the Trustee and the Borrower, as the same may be amended, modified or supplemented from time to time.

“*Replacement Date*” has the meaning given such term in Section 3.06(c) hereof.

“*Replacement Notice*” has the meaning given such term in Section 3.06(c) hereof.

“*Replacement Rate*” has the meaning given such term in Section 3.06(c) hereof.

“*Required Equity Funds*” means the amounts required to be deposited in the Equity Account of the Project Fund pursuant to the Continuing Covenants Agreement and Section 5.9 of the Loan Agreement.

“*Requisition*” means a requisition in the form of Exhibit D attached hereto, together with all invoices, bills of sale, schedules and other submissions required for the making of a disbursement from the Loan Account or the Equity Account of the Project Fund.

“*Resolution*” means the resolution of the Issuer adopted on [\_\_\_\_\_] 2021, authorizing, among other things, the execution and delivery by the Issuer of the Issuer Documents and the Bond and the performance of its obligations thereunder.

“*Responsible Banking Ordinance*” means Ordinance No. 182138 of the City of Los Angeles amending Chapter 5.1 of the Los Angeles Administrative Code.

“*Revenue Fund*” means the fund of that name established pursuant to Section 5.01 of this Indenture.

“*Servicer*” means the Majority Owner, or, if the Majority Owner appoints a separate entity to be the servicer pursuant to Section 7.11 hereof, such servicer. During any other times as no servicer has been appointed pursuant to Section 7.11 hereof, all references herein and in the Loan Documents to the Servicer shall be deemed to refer to the Majority Owner. The initial Servicer shall be the Bank.

“*S&P*” means S&P Global Ratings, and its successors and assigns.

“*State*” means the State of California.

“*Supplemental Indenture*” means any indenture hereafter duly authorized and entered into between the Issuer and the Trustee in accordance with Article VIII hereof, amending, modifying or supplementing this Indenture.

“*Taxable Rate*” means a rate of interest equal to the lesser of 12% per annum or a rate per annum that is 2% in excess of the Prime Rate, with changes in the Taxable Rate effective concurrently with each announced change in the Prime Rate, but not exceeding the Maximum Rate.

“*Tax Certificate*” means the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986, by the Issuer and the Borrower dated the Closing Date.

“*Treasury Regulation Safe Harbors*” means the requirements of Proposed Treasury Regulation §1.1001-6(b)(2)(ii) or successor provisions, satisfaction of which ensures that a replacement interest rate on the Bond is a “qualified rate” and when substituted for the Adjusted Daily LIBOR Rate results in a substantially equivalent fair market value of the Bond, as required under Proposed Treasury Regulation §1.1001-6(b)(2)(i) or successor provision.

“*Trustee*” has the meaning set forth for that term in the Recitals above and includes any successor trustee appointed pursuant to Section 7.08.

“*Trustee Expenses*” means the fees (including but not limited to the Trustee Fee) and expenses of the Trustee set forth in Section 7.04 of this Indenture.

“*Trustee Fee*” means a fee payable in advance on the Closing Date and on each [\_\_\_\_\_] 1 thereafter commencing [\_\_\_\_\_] 1, 2022 equal to [\_\_\_\_\_] % of: (a) prior to the Conversion Date, the maximum principal amount of the Bond issuable hereunder; and (b) following the Conversion Date [\_\_\_\_\_] % of the principal amount of the Bond Outstanding immediately after the Conversion Date, in each case with a minimum annual fee of \$[\_\_\_\_\_].

“*Trust Estate*” means the trust estate pledged by the Issuer to the Trustee to be held in trust for the benefit of the Owner of the Bond, as described in the Granting Clauses of this Indenture.

**Section 1.02. Construction.** In this Indenture, unless the context otherwise requires:

(a) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Indenture.

(b) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms refer to this Indenture, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of adoption of this Indenture.

(c) Words of the masculine gender shall mean and include correlative words of the female and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa.

(d) Words importing the redemption of the Bond or the calling of the Bond for redemption do not include or connote the payment of such Bond at its stated maturity or the purchase of such Bond.

(e) References in this Indenture to particular sections of the Code, the Act or any other legislation shall be deemed to refer also to any successor sections thereto or other redesignation for codification purposes.

(f) The terms “receipt,” “received,” “recovery,” “recovered” and any similar terms, when used in this Indenture with respect to moneys or payments due the Issuer, shall be deemed to refer to the passage of physical possession and control of such moneys and payments to the Issuer, the Owner of the Bond or the Trustee on its behalf.

## ARTICLE II

### REPRESENTATIONS AND COVENANTS OF THE ISSUER

**Section 2.01. Representations by the Issuer.** The Issuer represents and warrants to the Trustee and the Owner of the Bond that:

(a) The Issuer is a charter city and municipal corporation of the State of California, duly organized and existing under its charter and the laws of the State of California.

(b) The Issuer has power and lawful authority to adopt the Resolution, to execute and deliver the Issuer Documents, to issue the Bond and receive the proceeds of the Bond, to apply the proceeds of the Bond to make the Loan, to assign the revenues derived and to be derived by the Issuer from the Loan to the Trustee to secure the Bond, and to perform and observe the provisions of the Issuer Documents and the Bond on its part to be performed and observed.



(c) The Issuer has duly authorized the execution and delivery of each of the Issuer Documents, the issuance, execution, sale and delivery of the Bond, and the performance of the obligations of the Issuer thereunder.

(d) The Issuer makes no representation or warranty, express or implied, that the proceeds of the Bond will be sufficient to finance the construction, acquisition, and equipping of the Project or that the Project will be adequate or sufficient for the Borrower's intended purposes.

(e) The Issuer has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied under the Bond and the Issuer Documents at or prior to the date hereof.

(f) The Issuer will comply with the terms of the Tax Agreement.

**Section 2.02. Covenants of the Issuer.** The Issuer hereby agrees with the Owners from time to time of the Bond that, so long as the Bond remains outstanding:

(a) The Issuer will pay or cause to be paid the principal of and the interest on the Bond as the same shall become due, but solely to the extent provided in Section 10.02 hereof.

(b) The Issuer will, at the expense of the Borrower, execute, acknowledge, when appropriate, and deliver from time to time at the request of the Owners of the Bond or the Trustee such further acts, instruments, financing statements and other documents as are necessary or desirable to better assure, transfer, pledge or assign to the Trustee, and grant a security interest unto the Trustee in and to the Trust Estate and the other properties and revenues herein described and otherwise to carry out the intent and purpose of the Issuer Documents and the Bond.

(c) The Issuer will not use or knowingly permit the use of any proceeds of the Bond or other funds of the Issuer, directly or indirectly, in any manner, and will not take or permit to be taken any other action or actions, which would result in the Bond being treated as an obligation not described in Section 142(a)(7) of the Code by reason of such Bond not meeting the requirements of Section 142(d) of the Code.

(d) The Issuer will at all times do and perform all acts and things permitted by law and this Indenture which are necessary or desirable in order to ensure, and will not knowingly take any action which will adversely affect, the excludability of interest on the Bond from gross income for federal income tax purposes.

## ARTICLE III

### AUTHORIZATION AND ISSUANCE OF BOND

#### Section 3.01. Authorization of Bond.

(a) There is hereby authorized, established and created an issue of Bond of the Issuer to be known and designated as the “City of Los Angeles Multifamily Housing Revenue Bond (NoHo 5050), Series 2021U” in the original maximum principal amount of not to exceed \$[11,250,000]. No additional bonds shall be authorized or issued under this Indenture. The Bond shall be issued for the purpose of making the Loan by depositing such amounts in the various accounts of the Project Fund established hereunder as described in Section 5.01(c) and Section 3.01(b).

(b) The Bond is hereby authorized to be issued as a drawdown Bond. The Owner of the Bond shall fund the purchase price of the Bond in installments. The initial installment for the purchase of the Bond shall be in the amount of \$[\_\_\_\_\_], to be advanced by the Bank and received by the Trustee on the Closing Date, which purchase price shall be deposited in the Project Fund for application as provided in Section 5.02 hereof. Provided that the conditions to disbursement contained in the Continuing Covenants Agreement are either satisfied or waived by the Servicer, the balance of the purchase price of the Bond shall be advanced in subsequent installments by the Owner. Such installments shall be advanced in accordance with the provisions of the Continuing Covenants Agreement and of Section 5.02 hereof, and shall be deposited by the Trustee in the applicable Loan Account of the Project Fund and applied in accordance with the corresponding Requisition pursuant to Section 5.02 hereof. The Trustee shall maintain in its books a log which shall reflect from time to time the payment of the purchase price of the Bond by the Owner in accordance with the provisions of this Section 3.01(b). If presented to the Trustee by the Owner, amounts funded by the Owner in accordance with the provisions of this Section 3.01(b) shall be noted on Schedule A attached to the Bond so presented to the Trustee. Notwithstanding any provision in Section 3.06 hereof to the contrary, the Bond shall bear interest as provided in Section 3.06 hereof commencing upon the deposit with Trustee by the Owner of the amount of purchase price of the Bond so paid in accordance with the provisions of this Section 3.01(b). Notwithstanding anything to the contrary herein, no additional portion of the Bond may be funded on or after December 31, 2024.

(c) Notwithstanding any provision herein to the contrary, in the event that the Servicer or the Borrower (each an “Interested Party”) determines in good faith (a) that there may be insufficient private activity bond volume under Section 146 of the Code or carry forward private activity bond volume under Section 103 of the Code (collectively, “Volume Cap”) that the Issuer will be able to allocate to any future draws hereunder or (b) that it is in its best interest to draw the remaining undrawn Bond hereunder in order to ensure that interest on the Bond will remain excludible from gross income for federal income tax purposes, then such Interested Party may provide a written letter of direction (a “Draw-Down Notice”) to the Majority Owner, the Trustee and the other Interested Parties, as provided below, to cause the remaining undrawn Bond to be drawn hereunder. The

Draw-Down Notice, if given, shall contain the following sentence: “The [Servicer/Borrower] hereby elects to draw the remaining undrawn Bond under the Indenture (\$\_\_\_\_\_) effective \_\_\_\_\_ (the “Final Draw-Down Date”) such date not being less than five (5) days from the date of the Draw-Down Notice.” and shall be delivered in the manner provided for in Section 10.08 hereunder. Any funds drawn pursuant to this Section 3.01(c) (i) shall be delivered to the Trustee for deposit into the Project Fund, (ii) shall remain subject to the Requisition and procedures for draw as set forth herein and in the Loan Agreement and (iii) prior to being disbursed from the Project Fund, shall be invested as set forth herein.

**Section 3.02. Conditions Precedent to Authentication and Delivery of Bond.** Prior to the initial authentication and delivery of the Bond, the Trustee shall have received each of the following:

- (a) the original executed Note, and executed original counterparts of this Indenture, the other Issuer Documents, and the Loan Documents;
- (b) confirmation from the Servicer or its counsel that the conditions to initial purchase of Bond contained in the Continuing Covenants Agreement have been satisfied or waived by Servicer;
- (c) a certified copy of the Resolution;
- (d) evidence of the payment of the initial installment of the purchase price of the Bond and deposit of the initial equity contribution of the Borrower required pursuant to Section 5.02(a) of this Indenture;
- (e) an opinion of Bond Counsel substantially to the effect that the Bond constitutes a legal, valid and binding obligation of the Issuer and that under existing statutes, regulations, rulings and court decisions applicable to the Issuer, the interest on the Bond is not includable in the gross income of the Owner (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) for federal income tax purposes; and
- (f) an original investor letter executed by the initial purchaser of the Bond, in substantially the applicable form set forth in Exhibit B hereto.

**Section 3.03. Registered Bond.** The Bond shall be issued in physical, fully registered form, without coupons, and shall be payable in accordance with the provisions hereof and of the Bond to the Owner thereof as shown on the records maintained by the Trustee.

**Section 3.04. Loss, Theft, Destruction or Mutilation of Bond.** In the event a Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may, at the direction of the Borrower, authenticate and deliver a new Bond bearing a notation indicating the principal amount outstanding, in exchange for the mutilated Bond, or in substitution for a Bond so destroyed, lost or stolen. In every case of exchange or substitution, the applicant shall furnish to the Issuer and the Trustee (i) such security or indemnity as may be required by them to save them harmless from all risks, however remote, and (ii) evidence to their satisfaction of the mutilation, destruction,

loss or theft of the Bond and of the ownership thereof. Upon the issuance of the Bond upon such exchange or substitution, the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees, costs and expenses of the Issuer and the Trustee. In case the Bond shall become mutilated or be destroyed, lost or stolen, the Trustee may, instead of authenticating the Bond in exchange or substitution therefor, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond) if the applicant for such payment shall furnish to the Issuer and the Trustee such security or indemnity as they may require to save them harmless and evidence satisfactory to them of the mutilation, destruction, loss or theft of the Bond and of the ownership thereof.

### **Section 3.05. Terms of Bond - General.**

(a) **Registration; Denomination.** The Bond shall be issuable as a single instrument. The Bond shall be substantially in the form of Exhibit A hereto, as applicable, with such amendments and changes as the officer executing the same shall deem appropriate.

(b) **Date and Maturity.** The Bond shall be dated the Closing Date. The Bond shall bear interest from the Closing Date until paid in full, payable for the periods, in the amounts, at the rates, and as provided in Section 3.06 hereof. The Bond shall mature on the Maturity Date, unless sooner redeemed or accelerated as provided herein.

(c) **Payment.** The principal of and interest on the Bond shall be payable in lawful money of the United States of America by check or draft of the Trustee. Payments of interest shall be mailed by first-class mail to the Owner of the Bond at its address appearing on the records of the Trustee; provided, however, that the payment to the Owner shall, upon written request of the Servicer, be transmitted by the Trustee by wire transfer or other means requested in writing by the Servicer to the Trustee. Payment of the principal of a Bond shall only be made upon surrender of the Bond at the designated corporate trust office of the Trustee. Notwithstanding anything in this Indenture to the contrary, all payments of principal and interest with respect to the Bond owned by the Owner shall, at the written request of the Owner, be made by wire transfer to the Owner without the requirement of surrender of such Bond under any circumstances.

(d) **Rating.** The Bond shall not be rated by any rating agency so long as they are owned by the Bank or any affiliate thereof.

### **Section 3.06. Interest on the Bond.**

(a) **General.** Each Bond shall bear interest at the Applicable Rate from the date to which interest has been paid on the Bond next preceding the date of its authentication, unless it is authenticated as of an Interest Payment Date for which interest has been paid, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the first Interest Payment Date, in which event it shall bear interest from the Closing Date. The cumulative principal amount of the Bond for which installment purchase payments have been received by the Trustee shall bear interest at the

Applicable Rate. On each Interest Payment Date, interest accrued for the previous Calculation Period shall be payable. While the Bond bears interest at the Adjusted Daily LIBOR Rate or at the Replacement Rate, interest on the Bond shall be computed on the basis of a 360-day year, for the actual number of days elapsed. While the Bond bears interest at the Fixed Rate, interest on the Bond shall be computed on the basis of a 360-day year consisting of twelve 30-day months. While the Bond bears interest at the Taxable Rate or at the Default Rate, interest on the Bond shall be computed on the basis of a year of 365 or 366 days, as applicable, for the actual number of days elapsed.

(b) ***Adjusted Daily LIBOR Rate.*** Prior to the Interest Rate Conversion Date, the Bond shall bear interest at the Adjusted Daily LIBOR Rate. The Servicer shall determine the interest rate applicable to the Bond calculated at the Adjusted Daily LIBOR Rate for each day. The Servicer shall give telephonic (promptly confirmed in writing) or facsimile notice on the Business Day preceding each Interest Payment Date to the Trustee and the Borrower of the interest payable on such Interest Payment Date. Absent manifest error, the determination of the Adjusted Daily LIBOR Rate by the Servicer shall be conclusive and binding upon the Owners, the Issuer, the Borrower and the Trustee.

(c) ***Replacement Rate.*** Notwithstanding anything herein to the contrary, in the event the Servicer determines that a LIBOR Termination has occurred, then:

(i) the Servicer shall determine, in its reasonable and good faith discretion, an alternate, economically equivalent interest rate for the LIBOR-based interest rate (which replacement rate may be multiplied by a factor and increased by a spread determined by the Servicer) that gives due consideration to the then prevailing market convention for determining a rate of interest for comparable bank-originated commercial loans in the United States at such time and which is generally a rate, the variations of the value of which can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in U.S. Dollars and is a multiple of a “qualified floating rate” as defined in Treasury Regulation §1.1275-5 or successor provision plus a fixed spread (the “Replacement Rate”) and shall provide the Issuer with written notice of such Replacement Rate (the “Replacement Notice”);

(ii) if the Servicer receives either (1) written evidence satisfactory to the Bank that one or more of the Treasury Regulation Safe Harbors have been satisfied with respect to the replacement of the Adjusted Daily LIBOR Rate with the Replacement Rate or (2) an opinion of Bond Counsel in form and substance satisfactory to the Servicer that the replacement of the Adjusted Daily LIBOR Rate with the Replacement Rate does not and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bond then in either case, the Replacement Rate shall replace the Adjusted Daily LIBOR Rate on the Bond hereunder on the effective date for the Replacement Rate specified in the Replacement Notice (the “Replacement Date”), and if the Replacement Rate determined pursuant to this Section 3.06(c)(ii) shall be less than zero, such Replacement Rate shall be deemed to be zero for the purposes of this Indenture.

(iii) If a LIBOR Termination occurs, until an Replacement Rate replaces the Adjusted Daily LIBOR Rate in accordance with Section 3.06(c)(ii) hereof, the Bond bearing interest at the Adjusted Daily LIBOR Rate shall bear interest at a rate equal to the Federal Funds Rate multiplied by a factor and increased by a spread (the “Fallback Rate”) each selected by the Servicer in order to produce a substitution rate of interest on the Bond that the Servicer believes approximates the Adjusted Daily LIBOR Rate. If the Fallback Rate determined pursuant to this Section 3.06(c)(iii) shall be less than zero, such Fallback Rate shall be deemed to be zero for the purposes of this Indenture. The Bond bearing interest at the Adjusted Daily LIBOR Rate shall automatically adjust to bear interest at the Taxable Rate (grossing up the Fallback Rate) unless the Bank receives on the date the Adjusted Daily LIBOR Rate is substituted with the Fallback Rate either (1) written evidence satisfactory to the Bank that the Fallback Rate is a qualified floating rate as defined in Treasury Regulation §1.1275-5 and one or more of the Treasury Regulation Safe Harbors have been satisfied with respect to the replacement of the Adjusted Daily LIBOR Rate with the Fallback Rate or (2) an opinion of Bond Counsel in form and substance satisfactory to the Bank that the replacement of the Adjusted Daily LIBOR Rate with the Fallback Rate does not and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bond.

(d) **Fixed Rate.** During the Fixed Rate Period, the Bond in an amount equal to the Permanent Loan Amount shall bear interest at the Fixed Rate. Not less than thirty (30) days prior to the Interest Rate Conversion Date, the Trustee shall provide notice by first-class mail, postage prepaid, to the Owner (with a copy to the Issuer and the Borrower) at their addresses shown on the bond register stating that the interest rate on the Permanent Loan Amount will be converted to the Fixed Rate effective on the Interest Rate Conversion Date. Failure to mail any such notice or any defect in the mailing thereof in respect of any Bond shall not affect the validity of the conversion of the interest rate with respect to any Bond.

(e) **Default Rate.** Following the occurrence of an Event of Default under the Loan Agreement, the Bond shall bear interest at the Default Rate.

(f) **Taxable Rate.** If an Initial Notification of Taxability shall occur, the Bond shall bear interest from the date of such Initial Notification of Taxability at the Taxable Rate. If such Initial Notification of Taxability is reversed by the Internal Revenue Service or a court of competent jurisdiction and a Determination of Taxability does not occur, then the Bond shall bear interest from the date of such reversal at the rate applicable to the Bond prior to the Initial Notification of Taxability and the Servicer shall refund to the Borrower on or prior to the next succeeding Bond Payment Date, the difference between the interest previously paid and the interest which would have accrued at the Applicable Rate for such period. This provision shall survive the discharge of this Indenture pursuant to Article IX hereof.



(g) ***Additional Interest.*** The Owner of the Bond shall also be entitled to Additional Interest, which amount, if any, shall be deposited in the Revenue Fund pursuant to the provisions of Section 3.2(c) of the Loan Agreement.

(h) ***Maximum Rate.*** In no event shall interest accrue on the Bond at a rate greater than the Maximum Rate.

(i) ***Usury.*** Notwithstanding any provision of this Indenture to the contrary, in no event shall the interest contracted for, charged or received in connection with the Bond (including any other costs or considerations that constitute interest under the laws of the State which are contracted for, charged or received pursuant to this Indenture) exceed the maximum rate of nonusurious interest allowed under the laws of the State as presently in effect and to the extent of any increase allowable by such laws. To the extent permitted by law, interest contracted for, charged or received on the Bond shall be allocated over the entire term of the Bond, to the end that interest paid on the Bond does not exceed the maximum amount permitted to be paid thereon by law. Excess interest, if any, provided for in this Indenture, or otherwise, shall be canceled automatically as of the date of such acceleration or, if theretofore paid, shall be credited as principal paid on the Bond.

**Section 3.07. Payment of Interest on the Bond.** Interest on the Bond shall be payable in the following manner: commencing the first day of the first month after the month in which the Closing Date occurs and continuing on each Interest Payment Date thereafter, interest on the Outstanding principal balance of the Bond (which amount shall reflect so much of the purchase price as shall have been advanced pursuant to Section 3.01(b) hereof) at the Applicable Rate for the Bond shall be due and payable in arrears. All accrued and unpaid interest shall be due and payable in full on the Maturity Date, if not paid earlier.

**Section 3.08. Execution and Authentication of Bond.**

(a) The Bond shall be executed on behalf of the Issuer by the manual or facsimile signature of Mayor of the City of Los Angeles, and attested by the manual or facsimile signature of an Authorized Attesting Officer. Any facsimile signatures shall have the same force and effect as if said persons had manually signed said Bond. Any reproduction of the official seal of the City of Los Angeles on the Bond shall have the same force and effect as if the official seal of the City of Los Angeles had been impressed on the Bond.

(b) In case any officer of the Issuer whose signature or facsimile signature shall appear on the Bond shall cease to be such officer or be employed by the Issuer before the Bond so signed and sealed shall have been actually delivered, such Bond may, nevertheless, be delivered as herein provided, and may be issued as if the persons who signed or sealed such Bond had not ceased to hold such offices or be so employed. Any Bond may be signed and sealed on behalf of the Issuer by such persons as, at the actual time of the execution of such Bond, shall be duly authorized or hold the proper office in or employment by the Issuer, although at the date of the Bond such persons may not have been so authorized nor have held such office or employment.



(c) No Bond shall be valid or obligatory for any purpose or shall be entitled to any right or benefit under this Indenture unless there shall be endorsed on such Bond a certificate of authentication in the form set forth in such Bond duly executed by the manual signature of an authorized signatory of the Trustee, and such certificate of the Trustee upon any Bond executed on behalf of the Issuer shall be conclusive evidence that the Bond so authenticated has been duly issued under this Indenture and that the Owner thereof is entitled to the benefits of this Indenture.

### **Section 3.09. Negotiability, Transfer and Registry of Bond.**

(a) The Trustee is hereby appointed registrar with respect to the Bond, to act as agent of the Issuer for the registration and transfer of Bond and the maintenance of the books of registration for the Bond. Each Bond issued under this Indenture shall be negotiable, subject to the provisions for registration and transfer contained in this Indenture and in the Bond. So long as this Indenture remains in force, the Trustee, as registrar, shall maintain and keep books for the recordation of the taxpayer identification number of each of the Owner of the Bond and the registration, transfer and exchange of Bond. Each Bond shall be transferable only upon the books of registration. The Issuer may appoint a successor registrar upon notice by mail to the Trustee and the Owner of the Bond.

(b) Upon surrender of the Bond at the designated corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the Owner or his attorney duly authorized in writing, such Bond may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of the Bond.

(c) The Borrower shall bear all costs in connection with any transfer or exchange of the Bond, including the reasonable fees and expenses of the Issuer, Bond Counsel and the Trustee and of any required indemnity for the Issuer and the Trustee; provided that the costs of any tax or other governmental charge imposed upon such transfer or exchange shall be borne by the Owner transferring the Bond.

(d) The Bond shall be transferred upon presentation and surrender thereof at the designated corporate trust office of the Trustee by the Owner thereof or his attorney duly authorized in writing with due endorsement for transfer or accompanied by a written instrument of transfer in form satisfactory to the Trustee. A Bond surrendered in any exchanges or transfers shall forthwith be canceled. For every such exchange or transfer of Bond, there shall be made a charge sufficient to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the Owner requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Trustee shall not be obligated to (i) authenticate, exchange or transfer any Bond during a period beginning at the opening of business on any Record Date and ending at the close of business on the next succeeding Interest Payment Date, (ii) authenticate, exchange or transfer any Bond during a period beginning at the opening of business 15 days next preceding any selection of Bond to be redeemed and ending at the close of business on the date of the first giving of notice of such redemption, or (iii) transfer or exchange any Bond called or being called for redemption in whole or in part.

(e) The following shall apply to all transfers of the Bond after the initial delivery of the Bond:

(i) the Bond, in the form attached hereto as Exhibit A, shall be physical certificated instruments, and shall not be held in the book-Entry only system;

(ii) the Bond shall only be transferred only in whole to a transferee which is an Approved Institutional Buyer;

(iii) each transferee of the Bond shall deliver to the Issuer an investor's letter in the form of Exhibit B (the "Investor's Letter") hereto wherein the transferee agrees, among other matters, not to sell participating interests in the Bond without the prior written consent of the Issuer; and

(iv) if the transferee is a "Commercial Bank" as defined in the Responsible Banking Ordinance, upon delivery to the Issuer of an executed Responsible Banking Ordinance Certificate in the form of Exhibit E hereto; and

(v) the Trustee shall not authenticate or register a Bond unless the conditions of this Section 3.09(e) have been satisfied and the Trustee has received the written consent of the Issuer to such transfer in accordance with and to the extent required by subsection (f) below.

(vi) The Trustee shall require the payment by the Owner requesting any such transfer of any tax, fee or other governmental charge required to be paid with respect to such transfer, but any such transfer shall otherwise be made without charge to the Owner requesting the same. The cost of printing any Bond and any services rendered or any expenses incurred by the Trustee in connection therewith shall be paid by the Owner.

(f) The Owner and Trustee shall not transfer the Bond without prior written approval by the Issuer, provided that the Issuer agrees that it shall not unreasonably or arbitrarily withhold such approval with respect to a transfer that (i) complies with the requirements of subparagraph (e)(3) above, and (ii) is made by the Owner in order to comply with capital requirements or constraints, overall asset disposition strategies or regulatory requirements applicable to the Owner as certified to the Issuer in writing and that, with respect to any such requested transfer, the Issuer will provide its consent or specify its reasons for withholding its consent within 10 days of receipt by the Issuer and the Trustee of the items specified in (e)(3) above and the written certification referenced in this sentence. If the Issuer fails to respond within such 10-day period, the Issuer's consent shall be deemed granted. Notwithstanding anything to the contrary herein, the Issuer's consent to a transfer of the Bond shall not be required with respect to any transfer to a subsidiary or Affiliate of the then existing Owner which transfer otherwise meets the requirements hereof. The Owner shall indemnify and defend the Issuer and the officers, directors, employees, attorneys and agents of the Issuer against any claim brought by any transferor or transferee of the Bond in respect of the Bond, this Indenture or any of the Loan Documents in the event that there occurs a transfer of the Bond that is not permitted

pursuant to this Section 3.09. Failure to comply with Section 3.09(e) shall cause any purported transfer to be null and void.

**Section 3.10. Ownership of Bond.** The Issuer hereby appoints the Trustee as registrar and authenticating agent for the Bond. The Trustee will keep or cause to be kept at its Principal Office sufficient books for the registration, notation of principal and transfer of the Bond, which shall at all reasonable times upon reasonable notice be open to inspection by the Issuer and the Owner; and, upon presentation for such purpose, the Trustee as registrar shall, under such reasonable regulations as it may prescribe, transfer or cause to be transferred, on said books, the Bond as hereinbefore provided.

The ownership of the registered Bond shall be proved by the bond registration books held by the Trustee. The Trustee and the Issuer may conclusively assume that such ownership continues until written notice to the contrary is served upon the Trustee. The fact and the date of execution of any request, consent or other instrument and the amount and distinguishing numbers of the Bond held by the person so executing such request, consent or other instrument may also be proved in any other manner which the Trustee may deem sufficient. The Trustee may nevertheless, in its discretion, require further proof in cases where it may deem further proof desirable.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the Bond and the Owner of every Bond issued in exchange thereof or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer in accordance therewith or reliance thereon. The Issuer, the Trustee and any other Person may treat the registered owner of any Bond as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or redemption price of and interest on such Bond and for all other purposes whatsoever, and payment of the principal or redemption price, if any, of and interest on any such Bond shall be made only to, or upon the order of, such registered owner. All such payments to such registered owner shall be valid and effectual to satisfy and discharge the liability of the Issuer upon such Bond to the extent of the sum or sums so paid, and neither the Issuer nor any Trustee shall be affected by any notice to the contrary.

**Section 3.11. Payments on Bond Due on Non-Business Days.** In any case where any Bond Payment Date shall be a day other than a Business Day, then payment of the Bond shall be made on the next succeeding Business Day with the same force and effect as if made on the Bond Payment Date, and no interest shall accrue for the period after such date.

## ARTICLE IV

### REDEMPTION OF BOND

**Section 4.01. Mandatory Redemption.** The Bond shall be subject to mandatory redemption, and shall be redeemed prior to maturity, as follows:

- (a) in whole or in part on the first Interest Payment Date for which notice can be given in accordance with this Indenture after the Conversion Date to the extent of excess

funds on deposit on such date in the Loan Account of the Project Fund, determined as provided in Section 5.03 of this Indenture;

(b) in whole or in part on the first Interest Payment Date for which adequate notice can be given in accordance with this Indenture after and to the extent that Insurance Proceeds or a Condemnation Award in connection with the Project are deposited in the Insurance and Condemnation Proceeds Account of the Project Fund and are not to be used to repair or restore the Project (which unused Condemnation Award or Insurance Proceeds shall be applied to the redemption of Bond, unless the Owner shall have approved a proposed alternative application of such funds and the Trustee and the Servicer shall have received an opinion of Bond Counsel to the effect that such proposed alternative application of such funds will not adversely affect the exclusion of interest on the Bond from the gross income of Owner (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code));

(c) in whole on the first Interest Payment Date for which notice can be given to the Owners in accordance with this Indenture following receipt by the Trustee of notice from the Servicer demanding such redemption, following a Determination of Taxability;

(d) on or prior to the Conversion Date, in an amount sufficient to reduce the aggregate principal amount of Outstanding Bond to an amount not in excess of the Permanent Loan Amount;

(e) on or prior to the Conversion Date, in the amount (if any), in excess of the amount required pursuant to Section 4.01(d), that is necessary in order to achieve compliance with the debt service coverage condition to achievement of the Conversion Date;

(f) in part on the first day of each calendar month as set forth in the Amortization Schedule (as it may be amended from time to time in accordance with Section 4.07(b)), in the amount set forth opposite such date in the Amortization Schedule; or

(g) in whole, following receipt by the Trustee of notice from the Servicer (i) stating that an Event of Default has occurred under the Loan Agreement or the Continuing Covenants Agreement and (ii) demanding redemption of the Bond, on any date selected by the Servicer, specified in a notice in writing delivered to the Borrower at least 10 days prior to such date.

**Section 4.02. Redemption Price of Bond Redeemed Pursuant to Mandatory Redemption.** Any Bond being redeemed before maturity in accordance with Section 4.01 of this Indenture shall be redeemed at a redemption price equal to the principal amount of the Bond being redeemed, together with accrued interest to the date of redemption, plus (i) the Prepayment Fee, if redemption is under Section 4.01(a), (b), (c), (e) or (g), and (ii) Additional Interest, if redemption is under Section 4.01(c).

**Section 4.03. Optional Redemption.** Prior to the Conversion Date, the Bond is subject to optional redemption without penalty as set forth in the Continuing Covenants Agreement. Following the Conversion Date, the Bond shall be subject to redemption from the proceeds of an optional prepayment of the Loan by the Borrower in whole or in part, on any Interest Payment Date following the expiration of the Lockout Period (as defined in the Continuing Covenants Agreement), at a redemption price equal to the principal amount thereof, together with accrued interest to the date of redemption and the payment of a Prepayment Fee as set forth in the Continuing Covenants Agreement.

**Section 4.04. Purchase in Lieu of Redemption.** At the election of the Borrower upon a redemption in whole of the Bond, by written notice to the Trustee and the Servicer given not less than five Business Days in advance of such redemption date, the Bond will be deemed tendered for purchase in lieu of the redemption on such date and the call for redemption shall be cancelled. The purchase price of Bond so purchased in lieu of redemption shall be the principal amount thereof together with all accrued and unpaid interest to the date of redemption and any Prepayment Fee, if due, and shall be payable on the date of redemption thereof. A Bond so purchased in lieu of redemption shall remain Outstanding and shall be registered to or upon the direction of the Borrower.

**Section 4.05. Notice of Redemption.**

(a) Notice of redemption shall be given by the Trustee to the Owners and the Borrower (with a copy to the Equity Investor) by facsimile transmission or other similar electronic means of communication (provided the same shall have provided such contact information to the Trustee), promptly confirmed in writing, not less than 30 Business Days prior to the date fixed for redemption; provided, however, that no notice of redemption shall be required to be given to the Owner for a redemption pursuant to Section 4.01(d) or Section 4.01(e) of this Indenture. Receipt of such notice of redemption shall not be a condition precedent to such redemption, and failure to so notify any of such registered Owner shall not affect the validity of the proceedings for the redemption of the Bond. Notices of the optional redemption of the Bond may be conditioned upon the occurrence of stated circumstances, including but not limited to the timely deposit of sufficient funds with the Trustee on or prior to the date of redemption to effect the redemption.

(b) Notice of redemption having been given as provided in subsection (a) of this Section 4.05 and all conditions precedent, if any, specified in such notice having been satisfied, the Bond or portions thereof so to be redeemed shall become due and payable on the date fixed for redemption at the redemption price specified therein plus any accrued interest to the redemption date, and upon presentation and surrender thereof at the place specified in such notice, such Bond or portions thereof shall be paid at the redemption price, plus any accrued interest to the redemption date. On and after the redemption date (unless funds for the payment of the redemption price and accrued interest shall not have been provided to the Trustee), (i) such Bond shall cease to bear interest and (ii) such Bond shall no longer be considered as Outstanding under this Indenture.

**Section 4.06. [Reserved].**

#### **Section 4.07. Partial Redemption of Registered Bond.**

(a) In case part but not all of a Bond shall be selected for redemption, upon presentation and surrender at the designated corporate trust office of the Trustee of such Bond by the Owner thereof or his attorney duly authorized in writing (with due endorsement for transfer or accompanied by a written instrument of transfer in form satisfactory to the Trustee), the Issuer shall execute and the Trustee shall authenticate and deliver to or upon the order of such Owner, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond, in an amount necessary to equal the unredeemed portion of the principal amount of the Bond; provided, however, that such surrender of Bond shall not be required for payment of the redemption price pursuant to Section 4.01(e). A Bond so presented and surrendered shall be canceled in accordance with this Indenture.

(b) In the event of a partial redemption of a Bond other than pursuant to Section 4.01(f) of this Indenture or any failure of the Bond authorized hereunder to be purchased through the “drawdown” mechanism pursuant to Section 3.01(b) through the Interest Rate Conversion Date, the Amortization Schedule set forth on the schedule attached as Exhibit C to this Indenture (as it may have been previously adjusted in accordance with this Section 4.07(b)) shall be adjusted to provide for approximately equal monthly payments of principal and interest at the Applicable Rate in effect for the Bond (taking into account minimum denominations of the Bond) on the Bond remaining Outstanding after taking into account such partial redemption; the Servicer shall provide the Trustee with a new schedule reflecting such adjustment.

### **ARTICLE V**

#### **ESTABLISHMENT OF CERTAIN FUNDS AND ACCOUNTS, APPLICATION THEREOF AND SECURITY THEREFOR**

##### **Section 5.01. Establishment of Funds and Accounts; Application of Proceeds of the Bond; and Other Amounts.**

(a) The following Funds and Accounts are hereby created and established as special trust funds:

- (i) the Project Fund, consisting of:
  - (A) the Loan Account;
  - (B) the Costs of Issuance Account;
  - (C) the Insurance and Condemnation Proceeds Account;
  - (D) the Equity Account; and
  - (E) the Capitalized Interest Account.



- (ii) the Revenue Fund; and
- (iii) the Rebate Fund.

(b) All the Funds and Accounts created by subsection (a) of this Section 5.01 shall be held by the Trustee in trust for application only in accordance with the provisions of this Indenture.

(c) The initial installment for the sale of the Bond (\$[\_\_\_\_\_]), together with an initial contribution of the Borrower (\$[\_\_\_\_\_]) shall be applied as follows:

- (i) \$[\_\_\_\_\_], representing the initial proceeds of the sale of the Bond, shall be deposited in the Loan Account of the Project Fund;
- (ii) \$[\_\_\_], representing the initial equity contribution of the Borrower, shall be deposited in the Equity Account of the Project Fund; and
- (iii) \$[\_\_\_\_\_], representing the contribution of the Borrower, shall be deposited in the Costs of Issuance Account of the Project Fund.

#### **Section 5.02. Project Fund.**

(a) ***Deposit of Moneys.*** Amounts received by the Trustee on the Closing Date from the proceeds of the Bond and other funds of the Borrower shall be deposited into the Loan Account, the Capitalized Interest Account, the Costs of Issuance Account, and the Equity Account of the Project Fund as shown in Exhibit E hereto. The Loan Account of the Project Fund shall be funded from time to time as and when installments of the purchase price of the Bond are paid by the Owners pursuant to Section 3.01(b) hereof. Additional capitalized interest deposited by the Borrower in connection with any extension of the Conversion Deadline shall be deposited into the Capitalized Interest Account of the Project Fund. Any amounts received by the Trustee from the Guarantor, and any amounts received by the Trustee from the Borrower as additional capital contributions from the Equity Investor in response to demands by the Servicer for deposits of Borrower's funds, shall be deposited into the Equity Account of the Project Fund. All Condemnation Awards and Insurance Proceeds shall be deposited into the Insurance and Condemnation Proceeds Account of the Project Fund. Any other funds directed by the Issuer, the Servicer or the Borrower to be deposited into the Project Fund which are not required to be otherwise deposited or disbursed shall be so deposited by the Trustee upon receipt of funds and such direction.

(b) ***Use of Moneys.***

(i) ***Loan Account.*** The Trustee shall disburse to the Owner of the Bond, the accrued interest on the Bond when due, upon the receipt of a written request from the Owner stating the amount of such interest, without the need for the consent of, but with delivery of a copy of such written request to, the Borrower and the Issuer. The Trustee shall make payments from the Loan Account for the purpose of paying the Qualified Costs of the Project. The Issuer hereby authorizes and



directs the disbursement by the Trustee of the amounts deposited in the Loan Account in accordance with this Indenture to or upon the order of the Borrower (or, at the direction of the Owner, to such contractors or subcontractors as specified in writing to the Trustee by the Owner) from time to time upon receipt by the Trustee of a completed and fully executed Requisition. Except as provided in the first sentence of this Section 5.02(b)(i), the Issuer's acknowledgment to (but not consent of) each disbursement shall be required. The Issuer agrees, however, that if the Issuer has not acknowledged in writing any disbursement within five Business Days of receipt of a request for acknowledgment of such disbursement, the Issuer shall be deemed to have acknowledged such disbursement.

The Trustee shall maintain, or cause to be maintained, accurate records regarding the disbursement of the proceeds of the Bond in accordance with this Section 5.02(b), and shall provide copies thereof to the Issuer and the Owner upon their written request. Additionally, the Trustee shall provide the Issuer with a monthly statement regarding activity in each of the funds and accounts created under this Indenture, including the Project Fund and the Revenue Fund in the immediately preceding month.

The Trustee, the Owner and the Issuer shall not be responsible for the application by the Borrower of monies disbursed to the Borrower in accordance with this Section 5.02.

(ii) *Equity Account.* The Trustee shall make payments from the Equity Account to pay (A) all costs of acquisition, construction, rehabilitation and equipping of the Project other than Qualified Costs of the Project and (B) to the extent amounts on deposit in the Loan Account are insufficient for such purposes, all Qualified Costs of the Project pursuant to a completed and fully executed Requisition. The Issuer's acknowledgment to (but not consent of) each disbursement shall be required. The Issuer agrees, however, that if the Issuer has not acknowledged in writing any disbursement within five Business Days of receipt of a request for acknowledgment of such disbursement, the Issuer shall be deemed to have acknowledged such disbursement.

(iii) *Capitalized Interest.* On the last Business Day immediately preceding each Interest Payment Date up to and including the Completion Date, the Trustee shall transfer funds from the Capitalized Interest Account to the Revenue Fund to pay accrued interest on the Bond through the date immediately preceding such Interest Payment Date, without any requirement or condition of submission of any Requisition. On the Completion Date, the Trustee shall transfer any funds on deposit in the Capitalized Interest Account which are proceeds of the Bond and investment earnings thereon to the Loan Account for disbursement as provided herein. After the Conversion Date, amounts held in the Capitalized Interest Account shall be applied to pay Qualified Costs of the Project, transferred to the Revenue Fund for application to the payment of amounts due in respect to the Bond, or, as further provided in Section 5.03 hereof, released to the Borrower, in each

case upon the written direction of the Servicer to the Trustee (a copy of which shall be provided to the Borrower).

(iv) *Costs of Issuance Account.* Amounts in the Costs of Issuance Account shall be disbursed by the Trustee on or after the Closing Date to: (A) the California Debt and Investment Advisory Commission (“CDIAC”) in the amount up to \$[ ] upon delivery of an invoice to the Trustee from CDIAC; and (B) the Trustee the sum of \$[4,000] as its acceptance fee and fees of legal counsel. Amounts remaining in the Costs of Issuance Account (including investment proceeds) after the payment of all costs of issuance, and in any event not later than 90 days following the Closing Date, shall be transferred to the Equity Account of the Project Fund and the Costs of Issuance Account shall be closed.

(v) *Insurance and Condemnation Proceeds Account.* The Trustee shall make all disbursements from the Insurance and Condemnation Proceeds Account only upon the receipt by the Trustee of the written request of the Borrower accompanied by the written approval of the Servicer and in accordance with the provisions of Section 5.04 hereof.

(vi) *Acceleration.* Upon the acceleration of the Bond pursuant to Section 6.01 hereto, all moneys and investments in the Project Fund shall be transferred to the Revenue Fund and applied to the payment of the Bond.

(c) *Requisitions.* The Trustee may rely fully on the representations of the Borrower contained in any Requisition, and upon the written approval of the Servicer set forth on any Requisition, delivered pursuant to the Loan Agreement and this Indenture, and shall not be required to make any investigation or inspection of the Project or the application or use of funds in connection therewith.

**Section 5.03. Use of Moneys Following the Conversion Date.** Moneys (including investment proceeds but net of amounts that the Trustee is directed by a written instruction from the Servicer (i) to retain to pay Qualified Costs of the Project incurred but not then due and payable or (ii) allocated to construction contingency, marketing or operating expenses after the Conversion Date) held in the Loan Account shall be transferred immediately after the Conversion Date to the Revenue Fund for application to the redemption of Bond pursuant to Section 4.01(a) hereof. On the Conversion Date, any remaining moneys held in the Equity Account shall be released to or upon the order of the Borrower, when the Servicer has notified the Issuer and the Trustee that all of the following conditions have been satisfied or waived by the Servicer: (i) the Borrower has obtained, and applied to costs of the Project in accordance with the requirements of the Continuing Covenants Agreement, all funds required to be paid by the Borrower pursuant to the Continuing Covenants Agreement and (ii) any amounts needed to redeem the Bond in accordance with Sections 4.01(d) and 4.01(e) hereof have been transferred to the Revenue Fund for the redemption of the Bond.

#### **Section 5.04. Condemnation Awards and Insurance Proceeds.**

(a) Moneys representing a Condemnation Award or Insurance Proceeds received by the Trustee and designated as such at the time of the deposit shall be deposited into the Insurance and Condemnation Proceeds Account of the Project Fund, and written notice of such deposit thereof shall be given by the Trustee to the Servicer.

(b) To the extent there has been a determination pursuant to the Loan Documents to restore the Project, such Condemnation Award or Insurance Proceeds as have been approved for disbursement by the Servicer shall be disbursed by the Trustee to or for the account of the Borrower, in accordance with terms, conditions and procedures specified by the Servicer in writing to the Trustee, for application by the Borrower for such purposes in accordance with the provisions of the Loan Documents.

(c) In the event there is a determination pursuant to the Loan Documents not to restore the Project, such Condemnation Award or Insurance Proceeds shall be either (i) transferred to the Revenue Fund and applied to the redemption of the Bond in accordance with Section 4.01(b) hereof, or (ii) released to the Borrower if the Borrower obtains an opinion of Bond Counsel that such release will not affect the excludability of the interest on the Bond from the gross income of Owners (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) for federal income tax purposes, all in accordance with written direction of the Servicer to the Trustee and subject to the provisions of the Loan Documents.

#### **Section 5.05. Revenue Fund.**

(a) There shall be deposited into the Revenue Fund all amounts transferred from the Project Fund or received from the Borrower pursuant to Section 3.2 of the Loan Agreement with respect to the Loan Documents or from the Guarantor under the Guaranty, including payments of interest and principal and voluntary and involuntary prepayments of the Loan and investment earnings on investments held in the Funds and Accounts created by this Indenture (except as otherwise provided in Section 5.06 and Section 5.08 hereof).

(b) Amounts in the Revenue Fund shall be applied to the following items in the following order of priority:

(i) on each Interest Payment Date, to the payment of regularly scheduled interest on the Bond;

(ii) on each Bond Payment Date, to the payment of the principal of or redemption price (or purchase price in the event of an election of Borrower under Section 4.04) of, accrued interest on, and any Prepayment Fee or Additional Interest due with respect to, the Bond;

(iii) on the first day of [\_\_\_\_\_] and [\_\_\_\_\_] commencing [\_\_\_\_\_] 1, 2022, to the payment of the fees of the Issuer due pursuant to Section 7(n) of the

Regulatory Agreement; on the first day of [\_\_\_\_] commencing [\_\_\_\_] 1, 2022, to the payment of the Trustee Fee, and on the first day of each month to the payment of the fees of the Owner and the Servicer, if any, due and owing under the Loan Documents and this Indenture;

(iv) on the first day of each month (or the next Business Day if such first day of the month is not a Business Day), to the payment of any other amounts then due and owing under the Loan Documents; and

(v) on the first day of each month (or the next Business Day if such first day of the month is not a Business Day), to the Borrower or such other party as may be legally entitled thereto.

The Borrower shall provide written instruction to the Trustee as to the amounts to be paid or transferred pursuant to clauses (iii), (iv), and (v) above, which instruction shall include invoices or other documentation or shall otherwise show in reasonable detail the amount to be paid or transferred and with respect to clause (v) above shall require the written concurrence of the Servicer.

(c) Upon the payment in full of the Bond and the fees and expenses of the Issuer and the Trustee, the payment of amounts payable to the United States pursuant to Section 5.06 hereof, and the payment of any amounts owing to the Bank or the Servicer, any amounts remaining in the Revenue Fund (except amounts held for future payment to the United States pursuant to Section 5.06 hereof) shall be paid to the Borrower.

#### **Section 5.06. Rebate Fund.**

(a) The Rebate Fund shall be held and applied as provided in this Section 5.06. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment, to the extent required under the Tax Certificate and as calculated by the Rebate Analyst, for payment to the United States Government. None of the Issuer, the Borrower or the Owner shall have any rights in or claim to such moneys. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section and by the Tax Certificate.

(b) The Trustee shall make information regarding the Bond and the investments hereunder available to the Borrower promptly upon written request, shall make deposits to and disbursements from the Rebate Fund in accordance with the directions received from the Authorized Representative of the Borrower, shall invest moneys in the Rebate Fund pursuant to such directions and shall deposit income from such investments, and shall make payments to the United States of America in accordance with written directions received from the Borrower.

(c) Notwithstanding any provision of this Indenture to the contrary, the Trustee shall not be liable or responsible for any calculation or determination which may be required in connection with or for the purpose of complying with Section 148 of the Code or any applicable Treasury regulation (the “Arbitrage Rules”) or any other section of the Code, including, without limitation, the calculation of amounts required to be paid to the

United States under the provisions of the Arbitrage Rules and the Fair Market Value of any investment made hereunder, it being understood and agreed that the sole obligation of the Trustee with respect to investments of funds hereunder shall be to invest the moneys received by the Trustee pursuant to the written instructions of the Authorized Representative of the Borrower given in accordance with Section 5.07 hereof. The Trustee shall have no responsibility for determining whether or not the investments made pursuant to the direction of the Borrower or any of the instructions received by the Trustee under this Section comply with the requirements of the Arbitrage Rules and shall have no responsibility for monitoring the obligations of the Borrower or the Issuer for compliance with the provisions of this Indenture with respect to the Arbitrage Rules.

(d) Notwithstanding any provision of this Indenture to the contrary, the obligation to remit payment of the rebate amount to the United States and to comply with all other requirements of this Section 5.06 shall survive the defeasance or payment in full of the Bond.

(e) Any funds remaining in the Rebate Fund after redemption and payment of the Bond and payment and satisfaction of any rebate requirement, or provision made therefor satisfactory to the Servicer, shall be withdrawn and remitted to the Borrower.

(f) The Trustee shall obtain and keep such records of the computations made pursuant to this Section 5.06 as are required under Section 5.09 hereof. The Trustee shall keep and make available to the Borrower such records concerning the investments of the gross proceeds of the Bond and the investments of earnings from those investments as may be requested by the Borrower in writing in order to enable the Borrower to cause the Rebate Analyst to make the aforesaid computations as are required under Section 148(f) of the Code.

(g) Notwithstanding the foregoing, the computations and payments of rebate amounts referred to in this Section 5.06 need not be made if there shall have been delivered to the Trustee, the Issuer and the Servicer an opinion of Bond Counsel to the effect that such withdrawal and payment are not necessary in order to establish or maintain the exclusion from the gross income of the Owner (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) of interest on the Bond. In the event Bond Counsel so opines, the moneys on deposit in the Rebate Fund shall be applied to such purpose as the Borrower shall direct in writing provided that the Borrower shall deliver to the Issuer, the Trustee and the Servicer an opinion of Bond Counsel to the effect that such application will not adversely affect the exclusion from the gross income of the Owner (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) of interest on the Bond for purposes of federal income taxation.

#### **Section 5.07. Moneys Held in Trust; Investment of Moneys.**

(a) All moneys from time to time received by the Trustee and held in the Funds and Accounts created hereby (other than the Rebate Fund) shall be held in trust as security

for the benefit of the Owner of the Bond. All such moneys, including the moneys held in the Rebate Fund, shall be invested only as provided in this Indenture.

(b) Any such investments shall be held by or under the control of the Trustee. A sufficient amount of such investments shall be liquidated whenever the cash balance in any Fund or Account (other than the Rebate Fund) is insufficient to pay an approved Requisition when presented. Any moneys held as a part of the Funds shall be invested or reinvested, to the extent permitted by law, in Investment Securities at the request of and as directed in writing by an Authorized Representative of the Borrower. The Trustee shall have no liability relating to the amount received from the sale of any Investment Security, or whether the Investment Security was sold for a loss or gain.

**Section 5.08. Investment Earnings.** Earnings on investments held in the Capitalized Interest Account, the Loan Account, the Equity Account and the Insurance and Condemnation Proceeds Account shall be retained in the Capitalized Interest Account, the Loan Account, the Equity Account and the Insurance and Condemnation Proceeds Account, respectively, for application pursuant to Sections 5.02, 5.03 and 5.04 hereof. Earnings on all investments held in the Revenue Fund shall be retained in the Revenue Fund for application pursuant to Section 5.05 hereof. Earnings on investments held in the Rebate Fund shall be retained therein and applied in the manner prescribed by Section 5.06 hereof.

**Section 5.09. Covenants Respecting Arbitrage and Rebate.** The Trustee shall keep and make available to the Borrower such records concerning the investment of the gross proceeds of the Bond and the investments of earnings from those investments as may be requested by the Borrower in order to enable the Borrower to fulfill the requirements of Section 148(f) of the Code.

**Section 5.10. Records.** The Trustee shall keep and maintain adequate records pertaining to the Funds and Accounts established hereunder, including all deposits to and disbursements from such funds and accounts. The Trustee shall retain in its possession all certifications and other documents presented to it, all such records and all records of principal and interest paid on the Bond, subject to the inspection of the Borrower, the Equity Investor, the Issuer and the Owner of the Bond and their representatives at all reasonable times and upon reasonable prior notice.

**Section 5.11. Reports From the Trustee.** The Trustee shall, on or before the tenth day of each month and annually, file with the Servicer, the Borrower and the Issuer a statement setting forth in respect to the preceding calendar month or year:

- (a) the amount withdrawn or transferred by it and the amount deposited within or on account of each Fund and Account held by it under the provisions of this Indenture, including the amount of investment income on each Fund and Account;
- (b) the amount on deposit with it at the end of such month to the credit of each Fund and Account;
- (c) a brief description of all obligations held by it as an investment of moneys in each such Fund and Account;



(d) the amount applied to the purchase or redemption of the Bond and a description of the Bond or portions of Bond so purchased or redeemed; and

(e) any other information which the Borrower, the Servicer or the Issuer may reasonably request and to which the Trustee has access in the ordinary course of its operations.

The Issuer acknowledges that, to the extent that regulations of the Comptroller of the Currency or any other applicable regulatory agency grant the Issuer the right to receive brokerage confirmations of securities transactions as they occur, the Issuer specifically waives the right to receive such confirmations. Upon the written request of the Owner, the Trustee, at the cost of the Borrower, shall provide a copy of such statement to the Owner of the Bond. All records and files pertaining to the Trust Estate shall be open at all reasonable times to the inspection of the Servicer and its agents and representatives upon reasonable prior notice.

## ARTICLE VI

### DEFAULT

**Section 6.01. Default Under Loan Agreement; Acceleration.** No default by the Borrower under the Loan Agreement shall constitute an event of default with respect to the Bond. The Issuer's, Trustee's, Borrower's, Servicer's and Owner's remedies with respect to a default under the Loan Documents shall be as set forth under the Loan Documents. The Servicer may, upon the acceleration of the Borrower's obligations under the Loan Documents, direct the Trustee to accelerate the maturity of the Bond and apply any funds available hereunder for such purpose as provided herein (after paying the fees and expenses of the Trustee and the Issuer). Any Bond remaining outstanding shall be deemed paid upon transfer, to or at the direction of the Owner, of the Loan Documents and all security therefor free and clear of the lien of this Indenture.

The Issuer shall cooperate with the Owner, the Servicer and the Trustee in exercising rights and remedies under the Loan Documents, but only upon being satisfactorily indemnified by the Borrower for any fees or expenses relating thereto as provided in the Loan Agreement and Regulatory Agreement.

**Section 6.02. Limitation of Liability to Revenues.** Notwithstanding anything contained in this Indenture, the Issuer shall not be required to advance any moneys derived from the proceeds of taxes collected by the Issuer, the State of California or by any political subdivision thereof or from any source of income of any of the foregoing other than the Trust Estate for any of the purposes mentioned in this Indenture, whether for the payment of the principal of or interest on the Bond or for any other purpose of this Indenture. The Bond is a limited obligation of the Issuer, and is payable from and secured by the Trust Estate only.



## ARTICLE VII

### CONCERNING THE TRUSTEE

#### **Section 7.01. Trustee; Appointment and Acceptance of Duties.**

(a) The Issuer hereby appoints the Trustee as trustee hereunder. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing this Indenture. The Trustee is authorized and directed to enter into the Loan Documents to which it is a party, solely in its capacity as Trustee. In entering into such Loan Documents and taking any action under such Loan Documents, the Trustee shall be entitled to the protections, limitations from liability and indemnification granted to it under this Indenture and the Loan Agreement.

(b) Unless otherwise provided, the corporate trust offices of the Trustee are designated as the respective offices or agencies of the Trustee for the authentication and delivery of the Bond.

#### **Section 7.02. Responsibilities of Trustee.**

(a) The recitals of fact herein and in the Bond and the other Loan Documents contained (other than the certificate of authentication) shall be taken as the statements of the Issuer and/or the Borrower, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of any Bond issued hereunder or as to the security afforded by this Indenture, and the Trustee shall incur no liability in respect thereof. The Trustee shall be under no responsibility or duty with respect to the application of any moneys properly paid to it except as provided herein or as otherwise expressly agreed by the Trustee. Except for the written declaration of acceleration under Section 6.01 hereof or the payment of principal and interest on the Bond, the Trustee shall be under no obligation or duty to perform any act that would involve it in expense or liability or to institute or defend any suit in respect of this Indenture or to advance any of its own moneys, unless indemnified to its reasonable satisfaction. Subject to the provisions of subsection (b) of this Section 7.02, the Trustee shall not be liable in connection with the performance of its duties under this Indenture except for its own gross negligence or willful misconduct.

(b) The Trustee, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (and has not been cured within any applicable grace period) and subject to the rights of the Servicer with respect to control of remedies following an Event of Default hereunder, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. Any provisions of this Indenture relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section 7.02.

(c) The Trustee shall cooperate fully with the Servicer in the enforcement and protection of the rights of the Owner of the Bond to the fullest extent possible under this Indenture, the Loan Documents and applicable law. Toward this end, the Trustee shall take such action as reasonably directed in writing by the Servicer, including foreclosure of the Property under the Mortgage, suit for specific performance of the Loan Documents or for damages for nonperformance thereof and assignment of the Loan Documents to the Owner of the Bond for purposes of enforcing the rights of the Owner of the Bond; provided, that without the prior written consent of the Issuer, the Servicer shall give the Trustee no direction as to the enforcement of the Reserved Rights, which shall, except with the prior written consent of the Issuer, be enforceable only by the Issuer.

(d) The Trustee shall not take any discretionary action under the Loan Documents (although disbursement of Loan proceeds and investment earnings thereon under the Loan Agreement shall be made in accordance with the terms of Article V hereof) without the written approval of the Servicer and shall, subject to the proviso of paragraph (c) of this section, take such discretionary action permitted or required under the Loan Documents, as may be directed in writing by the Servicer.

(e) The Trustee shall notify the Servicer of any notification received by the Trustee under or pursuant to the Loan Documents promptly after receipt of such notice.

(f) [Reserved].

(g) Promptly upon receipt of notice of the occurrence of a Determination of Taxability, the Trustee shall give immediate telephonic notice, promptly confirmed in writing, to the Borrower, the Equity Investor, the Issuer, the Owner and former Owners (provided the same shall have provided such contact information to the Trustee and provided that the Trustee shall not be obligated to maintain records of such former Owners or to retain records relating to such former Owners for more than six years).

(h) The Trustee shall not be required to take notice or be deemed to have notice of (i) any default hereunder or under the Loan Agreement, unless the Trustee shall be specifically notified in writing of such default by the Issuer or the Owner, or (ii) any default under the Regulatory Agreement unless the Trustee shall be specifically notified in writing of such default by the Issuer;

(i) Before taking any action under this Indenture or any Loan Document at the request or direction of the Owner, the Trustee may require that satisfactory indemnity be furnished by the Owner, for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken;

(j) The Trustee may execute any of the powers hereunder or perform any duties hereunder either directly or through agents or attorneys;

(k) The immunities extended to the Trustee also extend to its directors, officers and employees;

(l) No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy;

(m) The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of the Owner related to the exercise of any right, power or remedy available to the Trustee;

(n) The Trustee shall have no duty to review any financial statements or information filed with it by the Borrower under the Loan Agreement;

(o) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay (“unavoidable delay”) in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(p) None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties as Trustee or in the exercise of any of its rights or powers as Trustee.

(q) Whenever in the administration of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a certificate of the Issuer or a certificate of the Owner; and such certificate of the Issuer or a certificate of the Owner shall be full warrant to the Trustee for any action taken or suffered by it under the provisions of this Indenture upon the faith thereof;

(r) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document.

### **Section 7.03. Evidence on Which Trustee May Act.**

(a) The Trustee, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Indenture, shall examine such instrument to determine whether it conforms to the requirements of this Indenture and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the

proper party or parties. The Trustee may consult with counsel selected by it in respect of any action taken or suffered by the Trustee under this Indenture and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

(b) Except as otherwise expressly provided in this Indenture, any request, order, notice, confirmation, concurrence or other direction required or permitted to be furnished pursuant to any provision of this Indenture by the Issuer, the Servicer or the Borrower, as applicable, to the Trustee shall be sufficiently executed if executed in the name of the Issuer, the Servicer or the Borrower, as applicable, by an Authorized Representative of the Issuer, the Servicer or the Borrower, as applicable.

**Section 7.04. Compensation; No Trustee Liens.** The Borrower shall pay to the Trustee, as provided in the Loan Agreement, from time to time reasonable compensation for all services rendered under this Indenture and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Indenture, provided that the Trustee shall not have a lien therefor on any moneys or Investment Securities at any time held or received by it under this Indenture except as otherwise expressly provided in this Indenture.

**Section 7.05. Certain Permitted Acts.** The Trustee may become the owner of the Bond with the same rights it would have if it were not the Trustee. To the extent permitted by law, the Trustee may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owner of the Bond or to effect or aid in any reorganization growing out of the enforcement of the Bond or this Indenture, whether or not any such committee shall represent the Owner of a majority in principal amount of the Bond then Outstanding.

**Section 7.06. Resignation of Trustee.** The Trustee may resign at any time and be discharged of the duties and obligations created by this Indenture by giving not less than 60 days' written notice to the Issuer, the Equity Investor, the Borrower and the Owner of the Bond, provided that no resignation shall become effective until the acceptance of appointment by a successor Trustee as provided in Section 7.08 of this Indenture. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 60 days after the giving of such notice of resignation, the retiring Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

**Section 7.07. Removal of Trustee.** The Trustee may be removed at any time by an instrument or concurrent instruments in writing, signed by the Issuer or by the Servicer (subject to the prior written consent of the Issuer, which consent shall not be unreasonably withheld or delayed, if such removal is not for cause) and filed with the Trustee and the Borrower; provided that no removal shall become effective until the acceptance of appointment by a successor Trustee as provided in Section 7.08 of this Indenture.

**Section 7.08. Appointment of Successor Trustee; Temporary Trustee.** In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be

adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Servicer shall appoint a successor Trustee, subject to the prior written consent of the Issuer (which consent shall not be unreasonably withheld or delayed).

**Section 7.09. Transfer of Rights and Property to Successor Trustee.** Any successor Trustee appointed under this Indenture shall execute, acknowledge and deliver to its predecessor, and also to the Issuer, the Servicer and to any Owner which shall request the same, an instrument accepting such appointment and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named; but the Trustee ceasing to act nevertheless, shall execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as reasonably may be required for more fully and certainly vesting and confirming in such successor all the right, title and interest of the predecessor Trustee in and to any property held by it under this Indenture, and shall, after deducting all amounts owed to the Trustee, pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in or pursuant to this Indenture. Should any deed, conveyance or instrument in writing from the Issuer be required by such successor Trustee for more fully and certainly vesting in and confirming any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged and delivered by the Issuer.

**Section 7.10. Merger or Consolidation of Trustee.** Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it may be party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, and shall be authorized by law to perform all the duties imposed upon it by this Indenture, shall be the successor to the Trustee without the execution or filing of any paper or the performance of any further act.

**Section 7.11. Servicer.** The Owner may (but shall not be obligated to) appoint (with prompt notice thereof to the Issuer, the Trustee and the Borrower) a mortgage servicer to service the Loan for all or a portion of the term of the Loan. The Servicer shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing the Servicing Agreement. Any Servicer appointed hereunder may be removed at any time, with or without cause, by the Owner, by written notice to the Issuer, the Trustee, the Borrower and the Servicer. At any time when a Servicer has not been appointed or when a Servicer has been removed without appointment of a successor Servicer, pursuant to this Section 7.11, all references in this Indenture and in the Loan Documents to the Servicer shall be deemed to refer to the Owner. The Servicer may, with the prior written consent of the Owner, appoint an agent as subservicer to perform the duties of the Servicer under the Servicing Agreement.

**Section 7.12. Limitations on Responsibilities of the Trustee.** The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as duties. The Trustee shall only be responsible for the performance of the duties expressly set forth herein and shall not

be answerable for other than its gross negligence or willful misconduct in the performance of those express duties.

The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or non-fulfillment of contracts, relating to the Project.

The Trustee shall not be required to give any bond or surety in respect of the execution of the said trust and powers or otherwise in respect of this Indenture.

Except as explicitly stated herein, the Trustee shall have no obligation or responsibility whatsoever in connection with (i) any federal or state tax-exempt status of the Bond or the interest thereon, (ii) the consequences of the investment or non-investment of any funds or accounts relating to the Bond under Section 148 of the Code, (iii) the calculation of any amount required to be rebated to the United States under Section 148 of the Code, or (iv) monitoring compliance with any tax requirements applicable to the Trust Estate or the Bond.

The Trustee's immunities and protections from liability and its rights to indemnification shall likewise extend to the Trustee's officers, directors, agents, attorneys and employees; such immunities and protections and rights to indemnification, together with the Trustee's rights to compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture and the final payment of the Bond.

This Indenture shall not require the Trustee to enter into any continuing disclosure agreement or other undertaking or to take any other action as may be required to cause compliance with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

The Trustee shall not be under any obligation (i) to monitor, determine or verify the unavailability or cessation of the Daily LIBOR Rate (or other applicable benchmark contained in the Note, Loan Agreement or Continuing Covenant Agreement, a "Benchmark"), or whether or when there has occurred, or to give notice to any other transaction party of the occurrence of, the applicability of a substitute Benchmark, (ii) to select, determine or designate any substitute Benchmark, or whether any conditions to the designation of such a rate have been satisfied, or (iii) to select, determine or designate any other modifier to any replacement or successor index, or (iv) to determine whether or what conforming changes to the Issuer Documents or Loan Documents are necessary or advisable, if any, in connection with any of the foregoing.

The Trustee shall not be liable for any inability, failure or delay on its part to perform any of its duties set forth in this Indenture as a result of the unavailability of the Daily LIBOR Rate (or other applicable Benchmark) and absence of a designated replacement Benchmark, including as a result of any inability, delay, error or inaccuracy on the part of any other transaction party, including without limitation the Bank, in providing any direction, instruction, notice or information required or contemplated by the terms of this Indenture and reasonably required for the performance of such duties.

If for any reason parties are in dispute over the ownership of funds in any account held by Trustee or as to the disbursement of funds or assets held, which dispute is not settled by the parties within a reasonable time, the Trustee may, in its sole discretion, deposit some or all funds or assets



held with a court of proper jurisdiction in an interpleader or other action to allow the court to determine the ownership and usage of such funds or assets. Neither Issuer, Borrower, Servicer, any Owner of the Bond or any other party shall have any claim against the Trustee for commencing or prosecuting such court proceeding or for complying with the order of court as a result thereof.

## **ARTICLE VIII**

### **AMENDMENTS AND SUPPLEMENTAL INDENTURES; AMENDMENTS OF ISSUER DOCUMENTS**

**Section 8.01. Supplemental Indentures Not Requiring Consent of the Owner of the Bond.** The Issuer and the Trustee may, without the consent of, or notice to, the Owner of the Bond (but only with the prior written consent of the Servicer and with notice to the Borrower and the Equity Investor), enter into one or more Supplemental Indentures for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Indenture;
- (b) to grant to or confer any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Owner of the Bond or the Trustee, or to make any change which, in the judgment of the Servicer, is not to the prejudice of the Owner of the Bond;
- (c) to subject to the pledge and lien of this Indenture additional revenues, properties and collateral;
- (d) to evidence the appointment of a separate Trustee or co-Trustee or the succession of a new Trustee; or
- (e) to modify, amend or supplement the provisions of this Indenture or any Supplemental Indenture relating to the holding or investing by the Trustee of moneys hereunder or thereunder in such manner as the Issuer may deem necessary or desirable to maintain the exclusion from the gross income of the Owner (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) for purposes of federal income taxation of interest on the Bond.

**Section 8.02. Supplemental Indentures Requiring Consent of Owner of Bond.**

- (a) Exclusive of Supplemental Indentures covered by Section 8.01 of this Indenture and subject to the terms and provisions contained in this Section 8.02, and not otherwise, neither the Issuer nor the Trustee shall enter into any amendment, change or modification of this Indenture without the prior written consent of the Owner.
- (b) If at any time the Issuer shall desire to execute and deliver a Supplemental Indenture for any of the purposes of this Section 8.02, the Trustee shall, upon being provided with reasonably satisfactory arrangements for payment of its fees and expenses, cause notice of the proposed execution of such Supplemental Indenture to be mailed by first class mail to the Owner of the Bond. Such notice shall briefly set forth the nature of



the proposed Supplemental Indenture and shall state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by the Owner of the Bond. If within 60 days or such longer period as shall be prescribed by the Issuer following the giving of such notice, the Owner of the Bond Outstanding at the time of the execution of any such Supplemental Indenture, shall have consented to and approved the execution thereof as herein provided, no Owner of the Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Issuer from adopting the same or from taking any action pursuant to the provisions thereof. Subject to Section 8.04 hereof, upon the execution of any such Supplemental Indenture as in this Section 8.02 permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

**Section 8.03. Reliance on Opinion of Counsel.** The Trustee and the Issuer shall be entitled to rely upon an opinion of Counsel stating that a Supplemental Indenture is authorized or permitted by this Indenture, and prior to the execution and delivery of any Supplemental Indenture, if requested by the Trustee, the Issuer or the Servicer, the Trustee, the Issuer and the Servicer shall be furnished with an opinion of Bond Counsel stating that the provisions of such Supplemental Indenture will not cause the interest on the Bond to be includable in the gross income of the Owner (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) for purposes of federal income taxation.

**Section 8.04. Consents Required.** Anything herein to the contrary notwithstanding, a Supplemental Indenture described in Section 8.02 hereof which adversely affects any rights of the Borrower, the Servicer or the Trustee shall not become effective unless and until the adversely affected party shall have consented in writing to the execution and delivery of such Supplemental Indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any Supplemental Indenture together with a copy of the proposed Supplemental Indenture to be mailed as provided in Section 4.05 with respect to the redemption of the Bond to the Borrower and the Servicer at least 10 days before the date of its proposed execution and delivery.

**Section 8.05. Amendments of Loan Documents Not Requiring Consent of Owner of Bond.** The Issuer, the Trustee and the Borrower may, without the consent of or notice to the Owner of Bond (but only with the consent of the Servicer) enter into any amendment, change or modification of any of the Loan Documents as may be required (a) by the provisions of the Loan Agreement or this Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission therein, (c) so as to add additional rights and remedies for the benefit of Owner of the Bond, or (d) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee and, in the judgment of the Servicer, is not to the prejudice of the Owner of the Bond.

**Section 8.06. Amendments of Loan Documents Requiring Consent of the Owner of Bond.** Except for the amendments, changes or modifications as provided in Section 8.05 hereof, none of the Issuer, the Trustee or the Borrower shall enter into any other amendment, change or modification of the Loan Documents without the mailing of notice and the written approval or consent of the Owner of the Bond. If at any time the Issuer or the Borrower shall desire the consent

to any such proposed amendment, change or modification, the Trustee shall, upon being satisfactorily indemnified with respect to fees and expenses, cause notice of such proposed amendment, change or modification to be mailed in the same manner as provided herein with respect to redemption of the Bond. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the designated corporate trust office of the Trustee for inspection by the Owner of the Bond. If, within 60 days, or such longer period as shall be prescribed by the Trustee as the case may be, following the mailing of such notice, the Owner of the Bond Outstanding at the time of the execution of any such amendment, change or modification shall have consented to and approved the execution thereof as hereto provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Borrower or the Issuer or the Trustee as the case may be, from executing the same or from taking any action pursuant to the provisions thereof. The Issuer shall have the right to extend from time to time the period within which such consent and approval may be obtained from Owner of the Bond. Upon the execution of any such amendment, change or modification as in this Section permitted and provided, the Loan Documents shall be and be deemed to be modified, changed and amended in accordance therewith.

## **ARTICLE IX**

### **DISCHARGE**

**Section 9.01. Discharge of Indenture.** If the Issuer shall pay, or there shall otherwise be paid, to the Owner of the Bond, the principal or redemption price, if applicable, and interest due thereon, at the times and in the manner stipulated therein and in this Indenture and if all Trustee Expenses and all amounts payable to the Issuer for its own account (including expenses and indemnification) shall be paid in full, then the pledge of revenues, other moneys and securities under this Indenture, and all covenants, agreements and other obligations of the Issuer to the Owner of Bond, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Issuer to be prepared and filed with the Issuer and, upon the request of the Issuer, shall execute and deliver to the Issuer and the Borrower all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver as provided in Article V hereof all moneys or securities held by them pursuant to this Indenture (except as otherwise specified in Section 5.06) after the payment of principal or redemption price, if applicable, of or interest on the Bond. Notwithstanding the foregoing, upon such discharge the provisions of this Indenture relating to the Rebate Fund and Section 5.18(c) of the Loan Agreement shall continue in effect.

**Section 9.02. Discharge by Delivery.** The obligation to pay the principal of and interest on all or any portion of the Bond (the “Bond Obligations”) may be discharged by the delivery of the Bond to the Trustee accompanied by written direction from the Owner thereof to cancel such Bond without payment (except as provided hereafter in this Section 9.02), and upon such delivery, such Bond Obligations shall be canceled and deemed paid. In the event only a portion of the Bond Obligations shall be canceled and deemed paid pursuant to the terms of this Section 9.02, those Bond Obligations which are not so canceled and deemed paid shall remain Outstanding for all

purposes of this Indenture; provided that if the Outstanding Bond shall be delivered to the Trustee in accordance with the terms of this Section 9.02 and all of the requirements for the discharge of this Indenture (other than the payment of Bond Obligations) shall be paid and satisfied in full, then the Trustee shall discharge and release the lien of this Indenture, assign to the Owner of the Bond all right, title and interest of the Trustee in and to the Note, the Loan Agreement and the other Loan Documents, deliver to the Owner of the Bond all moneys and securities held by the Trustee pursuant to this Indenture (except as otherwise specified in Section 5.06) up to an amount necessary to pay in full all of the principal of and interest on the Bond through such cancellation and any other amounts due under the Loan Documents, and execute and deliver such releases or other instruments requisite to release the lien hereof.

**Section 9.03. Discharge by Deposit.** The obligation to pay the principal of and interest on all or a portion of the Bond may be discharged if the Issuer or the Borrower has deposited or caused to be deposited, as trust funds, with the Trustee cash and/or Government Obligations which do not permit the redemption thereof at the option of the issuer thereof, the principal of and interest on which when due (or upon the redemption thereof at the option of the Owner), will, without reinvestment, provide cash which together with the cash, if any, on deposit with the Trustee at the same time, shall be sufficient, to pay and discharge the entire indebtedness on the Bond not theretofore canceled by the Trustee or delivered to the Trustee for cancellation by the payment of interest on and principal of the Bond which have become due and payable or which shall become due at their stated maturity or redemption date, as the case may be (the “Defeasance Collateral”), and which are to be discharged under the provisions hereof, and has made arrangements satisfactory to the Trustee for the giving of notice of redemption, if any, by the Trustee in the name, and at the expense, of the Borrower. If the period over which payments will be made from the Defeasance Collateral is greater than 90 days, the Borrower must also deliver to the Trustee a verification report prepared by a certified public accountant, with respect to the sufficiency of the Defeasance Collateral to make such payments. In addition, to discharge the obligation to pay the principal and interest on the Bond pursuant to this Section 9.03, the Issuer or the Borrower must (i) obtain an opinion of Bond Counsel addressed to the Issuer and the Trustee to the effect that all actions have been taken to cause the defeasance of this Indenture and such actions will not adversely affect the excludability of interest on the Bond for federal income tax purposes under existing law, and (ii) provide written notice to the Servicer of such discharge at least 30 days in advance.

## **ARTICLE X**

### **MISCELLANEOUS**

#### **Section 10.01. Evidence of Signatures of Bond Owners and Ownership of Bond.**

(a) Any request, consent, revocation of consent or other instrument that this Indenture may require or permit to be signed and executed by the Owner may be in one or more instruments of similar tenor, and shall be signed or executed by the Owner in person or by its attorneys appointed in writing. The fact and date of the execution by any Owner of the Bond or its attorney of such instruments may be proved by a guaranty of the signature thereon by a bank, trust company or national banking association or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the

person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guaranty, certificate or affidavit also shall constitute sufficient proof of his authority.

(b) The ownership of Bond and the amount, numbers and other identification, and date of holding the same, shall be proved by the registry books maintained by the Trustee.

(c) Any request or consent by the Owner of the Bond shall bind all future owners of the Bond in respect of anything done or suffered to be done by the Issuer or any Trustee in accordance therewith.

**Section 10.02. Bond Not an Obligation of the State or Any Political Subdivision.** THE BOND IS NOT AN OBLIGATION, EITHER GENERAL OR SPECIAL, AND DOES NOT CONSTITUTE A PLEDGE OF THE GENERAL CREDIT OR TAXING POWER, OF THE CITY OF LOS ANGELES (THE "CITY"), THE STATE OF CALIFORNIA (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF, BUT IS PAYABLE SOLELY FROM THE PROJECT REVENUES AND PROPERTY PLEDGED THEREFOR IN THIS INDENTURE AND NOT FROM ANY OTHER REVENUES, FUNDS OR ASSETS OF THE CITY. NEITHER THE CITY, THE STATE NOR ANY SUCH POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE NOR ANY POLITICAL CORPORATION OR SUBDIVISION OR AGENCY THEREOF NOR THE FAITH AND CREDIT OF THE CITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BOND OR OTHER COSTS INCIDENT THERETO. THE BOND IS NOT A DEBT OF THE UNITED STATES OF AMERICA.

**Section 10.03. Preservation and Inspection of Documents.** All documents received by any Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times and upon reasonable prior notice to the inspection of the Issuer, any other Trustee, and any Owner of the Bond and their agents and their representatives, any of whom may make copies thereof.

**Section 10.04. Parties Interested Herein.** Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Issuer, the Trustee, the Servicer, the Borrower and the Owner of the Bond, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation of this Indenture; and all the covenants, stipulations, promises and agreements in this Indenture shall be for the sole and exclusive benefit of the Issuer, the Trustee, the Servicer, the Borrower and the Owner of the Bond.

**Section 10.05. No Recourse on the Bond.** No recourse shall be had for the payment of the principal of or premium or interest on this Bond against any past, present or future officer, board member, employee or agent of the City of Los Angeles, or of any successor to the City of

Los Angeles, as such, either directly or through the City of Los Angeles or any successor to the City of Los Angeles, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, board members, employees or agents, as such, is hereby expressly waived and released as a condition of, and consideration for, the execution and issuance of the Bond. Notwithstanding anything contained in this Indenture, the Issuer shall not be required to advance any moneys derived from the proceeds of taxes collected by the Issuer, the State of California or by any political subdivision thereof or from any source of income of any of the foregoing other than the Trust Estate for any of the purposes mentioned in this Indenture, whether for the payment of the principal of or interest on the Bond or for any other purpose of this Indenture.

**Section 10.06. Severability of Invalid Provisions.** If any one or more of the covenants or agreements provided in this Indenture on the part of the Issuer or any Trustee to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and in no way shall affect the validity of the other provisions of this Indenture.

**Section 10.07. Successors.** Whenever in this Indenture, the Issuer is named or referred to, it shall be deemed to include any entity that may succeed to the principal functions and powers of the Issuer under the Act, and all the covenants and agreements contained in this Indenture by or on behalf of the Issuer shall bind and inure to the benefit of such successor whether so expressed or not.

**Section 10.08. Notices, Demands and Requests.** Except as otherwise provided in Section 4.05, all notices, demands and requests to be given or made under this Indenture to or by the Issuer, the Trustee, the Borrower or any other notice party shall be in writing and shall be sufficiently given and shall be deemed given (a) three days after mailing by first-class mail, postage prepaid; (b) the Business Day after sending by expedited overnight delivery service; (c) the date of receipt if delivered by personal delivery; (d) if sent by facsimile transmission, the date of transmission, if receipt of such transmission is telephonically confirmed on such day and addressed to the Notice Address of the respective addressee. Any notice party may change the Notice Address listed for it at any time upon written notice of such change sent by United States mail, postage prepaid, to the other party, which change shall be effective upon receipt.

**Section 10.09. Applicable Law; Venue.** The formation, interpretation and performance of this Indenture shall be governed by the internal laws of the State of California. Venue for all litigation arising from or in connection with the Bond or this Indenture shall be in Los Angeles, California.

**Section 10.10. Table of Contents and Section Headings Not Controlling.** The Table of Contents and the headings of the several Articles and Sections of this Indenture have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of, this Indenture.

**Section 10.11. Exclusion of Bond.** A Bond owned or held by or for the account of the Issuer or the Borrower shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bond provided for in this Indenture, and the Issuer and the



Borrower shall not be entitled with respect to such Bond to give any consent or take any other action provided for herein, unless all of the Outstanding Bond are then owned by such Person.

**Section 10.12. USA PATRIOT Act Notice.** The Trustee hereby notifies the Issuer that to help the government fight the funding of terrorism and money laundering activities pursuant to the requirements of the USA PATRIOT Act it is required to obtain, verify and record information that identifies the Issuer, which information includes the name and address of the Issuer and other information that will allow the Trustee to identify the Issuer in accordance with the USA PATRIOT Act. The Issuer hereby agrees that it shall promptly provide such information upon request by the Trustee.

**Section 10.13. Effective Date.** This Indenture shall take effect immediately upon the execution and delivery by all of the parties hereto.

**Section 10.14. Bondholder Representative.**

(a) The Bank is the initial Bondholder Representative with respect to the Bond. The Bondholder Representative shall be entitled to all the rights and privileges of the Majority Owner hereunder and under the other Loan Documents.

(b) The Bondholder Representative may provide written notice to the Trustee designating particular individuals or Persons authorized to execute any consent, waiver, approval, direction or other instrument on behalf of the Bondholder Representative, and such notice may be amended or rescinded by the Bondholder Representative at any time by subsequent written notice. The Bondholder Representative may be removed and a successor appointed by a written notice in the form of Exhibit F hereto given by the Owner to the Trustee, the Issuer, the Servicer and the Borrower. The removal and reappointment shall be effective immediately upon receipt of such notice by the Trustee. The Owner may appoint any Person to act as Bondholder Representative, including, without limitation, the Servicer. If, for any reason, a Bondholder Representative resigns by written notice provided to the Trustee, the Majority Owner, the Issuer, the Servicer and the Borrower, all references to Bondholder Representative herein and in the other Loan Documents shall be deemed to refer to the Owner until a successor Bondholder Representative is appointed by the Owner. Notwithstanding anything herein to the contrary, the successor Bondholder Representative appointed pursuant to the provisions of this Section 10.14(b) may be the Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise ("Freddie Mac"), which may delegate certain of its rights and obligations as Bondholder Representative to the Bank or its affiliates, or to another entity acceptable to Freddie Mac.

(c) Whenever pursuant to this Indenture or any other Loan Document, the Bondholder Representative exercises any right given to it to approve or disapprove, any arrangement or term hereof, the decision of the Bondholder Representative to approve or disapprove or to decide whether arrangements or terms are acceptable or not acceptable shall be in the sole discretion of the Bondholder Representative, except as otherwise specifically indicated.



(d) Each Owner, by its purchase or other acquisition of the Bond, shall be deemed to have acknowledged and agreed to the provisions of this Indenture and the other Loan Documents with respect to the Bondholder Representative and the rights and privileges thereof, including but not limited to the right to control all remedies in respect of the Bond and the Loan.

**Section 10.15. Business Tax Registration Certificate.** Subject to any exemption available to it, the Trustee represents that it will obtain and hold the Business Tax Registration Certificate(s) required by the City of Los Angeles's Business Tax Ordinance (Article 1, Chapter 2, Section 21.00 and following, of the Los Angeles Municipal Code). For the term covered by this Indenture, the Trustee shall maintain, or obtain as necessary, all such Business Tax Registration Certificates required of it, subject to any exemption available to it, under said Ordinance and shall not allow any such Business Tax Registration Certificate to be revoked or suspended.

**Section 10.16. Child Support Assignment Orders.** This Indenture is subject to Section 10.10 of the Los Angeles Administrative Code, Child Support Assignment Orders Ordinance. Pursuant to this Ordinance, the Trustee certifies that: (1) it will fully comply with all State and Federal employment reporting requirements applicable to Child Support Assignment Orders; (2) the principal owner(s) of the Trustee are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) it will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230 et seq.; and (4) it will maintain such compliance throughout the term of this Indenture. Pursuant to Section 10.10.b of the Los Angeles Administrative Code, failure of the Trustee to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of the Trustee to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default by the Trustee under the terms of this Indenture, subjecting the Trustee to removal hereunder where such failure shall continue for more than 90 days after notice of such failure to the Trustee by the Issuer. Any subcontract entered into by the Trustee relating to this Indenture, to the extent allowed hereunder, shall be subject to the provisions of this paragraph and shall incorporate the provisions of the Child Support Assignment Orders Ordinance. Failure of the Trustee to obtain compliance of its subcontractors shall constitute a default by the Trustee under the terms of this Indenture, subjecting the Trustee to removal hereunder where such failure shall continue for more than 90 days after notice of such failure to the Trustee by the Issuer. The Trustee shall comply with the Child Support Compliance Act of 1998 of the State of California Employment Development Department. The Trustee hereby affirms that to the best of its knowledge it is fully complying with the earnings assignment orders of all employees, and is providing the names of all new employees to the New Hire Registry maintained by the Employment Development Department as set forth in subdivision (b) of the Public Contract Code Section 7110.

**Section 10.17. Nondiscrimination and Affirmative Action.** The Trustee shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the City of Los Angeles. Trustee shall not discriminate in its employment practices against any employee or applicant for employment or deny family and medical care leave; pregnancy disability leave or reasonable accommodations

against any employee or applicant for employment because of such person's race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief. The Trustee shall comply with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 C.F.R. Part 60). The Trustee shall comply with the provisions of the Los Angeles Administrative Code Sections 10.8 through 10.13, to the extent applicable hereto. The affirmative action program of the Trustee shall include the mandatory contract provisions set forth in the Los Angeles Administrative Code Section 10.8.4, and said provisions are incorporated herein by this reference. The Trustee shall also comply with all rules, regulations, and policies of the City of Los Angeles's Board of Public Works, Office of Contract Compliance relating to nondiscrimination and affirmative action, including the filing of all forms required by the City of Los Angeles. Any subcontract entered into by the Trustee relating to this Indenture, to the extent allowed hereunder, shall be subject to the provisions of this Section. No person shall on the grounds of race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief be excluded from participation in, be denied the benefit of, or be subjected to discrimination under this Indenture. For purposes of this Section, Title 24 Code of Federal Regulations Part 107 and Section 570.601(b) defines specific discriminatory actions that are prohibited and corrective action that shall be taken in a situation as defined therein.

**Section 10.18. Compliance With Americans with Disabilities Act.** The Trustee shall be in full compliance with all federal and state laws, including those of the Americans with Disabilities Act, 42 U.S.C. 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act (ADAAA) Pub. L. 110-325 and all subsequent amendments (the "ADA"). Under the ADA, the Trustee shall provide for reasonable accommodations to allow qualified individuals access to and participation in their programs, services and activities in accordance with the ADA. In addition, the Trustee shall not discriminate against individuals with disabilities nor against persons due to their relationship or association with a person with a disability. Any subcontract entered into by the Trustee, relating to this Indenture, to the extent allowed hereunder, shall be subject to the provisions of this section.

**Section 10.19. Nondiscrimination; Penalties.** The Trustee shall not discriminate in its employment practices against any employee or applicant for employment because of the applicant's race, creed, religion, national origin or ancestry, sex, age, gender identity/expression, transgender status, sexual orientation or preference, marital status, color, physical disability, familial status and disability, mental condition or medical condition, including pregnancy, childbirth or related condition. All subcontracts awarded under this Indenture shall contain a like provision. This Indenture and all subagreements are subject to the provisions of Section 10.8.4 of the Los Angeles Administrative Code. The term "Contractors," as used in said Section 10.8.4, shall be deemed to be the Trustee.

**Section 10.20. Compliance With Laws.** The Trustee shall keep itself fully informed of the City of Los Angeles's Charter, codes, ordinances and regulations of the City of Los Angeles and of all state, and federal laws in any manner affecting the performance of this Indenture, and

must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

**Section 10.21. Drug-Free Workplace Policy.** The Trustee acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on Issuer premises. The Trustee agrees that any violation of this prohibition by Trustee, its employees, agents or assigns will be deemed a material breach of this Indenture.

**Section 10.22. Proprietary or Confidential Information of the Issuer.** The Trustee understands and agrees that, in the performance of the work or services under this Indenture or in contemplation thereof, the Trustee may have access to private or confidential information which may be owned or controlled by the Issuer and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to the Issuer. Trustee agrees that all information disclosed by the Issuer to the Trustee shall be held in confidence and used only in performance of the Indenture. The Trustee shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

**Section 10.23. Audit and Inspection of Records.** The Trustee agrees to maintain and make available to the Issuer, during regular business hours, accurate books and accounting records relating to its work under this Indenture. The Trustee will permit the Issuer to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Indenture, whether funded in whole or in part under this Indenture. The Trustee shall maintain such data and records in an accessible location and condition for a period of not less than five years after final payment under this Indenture or until after final audit has been resolved, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Indenture shall have the same rights conferred upon the Issuer by this Section.

**Section 10.24. Subcontracting.** The Trustee is prohibited from subcontracting this Indenture or any part of it unless such subcontracting is first approved by the Issuer in writing. Neither party shall, on the basis of this Indenture, contract on behalf of or in the name of the other party. A contract made in violation of this provision shall confer no rights on any party and shall be null and void.

**Section 10.25. Waiver of Personal Liability.** No recourse under or upon any obligation, covenant, warranty or agreement contained in this Indenture or in the Bond, or under any judgment obtained against the Issuer, or the enforcement of any assessment, or any legal or equitable proceedings by virtue of any constitution or statute or otherwise, or under any circumstances under or independent of this Indenture, shall be had against the Mayor, the City Council or any of the members, officers, agents or employees of the Issuer, as such, past, present or future of the Issuer, either directly or through the Issuer or otherwise, for the payment for or to the Issuer or any receiver of the Issuer, or for or to the owner of the Bond, or otherwise, of any sum that may be due and unpaid by the Issuer or its governing body upon the Bond. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of the Mayor, the City Council or any such member, officer, agent or employee, past, present or future

of the Issuer, as such by reason of any act or omission on his or her part or otherwise, for the payment for or to the owner of the Bond or otherwise of any sum that may remain due and unpaid upon the Bond secured by this Indenture or any of them is, by the acceptance of the Bond, expressly waived and released as a condition of and in consideration for the execution of this Indenture and the issuance of the Bond. Anything in this Indenture to the contrary notwithstanding, it is expressly understood by the parties to this Indenture that (a) the Issuer may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee or the Owner as to the existence of any fact or state of affairs, (b) the Issuer shall not be under any obligation under this Indenture to perform any recordkeeping or to provide any legal services, it being understood that such services shall be performed or caused to be performed by the Trustee or the Owner and (c) none of the provisions of this Indenture shall require the Issuer to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under this Indenture, unless it shall first have been adequately indemnified to its satisfaction against any costs, expenses and liability which it may incur as a result of taking such action. No recourse for the payment of any part of the principal of, premium, if any, or interest on the Bond or for the satisfaction of any liability arising from, founded upon or existing by reason of the issuance, purchase or ownership of the Bond shall be had against the Mayor, the City Council or any officer, member, agent or employee of the Issuer, past, present or future, as such, all such liability being expressly released and waived as a condition of and as a part of the consideration for the execution of this Indenture and the issuance of the Bond. No covenant, stipulation, obligation or agreement of the Issuer contained in this Indenture shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Issuer or the Mayor or the City Council in other than that person's official capacity. No member, officer, agent or employee of the Issuer shall be individually or personally liable for the payment of the principal or redemption price of or interest on the Bond or be subject to any personal liability or accountability by reason of the issuance of the Bond.

It is recognized that notwithstanding any other provision of this Indenture, neither the Borrower, the Trustee nor the Owner shall look to the Issuer for damages suffered by the Borrower, the Trustee or the Owner as a result of the failure of the Issuer to perform any covenant, undertaking or obligation under this Indenture, the Loan Agreement, the Bond or any of the other documents referred to herein, or as a result of the incorrectness of any representation made by the Issuer in any of such documents, nor for any other reason. Although this Indenture recognizes that such documents shall not give rise to any pecuniary liability of the Issuer, nothing contained in this Indenture shall be construed to preclude in any way any action or proceeding (other than that element of any action or proceeding involving a claim for monetary damages against the Issuer) in any court or before any governmental body, agency or instrumentality or otherwise against the Issuer or any of its officers or employees to enforce the provisions of any of such documents which the Issuer is obligated to perform and the performance of which the Issuer has not assigned to the Trustee or any other person; provided, however, that as a condition precedent to the Issuer proceeding pursuant to this Section 10.25, the Issuer shall have received satisfactory indemnification.

**Section 10.26. Disclosure of Border Wall Contracting Ordinance.** The Trustee shall comply with Los Angeles Administrative Code Section 10.50 et seq., "Disclosure of Border Wall Contracting." The Issuer may declare a default under this Indenture if the Issuer determines that

the Trustee failed to fully and accurately complete the required affidavit and disclose all Border Wall Bids and Border Wall Contracts, as defined in Los Angeles Administrative Code Section 10.50.1.

**Section 10.27. Responsible Banking Ordinance Filing.** The Bank shall file with the City Treasurer of the Issuer by July 1 of each year an annual statement of community reinvestment activities as required of a commercial bank under the Responsible Banking Ordinance. By its acceptance of the Bond, the Bank represents that it has, prior to the Closing Date, filed the report due by July 1, 2021 under the Responsible Banking Ordinance for calendar year 2020.

**Section 10.28. Recycling Transactions.** Notwithstanding any provision of this Indenture or the Bond to the contrary, the Issuer shall be permitted to direct payments of the Note prepayments to be transferred to a custodian or trustee selected by the Issuer, in lieu of application to prepay a like portion of the Tax-Exempt Bond, so long as the Issuer simultaneously causes other funds to be applied to prepay such portion of the Tax-Exempt Bond. The preceding provisions shall apply only for purposes of preserving or “recycling” private activity bond volume cap in accordance with Section 146(i)(6) of the Code.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the CITY OF LOS ANGELES has caused this Indenture to be signed in its name and [TRUSTEE], in token of its acceptance of the trust created hereunder, has each caused this Indenture to be signed in its name, all as of the day and year first above written.

CITY OF LOS ANGELES, as Issuer

By Housing and Community Investment  
Department

By \_\_\_\_\_  
Daniel Huynh  
Assistant General Manager

Approved as to form:

MICHAEL N. FEUER,  
City Attorney

\_\_\_\_\_  
Deputy/Assistant City Attorney



[TRUSTEE], as Trustee

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

[Trustee's signature page to *NoHo 5050 Apartments* Indenture]

**EXHIBIT A**  
**FORM OF BOND**

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES THAT NO TRANSFER OF A BOND (OR ANY INTEREST THEREIN) SHALL BE MADE EXCEPT TO AN APPROVED INSTITUTIONAL BUYER AS DEFINED IN THE INDENTURE (HEREINAFTER DEFINED) WHICH TRANSFEREE HAS ALSO FURNISHED AN INVESTOR LETTER IN THE APPROPRIATE FORM ATTACHED TO THE INDENTURE REFERRED TO BELOW AS EXHIBIT B.

City of Los Angeles  
Multifamily Housing Revenue Bond  
(NoHo 5050)  
Series 2021U

CUSIP No. \_\_\_\_\_

Dated Date: \_\_\_\_\_, 2021

Registered Owner: KEYBANK NATIONAL ASSOCIATION

Maturity Date: \_\_\_\_\_

Interest Rate: As stated below

The City of Los Angeles (hereinafter called the “**Issuer**”), a municipal corporation and chartered city of the State of California, duly organized and existing under its charter and the laws of the State of California, for value received hereby promises to pay (but only from the sources and as hereinafter provided) to the Registered Owner specified above, or registered assigns, the principal amount of [\_\_\_\_\_] DOLLARS (\$[11,250,000]), or so much of such maximum authorized principal amount as may have been purchased by the Owner of this Bond from time to time in accordance with the terms of this Bond and Section 3.01(b) of the Indenture (described below) on the Maturity Date specified above, upon presentation and surrender of this Bond at the designated office of [TRUSTEE NAME], as trustee, or its successor as trustee (the “Trustee”), under the Indenture, and to pay (but only from the sources and as hereinafter provided) interest on such principal amount at the interest rate provided herein, from and including the dated date hereof until the principal amount shall have been paid in accordance with the terms of this Bond and the Indenture, as and when set forth below, but only from the sources and as hereinafter provided, by wire transfer.

This Bond is the bond of the Issuer designated City of Los Angeles Multifamily Housing Revenue Bond (NoHo 5050), Series 2021U and issued in the aggregate principal amount of \$[11,250,000] (the “Bond”). The Bond is issued for the purpose of funding a loan to NoHo 5050 L.P., a California limited partnership (the “Borrower”), in order to finance a portion of the costs of the acquisition, construction and equipping of a 40-unit (including one management unit) multifamily residential housing project in the City of Los Angeles, California (the “Project”).

THIS BOND IS BEING ISSUED AS A DRAW-DOWN BOND, IN THAT THE OWNER OF THE BOND WILL PURCHASE THE PRINCIPAL AMOUNT OF THE BOND IN INSTALLMENTS, AT PAR, IN ACCORDANCE WITH THE TERMS OF AND AS REQUIRED BY SECTION 3.01(b) OF THE INDENTURE. ACCORDINGLY, THE PRINCIPAL AMOUNT OF THE BOND WHICH HAS BEEN PURCHASED BY THE OWNER AND IS OUTSTANDING AT ANY GIVEN TIME MAY BE LESS THAN THE MAXIMUM PRINCIPAL AMOUNT OF THE BOND AS SET FORTH ON THE FACE OF THIS BOND. UPON EACH PURCHASE OF A PORTION OF THE PRINCIPAL AMOUNT OF THE BOND IN ACCORDANCE WITH THE TERMS OF SECTION 3.01(b) OF THE INDENTURE, THE TRUSTEE WILL NOTE ON A LOG MAINTAINED BY THE TRUSTEE FOR SUCH PURPOSE THE PRINCIPAL AMOUNT OF THE BOND SO PURCHASED, THE DATE OF SUCH PURPOSE AND THE IDENTITY OF SUCH PURCHASER. THE RECORDS MAINTAINED BY THE TRUSTEE IN SUCH REGARD WILL BE CONCLUSIVE EVIDENCE OF THE PRINCIPAL AMOUNT OF THE BOND WHICH HAS BEEN PURCHASED AND IS OUTSTANDING. IF PRESENTED TO THE TRUSTEE BY THE OWNER OF THIS BOND, THE PRINCIPAL AMOUNT OF THE BOND PURCHASED BY THE OWNER OF THIS BOND WILL BE NOTED BY THE TRUSTEE ON SCHEDULE A ATTACHED TO THIS BOND.

PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND IS REQUIRED TO BE MADE DIRECTLY TO THE REGISTERED OWNER HEREOF WITHOUT NOTATION HEREON. IT CANNOT BE DETERMINED FROM THE FACE OF THIS BOND WHETHER ALL OR ANY PART OF THE PRINCIPAL OF OR INTEREST ON THIS BOND HAS BEEN PAID.

This Bond is issued under and pursuant to the Trust Indenture dated as of [\_\_\_\_\_] 1, 2021, between the Issuer and the Trustee (as amended and supplemented from time to time, the “Indenture”), the Law and the Act (as each term is defined in the Indenture). Reference is made to the Indenture, the Law and the Act for a full statement of their respective terms. Capitalized terms used in this Bond and not otherwise defined herein have the respective meanings accorded such terms in the Indenture, which is hereby incorporated herein by reference. The Bond issued under the Indenture is expressly limited to \$[11,250,000] in aggregate principal amount at any time Outstanding. Pursuant to a Loan Agreement dated as of [\_\_\_\_\_] 1, 2021 (the “Loan Agreement”) and a Promissory Note dated [\_\_\_\_\_] 1, 2021 (the “Note”), the Borrower has agreed to make payments to the Trustee in amounts equal to the principal of and interest on the Bond.

**THIS BOND IS NOT AN OBLIGATION, EITHER GENERAL OR SPECIAL, AND DOES NOT CONSTITUTE A PLEDGE OF THE GENERAL CREDIT OR TAXING POWER, OF THE CITY OF LOS ANGELES (THE “CITY”), THE STATE OF CALIFORNIA (THE “STATE”) OR ANY POLITICAL SUBDIVISION THEREOF, BUT IS PAYABLE SOLELY FROM THE PROJECT REVENUES AND PROPERTY PLEDGED THEREFOR IN THE INDENTURE AND NOT FROM ANY OTHER REVENUES, FUNDS OR ASSETS OF THE CITY. NEITHER THE CITY, THE STATE NOR ANY SUCH POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE HEREON. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE NOR ANY POLITICAL CORPORATION OR SUBDIVISION OR AGENCY THEREOF NOR THE FAITH AND CREDIT OF THE CITY IS PLEDGED TO THE**

**PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BOND OR OTHER COSTS INCIDENT THERETO. THIS BOND IS NOT A DEBT OF THE UNITED STATES OF AMERICA.**

**NO RECOURSE UNDER OR UPON ANY OBLIGATION, COVENANT, WARRANTY OR AGREEMENT CONTAINED IN THE INDENTURE OR IN THIS BOND, OR UNDER ANY JUDGMENT OBTAINED AGAINST THE ISSUER, OR THE ENFORCEMENT OF ANY ASSESSMENT, OR ANY LEGAL OR EQUITABLE PROCEEDINGS BY VIRTUE OF ANY CONSTITUTION OR STATUTE OR OTHERWISE, OR UNDER ANY CIRCUMSTANCES UNDER OR INDEPENDENT OF THE INDENTURE, SHALL BE HAD AGAINST THE MAYOR, THE CITY COUNCIL OR ANY OF THE MEMBERS, OFFICERS, AGENTS OR EMPLOYEES OF THE ISSUER, AS SUCH, PAST, PRESENT OR FUTURE OF THE ISSUER, EITHER DIRECTLY OR THROUGH THE ISSUER OR OTHERWISE, FOR THE PAYMENT FOR OR TO THE ISSUER OR ANY RECEIVER OF THE ISSUER, OR FOR OR TO THE OWNER OF THIS BOND, OR OTHERWISE, OF ANY SUM THAT MAY BE DUE AND UNPAID BY THE ISSUER UPON THIS BOND. ANY AND ALL PERSONAL LIABILITY OF EVERY NATURE WHETHER AT COMMON LAW OR IN EQUITY OR BY STATUTE OR BY CONSTITUTION OR OTHERWISE OF THE MAYOR, THE CITY COUNCIL OR OF ANY SUCH MEMBER, OFFICER, AGENT OR EMPLOYEE, PAST, PRESENT OR FUTURE, OF THE ISSUER, AS SUCH, BY REASON OF ANY ACT OF OMISSION ON HIS OR HER PART OR OTHERWISE, FOR THE PAYMENT FOR OR TO THE OWNER OF THIS BOND OR OTHERWISE OF ANY SUM THAT MAY REMAIN DUE AND UNPAID UPON THIS BOND SECURED BY THE INDENTURE OR ANY OF THEM IS, BY THE ACCEPTANCE OF THIS BOND, EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF AND IN CONSIDERATION FOR THE EXECUTION OF THE INDENTURE AND THE ISSUANCE OF THIS BOND.**

**THIS BOND HAS BEEN ISSUED PURSUANT TO THE LAW AND IN ACCORDANCE WITH THE ACT.**

**Interest Rates.** This Bond shall bear interest at the Applicable Rate. On each Interest Payment Date, interest accrued through the day immediately preceding such Interest Payment Date shall be payable. While this Bond bears interest at the Adjusted Daily LIBOR Rate or at the Replacement Rate, interest on this Bond shall be computed on the basis of a 360-day year, for the actual number of days elapsed. While this Bond bears interest at the Fixed Rate, interest on this Bond shall be computed on the basis of a 360-day year consisting of twelve 30-day months. While this Bond bears interest at the Taxable Rate or at the Default Rate, interest on this Bond shall be computed on the basis of a year of 365 or 366 days, as applicable, for the actual number of days elapsed.

**Adjusted Daily LIBOR Rate.** Commencing on the Dated Date and ending on (and including) the earlier of the day before (i) the Interest Rate Conversion Date (hereinafter defined) or (ii) the date of redemption prior to maturity, this Bond shall bear interest at a variable rate per annum equal to the sum of (a) Daily LIBOR Rate plus (b) the LIBOR Rate Margin (the “Adjusted Daily LIBOR Rate”), or, if the Adjusted Daily LIBOR Rate is not available, the Replacement Rate.

**Fixed Rate.** From and after the Interest Rate Conversion Date and until the earlier of the day before (i) the Maturity Date, or (ii) the date of redemption prior to maturity, this Bond, but only with respect to the Permanent Loan Amount, shall bear interest at a fixed rate per annum of [\_\_\_\_\_] % (the “Fixed Rate”).

**Default Rate; Taxable Rate.** Following the occurrence of an Event of Default under the Indenture or the Loan Agreement, the Bond shall bear interest at the Default Rate. If an Initial Notification of Taxability occurs, this Bond shall bear interest from the date of the Initial Notification of Taxability at the Taxable Rate until such time as such Initial Notification of Taxability is reversed by the Internal Revenue Service or a court of competent jurisdiction and a Determination of Taxability does not occur. The Owner shall also be paid Additional Interest and any additional amounts owed when due, as provided in the Indenture.

**Usury.** Notwithstanding any provision of this Bond to the contrary, in no event shall the interest contracted for, charged or received in connection with this Bond (including any other costs or considerations that constitute interest under the laws of the State which are contracted for, charged or received pursuant to this Bond) exceed the maximum rate of nonusurious interest allowed under the laws of the State as presently in effect and to the extent of any increase allowable by such laws. To the extent permitted by law, interest contracted for, charged or received on this Bond shall be allocated over the entire term of this Bond, to the end that interest paid on this Bond does not exceed the maximum amount permitted to be paid thereon by law. Excess interest, if any, provided for in this Bond, or otherwise, shall be canceled automatically as of the date of such acceleration or, if theretofore paid, shall be credited as principal paid on this Bond.

**Registration and Transfer.** THIS BOND IS SUBJECT TO THE TRANSFER RESTRICTIONS SET FORTH IN SECTION 3.09 OF THE INDENTURE. This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the office of the Trustee as registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond, of any authorized denomination or denominations, of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Bond is issuable as a fully registered Bond as provided in the Indenture. The Issuer, the Trustee, and any other person may treat the person in whose name this Bond is registered on the books of registry as the Owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond be overdue, and no person shall be affected by notice to the contrary.

**Redemption of Bond.** This Bond is subject to optional and mandatory redemption (and purchase in lieu of redemption by the Borrower) prior to maturity as a whole or in part at such time or times, under such circumstances, at such redemption prices and in such manner as is set forth in the Indenture.

**Recycling of Private Activity Volume Cap.** Notwithstanding any provision of this Bond or the Indenture to the contrary, the Borrower shall be permitted to direct Note prepayments to be transferred to a custodian or trustee selected by the Issuer, in lieu of application to prepay a like portion of this Bond, so long as the Issuer simultaneously causes other funds to be applied to prepay such portion of this Bond. The preceding provisions shall apply only for purposes of

preserving or “recycling” private activity bond volume cap in accordance with Section 146(i)(6) of the Code.

**Enforcement.** Only the Servicer shall have the right to direct the Trustee to enforce the provisions of this Bond, the Loan Agreement or the Indenture or to institute any action to enforce the covenants herein or therein, or to take any action with thereto, except as provided in the Indenture. If an default under the Loan Agreement occurs and is continuing, the principal of the Bond then outstanding may be declared due and payable by the Servicer upon the conditions and in the manner and with the effect provided in the Indenture. As provided in the Indenture, and to the extent permitted by law, interest and a penalty rate of interest shall be payable on unpaid amounts due hereon.

**Discharge.** The Indenture prescribes the manner in which it may be discharged and after which the Bond shall be deemed to be paid and no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of registration and exchange of the Bond and of such payment.

**Modifications.** Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

This Bond shall not be valid or obligatory for any purpose until it shall have been signed on behalf of the Issuer and such signature attested, by the officer, and in the manner, provided in the Indenture, and authenticated by a duly authorized officer of the Trustee.

It is hereby certified and recited that all conditions, acts and things required by the statutes of the State or by the Act or the Indenture to exist, to have happened or to have been performed precedent to or in connection with the issuance of this Bond exist, have happened and have been performed and that the issue of the Bond, together with all other indebtedness of the Issuer, is within every debt and other limit prescribed by such statutes.

In the event of any inconsistency between the provisions of this Bond and the provisions of the Indenture, the provisions of the Indenture shall control.

The City of Los Angeles has caused this Bond to be executed in its name by the facsimile signature of its Mayor under its official seal, or a facsimile, and attested by the facsimile signature of its City Treasurer all as of the date first written above.

CITY OF LOS ANGELES

[SEAL]

\_\_\_\_\_  
City Treasurer

By \_\_\_\_\_  
Mayor



## FORM OF CERTIFICATE OF AUTHENTICATION

This Bond is the Bond described in the within-mentioned Indenture and issued under the provisions of the within mentioned Indenture.

[TRUSTEE], as Trustee

By \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Date of Authentication: \_\_\_\_\_

## FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within and hereby authorizes the transfer of this Bond on the registration books of the Trustee.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Name of Transferee

\_\_\_\_\_  
Signature Guaranteed by

\_\_\_\_\_  
Name of Bank

By \_\_\_\_\_

Title \_\_\_\_\_

**SCHEDULE A**

\$[11,250,000]  
City of Los Angeles  
Multifamily Housing Revenue Bond  
(NoHo 5050)  
Series 2021U

**Draw-Down Purchases**

The installment reflected by the draw-down of this Bond may be registered only by the registered owner in person or by its duly authorized officer or attorney upon presentation hereof to the Trustee, who shall make note thereof in the books kept for such purpose and in the registration blank below.

Date of Draw-Down	Name of Registered Owner	Principal Amount	Signature of Trustee
			<hr/>
			<hr/>
			<hr/>
			<hr/>
			<hr/>

**EXHIBIT B**  
**FORM OF INVESTOR LETTER**

\_\_\_\_\_, 20\_\_

City of Los Angeles  
Los Angeles, California

Kutak Rock LLP  
Omaha, Nebraska

[TRUSTEE]  
Los Angeles, California

\$[\_\_\_\_\_]   
City of Los Angeles  
Multifamily Housing Revenue Bond  
(NoHo 5050)  
Series 2021U

Ladies and Gentlemen:

The undersigned (the “Investor”) hereby represents and warrants to you as follows:

1. The Investor proposes to purchase all of the aggregate principal amount of the above-captioned bond (the “Bond”) issued pursuant to that certain Trust Indenture dated as of [\_\_\_\_\_] 1, 2021 (the “Indenture”), by and between the City of Los Angeles, California (the “City”) and [TRUSTEE], as Trustee. The Investor understands that the Bond is not rated by any securities rating agency and is secured only by the NoHo 5050 project and the revenues therefrom, and will only be sold to the Investor with the above-addressed parties relying upon the representations and warranties of the Investor set forth herein. The Investor acknowledges that no offering document has been prepared in connection with the issuance and sale of the Bond. The Investor has requested and received all materials which the Investor has deemed relevant in connection with its purchase of the Bond (the “Offering Information”). The Investor has reviewed the documents executed in conjunction with the issuance of the Bond, including, without limitation, the Indenture and the Loan Agreement. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Indenture.

2. The Investor hereby waives the requirement of any “due diligence investigation or inquiry” by the City, by each official of the City, by each employee of the City, by each member of the governing board of the City, and by counsel to the City, the Trustee, counsel to the Trustee and Bond Counsel in connection with the authorization, execution and delivery of the Bond and Investor’s purchase of the Bond. The Investor recognizes and agrees that the City, by each official of the City, each employee of the City, each member of the governing board of the City, counsel to the City, the Trustee, counsel to the Trustee and Bond Counsel have made no representations or statements (expressed or implied) with respect to the accuracy or completeness of any of the materials reviewed by the Investor in connection with the Investor’s purchase of the Bond. In

making an investment decision, the Investor is relying upon its own examination of the City, the Borrower, the Project and the terms of the offering.

3. The Investor has been provided an opportunity to ask questions of, and the Investor has received answers from, representatives of the City and the Borrower regarding the terms and conditions of the Bond, and the Investor has obtained all additional information requested by it in connection with the Bond.

4. The Investor has sufficient knowledge and experience in business and financial matters in general, and investments such as the Bond in particular, and is capable of evaluating the merits and risks involved in an investment in the Bond. The Investor is able to bear the economic risk of, and an entire loss of, an investment in the Bond.

5. The Investor is purchasing the Bond solely for its own account for investment purposes and has no present intention to resell or distribute the Bond, provided that the Investor reserves the right to transfer or dispose of the Bond, at any time, and from time to time, in its complete and sole discretion, subject, however, to the restrictions described in paragraphs 6 through 8 of this Letter and otherwise as set forth in the Indenture. The Investor hereby agrees that the Bond may only be transferred in whole and in accordance with the Indenture, including Article III thereof, to a single investor, which must execute and deliver to the parties addressed above a form of this Investor Letter.

6. The Investor agrees that it will only offer, sell, pledge, transfer or exchange the Bond (or any legal or beneficial interest therein) (a) in accordance with an available exemption from the registration requirements of Section 5 of the Securities Act, (b) in accordance with any applicable state securities laws, and (c) in accordance with the transfer restrictions set forth in the Bond and the Indenture. The Investor further agrees that the Bond will not be transferred to or held in a pool, trust or similar arrangement and that it will not sell any participating interest in the Bond without the prior written consent of the Issuer. The Investor acknowledges that written consent of the City is required in order to transfer the Bond.

7. The Investor is a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act (“Rule 144A”) or is otherwise an Approved Institutional Buyer; it understands that the Bond may be offered, resold, pledged or transferred only in whole and only to a person who is a “qualified institutional buyer,” as defined in Rule 144A.

8. If the Investor sells the Bond (or any legal or beneficial interest therein), the Investor or its agent will obtain for the benefit of each of you from any subsequent purchaser an Investor Letter in the form of this Letter or such other materials as are required by the Bond and the Indenture to effect such sale and purchase. The Investor understands and agrees that the Trustee is not authorized to register any transfer of the Bond prior to receipt of such Investor Letter and the written consent of the City.

9. Neither the Trustee, Bond Counsel, counsel to the City, the City, its governing body, or any of its employees or agents will have any responsibility to the Investor for the accuracy or completeness of information obtained by the Investor from any source regarding the Project, the City, the Borrower or their financial conditions or regarding the Bond, the provisions for

payment thereof, or the sufficiency of any security therefor, including, without limitation, any information specifically provided by any of such parties contained in the Offering Information. The Investor acknowledges that, as between Investor and all of such parties: (a) the Investor has assumed responsibility for obtaining such information and making such review as the Investor has deemed necessary or desirable in connection with its decision to purchase the Bond and (b) the Offering Information and any additional information specifically requested from the City or the Borrower and provided to the Investor prior to closing constitute all the information and review, with the investigation made by Investor (including specifically the Investor's investigation of the City, the Project and the Borrower) prior to its purchase of the Bond, that Investor has deemed necessary or desirable in connection with its decision to purchase the Bond.

10. The Investor understands that (a) the Bond has not been registered with any federal or state securities agency or commission, and (b) no credit rating has been sought or obtained with respect to the Bond, and the Investor acknowledges that the Bond is a speculative investment and that there is a high degree of risk in such investment.

11. The Investor acknowledges that the Bond is a limited obligation of the City, payable solely from the revenues or other amounts provided by or at the direction of the Borrower, and is not an obligation payable from the general revenues, or other funds of the City, the State of California or any political subdivision of the State of California. The Investor acknowledges that the City is issuing the Bond on a conduit, nonrecourse basis, and has no continuing obligations with respect thereto except as expressly set forth in the Indenture.

12. The Investor has the authority to purchase the Bond and to execute this letter and other documents and instruments required to be executed by the Investor in connection with its purchase of the Bond. The individual who is executing this letter on behalf of the undersigned is a duly appointed, qualified and acting officer of the Investor and authorized to cause the Investor to make the certifications, representations and warranties contained herein by the execution of this letter on behalf of the Investor.

13. The Investor agrees to indemnify and hold harmless the City, the City's officials, officers, directors, employees, agents, attorneys, accountants, advisors, consultants, servants and the members of the governing board of the City past, present and future with respect to any claim asserted against any of them that is based upon the Investor's sale, transfer or other disposition of its interests in the Bond in violation of the provisions hereof or of the Indenture or any inaccuracy in any statement made by the Investor in this letter.

Very truly yours,

[INVESTOR]

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_



**EXHIBIT C**

**FORM OF AMORTIZATION SCHEDULE**

\$[11,250,000]

City of Los Angeles

Multifamily Housing Revenue Bond

(NoHo 5050)

Series 2021U

**EXHIBIT D**  
**FORM OF REQUISITION**

BORROWER: NoHo 5050, L.P.  
PROJECT: NOHO 5050  
REQUISITION NO.: \_\_\_\_\_  
In the Amount of \$ \_\_\_\_\_

TO: [TRUSTEE], as Trustee (the “Trustee”)

KEYBANK NATIONAL ASSOCIATION (the “Servicer”)  
[TO BE PROVIDED]

The Borrower hereby requests payments in the following amounts, from the following sources and to be made to the following parties, all as set forth on the Borrower’s Request for Payment attached to this Requisition:

Amount	Source	Payable to:
	[identify name of Account & Fund in Indenture or Capital Contributions]	[Borrower’s account #] [third party payment/wire instructions must be attached]

**Requisition - Contents and Attachments**

- ☐ Borrower’s Request for Payment
- ☐ Contractor’s and Architect’s Application and Certification for Payment (AIA Form G-702) including change orders if applicable
- ☐ Paid Invoices Supporting Application-(AIA Form G-702), as appropriate
- ☐ Paid Invoices Supporting Borrower’s Request for Payment, as appropriate
- ☐ Lien Waivers
- ☐ Architect’s Certificate (100% completion of Improvements only)
- ☐ Borrower’s Representations and Warranties

The Borrower hereby requisitions the funds described above, and makes the representations and warranties attached hereto to the Servicer and the Trustee.

Witness

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

The foregoing Requisition is approved by the Servicer.

“Servicer”:

KEYBANK NATIONAL ASSOCIATION

Witness:

\_\_\_\_\_

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_r

**ACKNOWLEDGED:**

For City acknowledgment requirements, see Section 5.02(b) of the Indenture.

CITY OF LOS ANGELES, as City

By Housing and Community  
Investment Department

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

## **BORROWER'S REQUEST FOR PAYMENT**

**[KeyBank Form]**

**[Attach Spreadsheets]**

**CONTRACTOR'S AND ARCHITECT'S  
APPLICATION AND CERTIFICATION FOR PAYMENT**

**(AIA Form G-702) including change orders if applicable**



**PAID INVOICES SUPPORTING APPLICATION**  
**(AIA Form G-702), as appropriate**

**PAID INVOICES SUPPORTING BORROWER'S  
REQUEST FOR PAYMENT, AS APPROPRIATE**

## **LIEN WAIVERS**

## ARCHITECT'S CERTIFICATE

(If required by Servicer)

Application for Payment No. \_\_\_\_\_

TO: [TRUSTEE], as Trustee ("Trustee")  
KeyBank National Association ("Servicer")

FROM: \_\_\_\_\_ ("Architect")

RE: Acquisition, construction and equipping of a 40-unit apartment complex  
located in Los Angeles, California (the "Project") by  
NoHo 5050, L.P. ("Borrower")

We are the architect for the Project, and to induce Servicer to approve advance loans of proceeds by the Trustee to assist in funding construction and equipping of the Project, and knowing that Servicer will rely on this certificate in doing so, we hereby certify as follows:

1. We inspected the Project on \_\_\_\_\_, 20\_\_ and found the status of the Project on that date and the progress made on the Project since our last certificate to you dated \_\_\_\_\_, 20\_\_ to be as follows:

2. We delivered the Plans and Specifications for the Project, copies of which have been delivered to you (the "Plans and Specifications"). We have made no changes to the Plans and Specifications except as you have approved in writing. There are no pending change orders or construction change directives except as follows:

3. All work to date has been done in accordance with the Plans and Specifications and in a good and workmanlike manner. All materials and fixtures usually furnished and installed or stored on site at the current stage of construction and equipping have been furnished, installed or stored on site. All of the work to date is hereby approved except as follows:

4. We have examined the requisition being submitted herewith to you by Borrower, which requisition includes and Application for Payment from \_\_\_\_\_ ("Contractor") respecting construction and equipping of the Project. The payment so applied for by Contractor does not exceed (when added to the payments heretofore applied for by and paid to Contractor) 90% of the value of labor and materials incorporated into the Project.

5. We have been advised that as of this date there remains unexpended funds of \$ \_\_\_\_\_ which are available to fund construction and equipment costs, from which funds to pay the aforementioned Application for Payment will be deducted. In our opinion, such unexpended funds, after deduction of funds sufficient to cover both the current Application for Payment and the applicable retainage heretofore withheld and to become due on account of previous Applications, will be sufficient to pay for all construction and equipment costs reasonably required to complete the Project, provided that the amount advanced under the current application is, in fact, applied against obligations incurred for labor and materials heretofore furnished on account of construction and equipping of the Project.

6. All permits, licenses, approvals and the like required to complete construction and equipping of the Project have been validly issued by the appropriate authorities and are in full force and effect, and there is no violation of any of the provisions thereof or of any legal requirements applicable to the Project of which we have notice or knowledge as of the date hereof except as follows:

7. Access to and egress from the Project and all improvements to be constructed and rehabbed thereon are in accordance with all applicable legal requirements. Water, drainage and sanitary sewerage facilities and telephone, gas and electric services of public utilities are or are due to be installed in the locations indicated on the Plans and Specifications and are adequate to serve the Project. All necessary approvals for installation of or connection to such facilities or services have been obtained.

8. To the best of our knowledge, there are no petitions, actions or proceedings pending or threatened to revoke, rescind, alter or declare invalid any laws, ordinances, regulations, permits, licenses or approvals for or relating to the Project.

9. No amendments, modifications or changes have been made to our contract dated \_\_\_\_\_, 20\_\_ with the Borrower except such as have had your prior written approval.

10. Borrower is not in default of any of Borrower's obligations to us as of the date hereof except as follows:

This certificate is rendered based on our examination of the Project, the Plans and Specifications, the data comprising the Application for Payment and all other matters which we deem relevant. We are to incur no liability under this certificate except for failure to exercise due professional skill and diligence.

Executed as a sealed instrument this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

[ARCHITECT NAME]

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

## **BORROWER'S REPRESENTATIONS AND WARRANTIES**

1. No changes have been made in the Plans and Specifications which require and have not received the prior approval of (i) the Servicer under the terms of the Continuing Covenants Agreement dated as of \_\_\_\_\_ (the "Agreement"), (ii) any Governmental Authority having jurisdiction over the Project or (iii) any other parties from whom such approval is required.

2. Acquisition and construction of the Improvements has been performed in accordance with the Plans and Specifications.

3. As of the date hereof, the Borrower has executed change orders (increasing/decreasing) the cost of the Improvements by \$\_\_\_\_\_ in the aggregate, has notified the Consulting Engineer of such changes and, to the extent necessary, has received any and all necessary approvals from the Servicer.

4. Funding of this Requisition shall be in accordance with the terms and provisions of the (i) Agreement, (ii) the Loan Agreement dated as of [\_\_\_\_\_] 1, 2021 with respect to the Bond described therein (the "Loan Agreement") and (iii) the Trust Indenture dated as of [\_\_\_\_\_] 1, 2021 with respect to the Bond (the "Indenture").

5. All monies requisitioned by the Borrower for construction and equipping and disbursed by the Trustee under previously approved requisitions have been paid to the Contractor and, to Borrower's best knowledge, all subcontractors, vendors and suppliers; all other funds requisitioned by the Borrower and disbursed by the Trustee under previously approved requisitions have been expended for the purpose for which they were requisitioned.

6. All of the information submitted to the Servicer and the Trustee in connection with this Requisition is true and accurate as of the date of submission.

7. The representations and warranties set forth in the Loan Documents are true and correct as of the date hereof with the same effect as if made on this date.

8. The Borrower represents and warrants that (i) there has occurred no Event of Default or event which, with the passage of time or the giving or notice or both, would constitute an Event of Default on the part of the Borrower or the Guarantor under the terms of the Loan Documents, (ii) except as previously disclosed by the Borrower to the Servicer, the Borrower has not received notice from or been informed by any Governmental Authority or the Consulting Engineer of any alleged deficiencies in the work performed to date or any deviation of such work from Plans and Specifications or notice of any assertion of a claim that the Improvements have not been constructed or rehabbed in accordance with all applicable Requirements, (iii) with the exception of any Permitted Liens, there are no liens against any portion of the Project or any other asset of the Borrower, and (iv) the Loan Documents are in full force and effect.

9. The Borrower represents and warrants that this Requisition is in the form of requisition required by the Servicer.

10. The Borrower represents and warrants that, following payment of the amounts requested under this Requisition, not less than 95% of amounts paid from proceeds of the Bond have been applied to the payment of Qualified Costs of the Project.

11. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto under the Loan Agreement.

Executed this \_\_\_\_ day of \_\_\_\_, \_\_\_\_.

NOHO 5050 L.P., a California limited partnership

By Decro NoHo 5050 LLC, a California limited liability company, its Managing General Partner

By Decro Corporation, a California nonprofit public benefit corporation, its Sole Member and Manager

By \_\_\_\_\_  
Ted M. Handel  
Chief Executive Officer

By Daylight NoHo 5050 LLC, a California limited liability company, its Administrative General Partner

By Daylight Community Development, LLC, a California limited liability company, its Sole Member

By \_\_\_\_\_  
Gregory Comanor  
Manager



**EXHIBIT E**

**INITIAL DEPOSIT OF FUNDS**

<b>Sources</b>	<b>Loan Account - Project Fund</b>	<b>Equity Account – Project Fund</b>	<b>Capitalized Interest Account – Project Fund</b>	<b>Costs of Issuance Fund</b>	<b>Totals</b>
Bond	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Totals</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

**EXHIBIT F**

**FORM OF NOTICE OF APPOINTMENT  
OF BONDHOLDER REPRESENTATIVE**

[TRUSTEE]

NoHo 5050, L.P.

[BORROWER ADDRESS]

City of Loan Angeles  
c/o Housing and Community Investment Department  
8th Floor  
1200 West 7th Street  
Los Angeles, CA 90017  
Attention: Supervisor, Affordable Housing Bond Program

[SERVICER]

Re: City of Los Angeles Multifamily Housing Revenue Bond (NoHo 505 Apartments),  
Series 2021U

Ladies and Gentlemen:

The undersigned is the majority owner (the “**Majority Owner**”) of the above described Bond dated [\_\_\_\_], 2021 (the “**Bond**”) delivered pursuant to the Trust Indenture dated as of [\_\_\_\_\_] 1, 2021 (the “**Indenture**”), among [TRUSTEE], as trustee (the “**Trustee**”) and the City of Los Angeles (the “**Issuer**”). Pursuant to Section 10.14 of the Indenture, you are hereby notified that, effective immediately upon receipt of this notice by the Trustee, the Bondholder Representative appointed under Section 10.14 of the Indenture shall be \_\_\_\_\_. [The person or entity previously appointed as Bondholder Representative shall upon the effectiveness of this notice no longer have any further rights or obligations as Bondholder Representative.]

The following individual or individuals shall have the authority to execute any consent, waiver, approval, direction or other instrument on behalf of the Bondholder Representative and the signature(s) set forth next to his/her (their) name(s) is (are) his/her (their) true and correct signature(s).

**Name**

**Signature**

Additional individuals may be given such authority by written notice to you from the Bondholder Representative or from the Majority Owner.

This notice is dated as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

[MAJORITY OWNER SIGNATURE BLOCK]

By \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

**EXHIBIT G**

**FORM OF RESPONSIBLE BANKING ORDINANCE CERTIFICATE**

**RESPONSIBLE BANKING ORDINANCE  
REPRESENTATIONS AND COVENANTS OF BANK**

[\_\_\_\_\_, 20\_\_]

City of Los Angeles  
Los Angeles, California

\$(\_\_\_\_\_)   
City of Los Angeles  
Multifamily Housing Revenue Bond  
(NoHo 5050)  
Series 2021U

Ladies and Gentlemen:

The undersigned on behalf of [\_\_\_\_\_] (the “Bank”) does hereby certify to the following as of the date of this certificate, relating to the Bank’s purchase from the City of Los Angeles (the “Issuer”) of the Issuer’s \$(\_\_\_\_\_) initial principal amount of Multifamily Housing Revenue Bond (NoHo 5050) Series 2021U (the “Bond”):

(a) The Bank shall file with the City Treasurer of the Issuer by July 1 of each year an annual statement of community reinvestment activities as required of a “commercial bank” under the Issuer’s Ordinance 182138 adopted May 25, 2012 (the “Responsible Banking Ordinance”); and

(b) The Bank represents that it has, prior to the date hereof, filed with the City Treasurer the report due by July 1, 20\_\_ under the Responsible Banking Ordinance for calendar year [\_\_\_\_\_].

[Remainder of Page Intentionally Left Blank]

Very truly yours,

[BANK]

By\_\_\_\_\_

Name\_\_\_\_\_

Title\_\_\_\_\_

[Signature Page to *NoHo 5050 Apartments* Responsible Banking Ordinance Certificate]

G-2

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

KUTAK ROCK LLP  
1650 FARNAM STREET  
OMAHA, NE 68102  
ATTENTION: J. TOGER SWANSON, ESQ.

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**REGULATORY AGREEMENT  
AND DECLARATION OF RESTRICTIVE COVENANTS**

by and among

**CITY OF LOS ANGELES,**  
as City

and

**[TRUSTEE],**  
as Trustee

and

**NOHO 5050 L.P.,**  
as Borrower

relating to

**[\$11,250,000]  
City of Los Angeles  
Multifamily Housing Revenue Bond  
(NoHo 5050)  
Series 2021U**

Dated as of [\_\_\_\_\_] 1, 2021

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**REGULATORY AGREEMENT AND  
DECLARATION OF RESTRICTIVE COVENANTS**

**THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS** (this “Agreement” or this “Regulatory Agreement”) is made and entered into and dated as of [\_\_\_\_\_] 1, 2021 by and among the **CITY OF LOS ANGELES**, a charter city and municipal corporation in the State of California (together with any successor to its rights, duties and obligations, the “City”), [TRUSTEE], a national banking association in its capacity as Trustee (the “Trustee”) under the Trust Indenture dated as of [\_\_\_\_\_] 1, 2021 (the “Indenture”) by and between the City and the Trustee, with an office in Los Angeles, California, and **NOHO 5050 L.P.**, a California limited partnership (the “Borrower”).

**W I T N E S S E T H :**

WHEREAS, pursuant to Section 248 of the City Charter of the City and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended (collectively, the “Law”), and in accordance with Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California, as amended (the “Act”), the City is empowered to issue bonds, notes and other evidence of indebtedness to finance the acquisition, construction and equipping of multifamily rental housing; and

WHEREAS, on December 23, 2019, the City indicated its intent to provide for the issuance of a revenue bond or note to finance a portion of the acquisition, construction and equipping of NoHo 5050, a multifamily residential rental housing project to be located in the City of Los Angeles at 5050 Bakman Avenue on the site more particularly described in Exhibit A hereto (the “Project”) and the City Council of the City subsequently adopted a resolution (the “Resolution”) authorizing the issuance of a bond for such purpose; and

WHEREAS, in furtherance of the purposes of the Law, the Act and the Resolution, and as a part of the City’s program of financing housing, the City has issued its \$[11,250,000] maximum aggregate principal amount of its Multifamily Housing Revenue Bond (NoHo 5050) Series 2021U (the “Bond”) the proceeds of which will be used to fund a loan (the “Loan”) to the Borrower to finance a portion of the acquisition, construction and equipping of the Project; and

WHEREAS, in order for interest on the Bond to be excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”), and the below-defined Regulations and rulings with respect to the Code, and in order to comply with the Law, the Act and the policies with respect to the City’s housing program, the use and operation of the Project must be restricted in certain respects; and

WHEREAS, the City, the Trustee and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, construction and equipping of the Project and in order to ensure that the Project will be used and operated in accordance with the Code, the Law, the Act and the additional requirements of the City and the California Debt Limit Allocation Committee (“CDLAC”);

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the City, the Trustee and the Borrower hereby agree as follows:

**Section 1. Definitions and Interpretation.** Terms not otherwise defined herein shall have the meanings assigned thereto in the Indenture or the Loan Agreement, as applicable. The following terms shall have the respective meanings assigned to them in this Section 1 unless the context in which they are used clearly requires otherwise:

*“Act”* means Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California, as the same may be amended from time to time (but only to the extent any such amendments, by their terms or by appropriate election of the City, apply to the Bond outstanding as of the effective date of such amendments).

*“Adjusted Income”* means the adjusted income of a person (together with the adjusted income of all persons who intend to reside with such person in one residential unit) calculated pursuant to Section 142(d)(2)(B) of the Code.

*“Affiliated Party”* means a limited or general partner or member of the Borrower, a person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code or a person who, together with the Borrower, is a member of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that “more than 50 percent” shall be substituted for “at least 80 percent” each place it appears therein).

*“Agreement”* or *“Regulatory Agreement”* means this Regulatory Agreement and Declaration of Restrictive Covenants, as it may be amended from time to time.

*“Area”* means the Los Angeles Primary Metropolitan Statistical Area.

*“Authorized Borrower Representative”* means any person who, at any time and from time to time, may be designated as the Borrower’s authorized representative by written certificate furnished to the City and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by or on behalf of any authorized general partner of the Borrower if the Borrower is a general or limited partnership, by any authorized managing member of the Borrower if the Borrower is a limited liability company, or by any authorized officer of the Borrower if the Borrower is a corporation, which certificate may designate an alternate or alternates, or in the event that such term shall refer to successors or assigns of the Borrower, any authorized general partner if the successor or the assignee is a general or limited partnership, any authorized managing member if the successor or assignee is a limited liability company or any authorized officer if the successor or the assignee is a corporation. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Borrower Representative is an Authorized Borrower Representative until such time as the Borrower files with it (with a copy to the City) a written certificate identifying a different person or persons to act in such capacity.

*“Bank”* means KeyBank National Association, its successors and assigns.

*“Bond”* means the City’s Multifamily Housing Revenue Bond (NoHo 5050) Series 2021U authorized, authenticated and delivered under the Indenture, as defined in the recitals hereto.

“*Bond Counsel*” means an attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the validity of, and the Tax-exempt nature of interest on, obligations issued by states and their political subdivisions, selected by the City and duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia but shall not include counsel for the Borrower or the Trustee.

“*Bond Documents*” means the Indenture, the Loan Agreement, this Regulatory Agreement, the Tax Certificate and any other document now or hereafter executed by the Borrower, City, Trustee or Bondholder in connection with the Bond.

“*Bondholder*” or “*Owner*” or “*Holder*” means the party identified as the owner of the Bond on the registration books maintained by the Trustee on behalf of the City.

“*Borrower*” means NoHo 5050 L.P., a California limited partnership, and its successors and assigns.

“*CDLAC*” means the California Debt Limit Allocation Committee or its successors.

“*CDLAC Conditions*” has the meaning given such term in Section 33 hereof.

“*CDLAC Resolution*” means CDLAC Resolution No. 21-136, adopted on April 28, 2021, attached to this Regulatory Agreement as Exhibit G and relating to the Project, as such resolution may be modified or amended from time to time.

“*Certificate of CDLAC Program Compliance*” means the Certification of Compliance II for Qualified Residential Rental Projects, or equivalent form, to be filed with the City at the times specified in Section 33(a) of this Regulatory Agreement, such report to contain the information set forth in and to be in substantially the form attached hereto as Exhibit E or such other form required or otherwise provided by CDLAC from time to time.

“*Certificate of Continuing Program Compliance*” means the Certificate of Continuing Program Compliance and Statistical Report to be filed by the Borrower with the City and the Trustee at the times specified in Sections 4(d) and (f) of this Regulatory Agreement, such report to contain the information set forth in and to be in substantially the form attached hereto as Exhibit B or such other form as may from time to time be prescribed by the City.

“*Certificate of Qualified Project Period*” means a certificate to be filed by the Borrower upon commencement of the Qualified Project Period in substantially the form attached hereto as Exhibit J.

“*City*” means the City of Los Angeles, a charter city and municipal corporation of the State of California.

“*Closing Date*” or “*Bond Closing Date*” means the date upon which the Bond is initially funded in an amount equal to at least \$50,001.

“*Code*” means the Internal Revenue Code of 1986, as amended; each reference to the Code shall be deemed to include (a) any successor internal revenue law and (b) the applicable regulations whether final, temporary or proposed under the Code or such successor law.

“*Completion Date*” means the date of the completion of the acquisition, construction and equipping of the Project, as that date shall be specified in the Construction Completion Certificate.

“*Compliance Period*” means the period beginning on the first day of the Qualified Project Period and ending on the later of the end of the Qualified Project Period or such later date as set forth in Section 33 of this Regulatory Agreement.

“*Construction Completion Certificate*” means a written certification signed by an Authorized Borrower Representative certifying among other things to the substantial completion of the Project and delivered to the City, the Trustee and CDLAC not more than 30 months after the Closing Date, in substantially the form of Exhibit F hereto or such other form required or otherwise provided by CDLAC from time to time.

“*Costs of Issuance*” means costs of issuing the Bond as set forth in the Indenture.

“*Conversion Date*” has the meaning set forth in the Indenture.

“*Determination of Taxability*” means either (a) refusal by the Borrower to consent to any amendment or supplement hereto or to the Indenture which, in the written opinion of Bond Counsel delivered to the City, the Trustee, the Bank and the Borrower, is necessary or advisable to maintain the exclusion of interest on the Bond from gross income for federal income tax purposes; or (b) any of (i) the enactment of applicable legislation of which the Trustee has actual knowledge, (ii) a final judgment or order of a court of original or appellate jurisdiction of which the Trustee has actual knowledge, (iii) a final ruling or decision of the Internal Revenue Service of which the Trustee has actual knowledge or (iv) the filing with the Trustee of an opinion of Bond Counsel, in each case to the effect that the interest on the Bond (other than interest on the Bond for any period during which such Bond is held by a “substantial user” of any facility financed with the proceeds of the Bond or a “related person,” as such terms are used in Section 147(a) of the Code) is includable in the gross incomes of all recipients thereof for federal income tax purposes. With respect to the foregoing, a judgment or order of a court or a ruling or decision of the Internal Revenue Service shall be considered final only if no appeal or action for judicial review has been filed and the time for filing such appeal has expired.

“*Hazardous Materials*” means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials; radioactive materials; polychlorinated biphenyls (“PCBs”) and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; any substance the presence of which on the Project is prohibited by any federal, state or local authority; any substance that requires special handling and any other material or substance now or in the future that (i) is defined as a “hazardous substance,” “hazardous material,” “hazardous waste,” “toxic substance,” “toxic pollutant,” “contaminant,” or “pollutant” by or within the

meaning of any Hazardous Materials Law, or (ii) is regulated in any way by or within the meaning of any Hazardous Materials Law.

*“Hazardous Materials Laws”* means all federal, state, and local laws, ordinances and regulations and standards, rules, policies and other governmental requirements, administrative rulings and court judgments and decrees in effect now or in the future and including all amendments, that relate to Hazardous Materials or the protection of human health or the environment and apply to the Borrower or to the Project. Hazardous Materials Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901, et seq., the Toxic Substance Control Act, 15 U.S.C. Section 2601, et seq., the Clean Water Act, 33 U.S.C. Section 1251, et seq., and the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101 et seq., and their state analogs.

*“Housing Act”* means the United States Housing Act of 1937, as amended, or its successor.

*“HUD”* means the U.S. Department of Housing and Urban Development and any successor agency.

*“Income Certification”* means, initially, an Income Certification in the form attached hereto as Exhibit C or in such other form as may from time to time be provided by the City to the Borrower and, with respect to recertifications, the Annual Tenant Income Recertification attached hereto as Exhibit D or such other form as may, from time to time, be provided by the City to the Borrower.

*“Indenture”* means the Trust Indenture dated as of [\_\_\_\_\_] 1, 2021 by and between the City and the Trustee relating to the issuance of the Bond, as amended, modified, supplemented or restated from time to time.

*“Inducement Date”* means December 23, 2019.

*“Loan”* means the loan of the sale proceeds of the Bond by the City to the Borrower pursuant to the Loan Agreement for the purpose of providing funds for the acquisition, construction and equipping of the Project.

*“Loan Agreement”* means the Loan Agreement dated as of [\_\_\_\_\_] 1, 2021 by and among the City, the Trustee and the Borrower, as amended or supplemented from time to time.

*“Low Income Tenant”* means a tenant whose Adjusted Income does not exceed limits determined in a manner consistent with determinations of lower-income families under Section 8 of the Housing Act, except that the percentage of median gross income that qualifies as lower income shall be 60% of median gross income for the Area with adjustments for family size. Except as otherwise provided herein, the occupants of a unit in the Project shall not be considered to be Low Income Tenants if all the occupants of a unit are students (as defined in Section 152(f)(2) of the Code) and any one of those students is not (1) a single parent living with his/her children; (2) a student receiving assistance under Title IV of the Social Security Act (Temporary Assistance for Needy Families); (3) a student enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar federal, State, or local laws; (4) a student who was previously under the care and placement responsibility of a foster care program (under part B



or E of Title IV of the Social Security Act) or (5) a student who is married and files a joint return. Single parents described in (1) above may not be dependents of another individual and their children may not be dependents of another individual other than their parents. The determination of a tenant's status as a Low Income Tenant shall be made by the Borrower upon initial occupancy of a unit in the Project by such Tenant and annually thereafter and at any time the Borrower has knowledge that the number of occupants in that unit has increased, on the basis of an Income Certification executed by the tenant.

*"Low Income Units"* means the units in the Project required to be rented to, or held available for occupancy by, Low Income Tenants pursuant to Sections 4(a), 4(b) and 6(a) hereof.

*"Net Proceeds"* means the total proceeds derived from the issuance, sale and delivery of the Bond, representing the total purchase price of the Bond, including any premium paid as part of the purchase price of the Bond, but excluding the accrued interest, if any, on the Bond paid by the initial purchaser of the Bond.

*"Project"* means the Project Facilities and the Project Site.

*"Project Costs"* means, to the extent authorized by the Code, the Regulations, the Law and the Act, any and all costs incurred by the Borrower with respect to the acquisition, construction and equipping and the credit enhancement fees, if any, attributable to the period of, the construction of the Project, whether paid or incurred prior to or after the Inducement Date, including, without limitation, costs for site preparation, the planning of housing, related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the construction of housing and related facilities and improvements, and all other work in connection therewith, including Qualified Project Costs, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractors' and developer's overhead and supervisors' fees and costs directly allocable to the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or other entity or person for expenditures made, for the Project).

*"Project Facilities"* means the buildings, structures and other improvements on the Project Site to be acquired, constructed, equipped or improved by the Borrower, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements constituting the Project. Project Facilities do not include retail sales facilities, leased office space, commercial facilities or recreational, fitness, parking or business facilities available to members of the general public.

*"Project Site"* means the parcel or parcels of real property having the street address of 5050 Bakman Avenue in the City of Los Angeles, California and all rights and appurtenances thereunto appertaining, as more particularly described in Exhibit A hereto.

*"Qualified Project Costs"* means the Project Costs (excluding issuance costs) incurred not earlier than the date 60 days prior to the Inducement Date which either constitute land or property of a character subject to the allowance for depreciation under Section 167 of the Code, or are chargeable to a capital account with respect to the Project for federal income tax and financial



accounting purposes, or would be so chargeable either with a proper election by the Borrower or but for the proper election by the Borrower to deduct those amounts; provided, however, that only such portion of the interest accrued on the Bond during the construction of the Project shall constitute Qualified Project Costs as bear the same ratio to all such interest or fees, as applicable, as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing on or after the Completion Date shall not be Qualified Project Costs; and provided finally that if any portion of the Project is being constructed by the Borrower or an Affiliated Party (whether as a general contractor or a subcontractor), “Qualified Project Costs” shall include only (a) the actual out-of-pocket costs incurred by the Borrower or such Affiliated Party in constructing the Project (or any portion thereof), (b) any reasonable fees for supervisory services actually rendered by the Borrower or such Affiliated Party (but excluding any profit component) and (c) any overhead expenses incurred by the Borrower or such Affiliated Party which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the construction of the Project or payments received by such Affiliated Party due to early completion of the Project (or any portion thereof). Qualified Project Costs do not include Costs of Issuance. Notwithstanding anything herein to the contrary, no Project Costs relating to the acquisition of the Project or any assets relating thereto (including, without limitation, rights and interests with respect to development of the Project) shall constitute “Qualified Project Costs” unless, at the time Bond proceeds are expended to pay such costs, the Borrower and the seller of such assets are not “related parties” as such term is defined in Section 1.150-1(b) of the Regulations.

“*Qualified Project Period*” means the period beginning on the first day on which 10% of the dwelling units in the Project are first occupied and ending on the latest of (a) the date which is 15 years after the date on which 50% of the dwelling units in the Project are first occupied, (b) the first date on which no Tax-exempt private activity bond (as that phrase is used in Section 142(d)(2) of the Code) issued with respect to the Project is outstanding or (c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates. The CDLAC Conditions apply for a period which, in some cases, exceeds the Qualified Project Period.

“*Regulations*” means the Income Tax Regulations promulgated or proposed (if deemed appropriate in the opinion of Bond Counsel) by the Department of the Treasury pursuant to the Code from time to time.

“*Tax Certificate*” means the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 dated the Closing Date, executed and delivered by the City and the Borrower, as amended, modified, supplemented or restated from time to time.

“*Tax-exempt*” means, with respect to interest on any obligations of a state or local government, including the Bond, that such interest is excluded from gross income for federal income tax purposes (other than interest on the Bond for any period during which the Bond is held by a “substantial user” of any facility financed with the proceeds of the Bond or a “related person,” as such terms are used in Section 147(a) of the Code); provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

“*Trustee*” means [TRUSTEE] in its capacity as trustee under the Indenture, together with its successors and assigns.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender and words of the singular number shall be construed to include the plural number, and vice versa. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1, notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

In the event of any conflict between this Regulatory Agreement and the CDLAC Conditions, the most restrictive requirement shall govern.

**Section 2. Acquisition, Construction and Equipping of the Project.** The Borrower hereby represents as of the date hereof, covenants and agrees with the City and the Trustee as follows:

(a) The Borrower has incurred, or will incur within six months after the Closing Date, a substantial binding obligation to commence the acquisition, construction and equipping of the Project, pursuant to which the Borrower is or will be obligated to expend at least 5% of the proceeds of the Loan financed from proceeds of the Bond.

(b) The Borrower’s reasonable expectations respecting the total cost of the acquisition, construction and equipping of the Project are accurately set forth in the Borrower Cost Certificate (the “Borrower Cost Certificate”) submitted to the City on the Closing Date.

(c) The Borrower has acquired the Project Site and will, within six months following the Bond Closing Date, commence the construction of the Project and will proceed with due diligence to complete the same. Notwithstanding anything herein to the contrary, no Project Costs relating to the acquisition of the Project or any assets relating thereto (including, without limitation, rights and interests with respect to development of the Project) shall constitute “Qualified Project Costs” unless, at the time Bond proceeds are expended to pay such costs, the Borrower and the seller of such assets are not “related parties” as such term is defined in Section 1.150-1(b) of the Regulations. The Borrower reasonably expects to complete the acquisition, construction and equipping of the Project and to expend the full amount of the proceeds of the Loan for Project Costs prior to the date which is 30 months after the Closing Date.

(d) The Borrower agrees that the full amount of each disbursement of Bond proceeds pursuant to the Indenture and the Loan Agreement will be applied to pay or to reimburse the Borrower for the payment of Project Costs as set forth in the Borrower Cost Certificate and that, after taking into account each such disbursement, (i) the aggregate disbursements of Bond proceeds will have been applied to pay or to reimburse the Borrower for the payment of Qualified Project Costs in an aggregate amount equal to 97% or more of the aggregate disbursements of the Loan; provided, however, that if the Borrower provides the Trustee with an opinion of Bond Counsel to the effect that the Tax-exempt status of interest on the Bond will not be adversely affected if less than the aforesaid percentage, but not less than 95%, is disbursed for such purpose, then the certificate may refer to such lesser percentage as may be specified by Bond Counsel; and (ii) less than 25% of the proceeds of the Bond expended relative to the Project Site will be disbursed to pay or to reimburse the Borrower for the cost of acquiring land or rights with respect to land relative to the Project Site (exclusive of the cost of acquiring improvements on such land).

(e) [Reserved].

(f) No proceeds of the Bond will be used to pay or reimburse any cost (i) incurred more than 60 days prior to the Inducement Date, or (ii) incurred more than three years prior to such payment or reimbursement. Any allocation of Bond proceeds to the reimbursement of previously incurred costs shall be made not later than 18 months after the later of (i) the date the original expenditure was paid or (ii) the date the Project is placed in service or abandoned. The acquisition, construction and equipping of the Project by the Borrower commenced less than 60 days prior to the Inducement Date, and as of 60 days prior to the Inducement Date (A) neither the Borrower nor any “related person” (as such phrase is used in Section 147(a)(2) of the Code) has made any expenditure in connection with the acquisition, construction or equipping of the Project, (B) no on-site work has been commenced by the Borrower or any related person in connection with the construction of the Project, and (C) no off-site fabrication of any portion of the Project has been commenced by the Borrower or any related person. The Project consists, and shall at all times consist, of property which is land or is subject to the allowance for depreciation provided in Section 167 of the Code.

(g) The Borrower (and any Affiliated Party) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds from the Loan to be applied in a manner contrary to the requirements of this Regulatory Agreement, nor will it take or omit to take any such action if the Borrower (or any Affiliated Party) knows that such action or omission may cause the proceeds from the sale of the Bond to be applied in a manner contrary to the Indenture, the Loan Agreement, the Law, the Act or the Code.

(h) The Borrower shall, on the Completion Date, evidence the Completion Date by providing a Construction Completion Certificate to CDLAC, the Trustee and the City, signed by the Authorized Borrower Representative. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights of the Borrower against third parties for the payment of any amount not then due and payable which exist at the

date of such certificate or which may subsequently exist. The Construction Completion Certificate shall be delivered to the Trustee no later than the date 30 months from the Closing Date unless the Borrower delivers to the Trustee a certificate of the City consenting to an extension of such date, accompanied by an opinion of Bond Counsel to the effect that such extension will not result in interest on the Bond being included in gross income for federal income tax purposes.

(i) The Borrower agrees to spend additional moneys for payment of any costs of the Project sufficient to reduce the portion of Bond proceeds (A) spent on land by the Borrower relative to the Project Site to an amount that is less than 25% of the amount of Bond proceeds spent by the Borrower relative to the Project Site for all purposes and (B) spent on costs of the Project paid or incurred by or on account of the Borrower or any related person (as such term is used in Section 147(a)(2) of the Code) on or after the date 60 days prior to the Inducement Date and chargeable to the capital account of the Project (or so chargeable either with a proper election by the Borrower to deduct such amounts, within the meaning of Treasury Regulation 1.103-8(a)(1)) so that the amount of Bond proceeds expended on such Qualified Project Costs is at least 97% of the amount of Bond proceeds spent for all purposes related to the Project, except that, upon receipt by the Borrower, the Trustee and the City of an approving opinion of Bond Counsel, the percentage of such amounts so used may be 95%.

(j) No Bond proceeds shall be expended to acquire any structures other than buildings within the meaning of Section 147(d) of the Code.

**Section 3. Residential Rental Property.** The Borrower hereby acknowledges and agrees that the Project is to be owned, managed and operated as a “qualified residential rental project” (within the meaning of Section 142(d) of the Code) for a term equal to the Qualified Project Period. To that end, and for the Qualified Project Period, the Borrower hereby represents, covenants, warrants and agrees as follows:

(a) The Project Facilities will be developed for the purpose of providing multifamily residential rental property, and the Borrower will own, manage and operate the Project Facilities as a project to provide multifamily residential rental property comprising a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities in accordance with Section 142(d) of the Code and Section 1.103-8(b) of the Regulations, the Law and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time. For purposes of this Subsection 3(a), the term “functionally related and subordinate facilities” includes facilities for use by the tenants (for example, swimming pools, other recreational facilities and parking areas) and other facilities which are reasonably required for the Project, for example, heating and cooling equipment, trash disposal equipment and units for resident managers and maintenance personnel. Substantially all of the Project will contain such units and functionally related and subordinate facilities.

(b) All of the dwelling units in the Project will be similarly constructed units, and each Low Income Unit in the Project will contain complete separate and distinct

facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range and oven, a sink and a refrigerator. Each of the Accessible Housing Units (as defined in Exhibit I hereto) shall also comply with the requirements of Exhibit I. Notwithstanding the foregoing, a unit shall not fail to be treated as a residential unit merely because such unit is a single room occupancy unit within the meaning of Section 42(i)(3)(B)(iv) of the Code even though such housing may provide eating, cooking and sanitation facilities on a shared basis.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park. Notwithstanding the foregoing, single-room occupancy units provided under Section 42(i)(3)(B)(iv) of the Code shall not be considered to be utilized on a transient basis.

(d) No part of the Project will at any time be owned by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or uses. Other than filing a condominium map and a final subdivision map on the Project and obtaining a Final Subdivision Public Report from the California Department of Real Estate, the Borrower shall not take any steps in connection with a conversion of the Project to condominium ownership during the Qualified Project Period.

(e) All of the dwelling units (which shall not include any manager units) in the Project will be available for rental on a continuous basis to members of the general public, and the Borrower will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent of the following: (1) any dwelling units that are required to be leased or rented to Low Income Tenants, (2) to the extent not otherwise inconsistent with the requirements of this Section 3(e), the requirements of any regulatory agreement executed between the Borrower and HUD or between the Borrower and a subordinate lender (including the City), (3) the requirements of any Section 8 Housing Assistance Payments Contract with respect to the Project, (4) any preference Borrower gives to a class of persons permitted to be given preference pursuant to the Code, State law and other applicable federal law, and (5) Accessible Housing Units shall be made available to persons with disabilities as provided in Exhibit I.

(f) The Project Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Project Facilities comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in the Project shall be occupied by the Borrower; provided, however, that if the Project contains five or more dwelling units, this subsection shall not be construed to prohibit occupancy of not more than one dwelling unit by one or more resident managers or maintenance personnel any of whom may be the Borrower.



(h) The Project shall be maintained in conformity with the habitability and fire codes of the City of Los Angeles.

(i) The Project shall be managed in a manner consistent with prudent property management standards and in compliance with all state and local laws, ordinances and regulations relating thereto.

(j) Should involuntary noncompliance with the provisions of Regulations Section 1.103-8(b) be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the City from enforcing the requirements of the Regulations, or condemnation or similar event, the Borrower covenants that, within a “reasonable period” determined in accordance with the Regulations, and subject to the provisions of the Indenture and the Loan Agreement, it will either prepay the Loan or apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the Regulations.

**Section 4. Low Income Tenants; Records and Reports.** Pursuant to the requirements of the Code and the City, the Borrower hereby represents, warrants and covenants as follows:

(a) The Project will be developed for the purpose of providing multifamily residential rental property, and the Borrower will own, manage and operate the Project as a project to provide multifamily residential rental property comprising a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities in accordance with the Law and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time. Within 30 days after the date on which 50% of the dwelling units in the Project are occupied by tenants providing an Income Certification, the Borrower shall execute and deliver to the City (with a copy to the Los Angeles Housing and Community Investment Department, Occupancy Monitoring Section, 1200 West 7<sup>th</sup> Street, 8<sup>th</sup> Floor, Los Angeles, CA 90017), and a copy to CDLAC and the Trustee, a Certificate of Qualified Project Period.

(b) Commencing on the first day of the Qualified Project Period, Low Income Tenants shall occupy at least 40% of all completed and occupied units in the Project (excluding units occupied by property managers) before any additional units are occupied by persons who are not Low Income Tenants; and for the Qualified Project Period no less than 40% of the total number of completed units of the Project (excluding units occupied by property managers) shall at all times be rented to and occupied by Low Income Tenants. For the purposes of this subsection (b), a vacant unit which was most recently occupied by a Low Income Tenant is treated as rented and occupied by a Low Income Tenant until reoccupied, other than for a temporary period of not more than 31 days, at which time the character of such unit shall be redetermined. In determining whether the requirements of this subsection (b) have been met, fractions of units shall be treated as entire units.

(c) No tenant qualifying as a Low Income Tenant shall be denied continued occupancy of a unit in the Project because, after admission, such tenant’s Adjusted Income

increases to exceed the qualifying limit for Low Income Tenants; provided, however, that should a Low Income Tenant's Adjusted Income, as of the most recent determination thereof, exceed 140% of the then applicable income limit for a Low Income Tenant of the same family size, the next available unit of comparable or smaller size must be rented to (or held vacant and available for immediate occupancy by) a Low Income Tenant; and provided further that, until such next available unit is rented to a tenant who is not a Low Income Tenant, the former Low Income Tenant who has ceased to qualify as such shall be deemed to continue to be a Low Income Tenant for purposes of the 40% requirement of subsection (b) of this Section 4 (if applicable). If the Project consists of more than one building, this requirement shall apply on a building-by-building basis.

(d) The Borrower will obtain, complete and maintain on file Income Certifications from each Low Income Tenant, including (i) an Income Certification dated no later than the day prior to the initial occupancy of such Low Income Tenant in the Project and (ii) thereafter, annual Income Certifications dated as of the anniversary date of each initial Income Certification. The Borrower will obtain such additional information as may be required in the future by the State of California, by the City and by Section 142(d) of the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations which are Tax-exempt under Section 142(d) of the Code. A copy of the most recent Income Certification for Low Income Tenants commencing or continuing occupation of a Low Income Unit (and not previously filed with the City) shall be attached to the Certificate of Continuing Program Compliance which is to be filed with the City no later than the fifteenth day of each month until such report indicates compliance with Section 4(b) and thereafter on the fifteenth day of each [ ] and [ ] until the end of the Qualified Project Period. The Borrower shall make a good-faith effort to verify that the income information provided by an applicant in an Income Certification is accurate by obtaining the acceptable forms of verification enumerated in Chapter 3 of the most current, amended edition of HUD Handbook 4350.3, or such instruction by HUD that may supersede this handbook, and any additional documentation that the City shall deem relevant, such as the two most recent years' tax returns or other forms of independent verification satisfactory to the City.

(e) The Borrower will use its best efforts to maintain complete and accurate records pertaining to the Low Income Units, and will with reasonable notice permit any duly authorized representative of the City, the Trustee, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project during regular business hours, including those records pertaining to the occupancy of the Low Income Units.

(f) The Borrower will prepare and submit to the City and the Trustee, no later than the fifteenth day of each month following the receipt by the Trustee of the Construction Completion Certificate to and including the month in which such report indicates that 40% of the occupied units (excluding units occupied by property managers) are occupied by Low Income Tenants, and thereafter no later than the fifteenth day of each



[ ] and [ ] until the end of the Qualified Project Period, a Certificate of Continuing Program Compliance executed by the Borrower stating (i) the percentage of the dwelling units of the Project which were occupied or deemed occupied, pursuant to subsection (b) of this Section 4, by Low Income Tenants during such period; (ii) that either (A) no unremedied default has occurred under this Regulatory Agreement, or (B) a default has occurred, in which event the certificate shall describe the nature of the default in detail and set forth the measures being taken by the Borrower to remedy such default; and (iii) that, to the knowledge of the Borrower, no Determination of Taxability has occurred, or if a Determination of Taxability has occurred, setting forth all material facts relating thereto.

(g) On or before each February 15 during the Qualified Project Period, the Borrower will submit to the City a draft of the completed Internal Revenue Service Form 8703 or such other annual certification required by the Code to be submitted to the Secretary of the Treasury as to whether the Project continues to meet the requirements of Section 142(d) of the Code. On or before each March 31 during the Qualified Project Period the Borrower will submit such completed form to the Secretary of the Treasury, regardless of whether or not the City has responded to such draft.

(h) Subject to the requirements of any Section 8 Housing Assistance Payments Contract with respect to the Project, each lease or rental agreement pertaining to a Low Income Unit shall contain a provision to the effect that the Borrower has relied on the Income Certification and supporting information supplied by the Low Income Tenant in determining qualification for occupancy of the Low Income Unit and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement. Each such lease or rental agreement shall also provide that the tenant's income is subject to annual certification in accordance with Section 4(c) hereof and to recertification if the number of occupants in the units changes for any reason (other than the birth of a child to an occupant of such unit) and that if upon any such certification such tenant's Adjusted Income exceeds 140% of the then applicable income limit for a Low Income Tenant of the same family size, such tenant may cease to qualify as a Low Income Tenant, and such tenant's rent is subject to increase. Notwithstanding anything in this Section 4(h) to the contrary, such tenant's rent may be increased only pursuant to Section 7(l) hereof.

(i) Pursuant to the CDLAC Conditions attached hereto and for the entire term of the Regulatory Agreement, the Project shall consist of 39 units plus 1 manager unit of which at least: 32 qualified residential units shall be rented or held vacant for rental for persons or families whose income is at or below 50% of the area median income; and 7 qualified residential units will be rented or held vacant for rental for persons or families whose income is at or below 60% of the area median income as shown in the chart below:

Unit Type	Units at or below 50% AMI	Units at or below 60% AMI	Un-restricted (Manager's Unit)	Total Number of Units
Studio	4	0	0	4
One-Bedroom	28	0	0	28

Two-Bedroom	0	7	1	8
<b>Total</b>	<b>32</b>	<b>7</b>	<b>1</b>	<b>40</b>

**Section 5. Tax-exempt Status of the Bond.** The Borrower and the City make the following representations, warranties and agreements for the benefit of the holder of the Bond from time to time:

(a) The Borrower and the City will not knowingly take or permit actions within their control, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-exempt nature of the interest on the Bond and, if either should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof, provided that the Borrower shall not have violated these covenants if the interest on the Bond becomes taxable to a person solely because such person is a “substantial user” of the Project or a “related person” within the meaning of Section 147(a) of the Code.

(b) The Borrower and the City will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the City and the Trustee, with a copy to the Borrower, to comply fully with all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations the interest on which is Tax-exempt under Section 142(d) of the Code.

(c) The Borrower and the City will file or record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the City and the Trustee, with a copy to the Borrower, in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County of Los Angeles.

(d) The Borrower will not knowingly enter into any agreements which would result in the payment of principal or interest on the Bond being “federally guaranteed” within the meaning of Section 149(b) of the Code.

(e) Subject to Section 14 hereof, the Borrower hereby covenants to include the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project prior to the expiration of the Qualified Project Period to another person to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement; provided, however, that so long as any former Borrower has no remaining interest in the Project, such former Borrower shall have no obligation to monitor such transferee’s compliance with such restrictions, and such former Borrower shall incur liability if such transferee fails to comply with such restrictions only in proportion to its then remaining interest.

(f) The Borrower and any related party (as defined in Section 1.150-1(b) of the Regulations) thereto shall not acquire the Bond in an amount related to the amount of the Loan.

**Section 6. Additional Requirements of the Act.** In addition to the requirements set forth in Sections 2 through 5, and without limiting any additional requirements in Section 7, during the Qualified Project Period, the Borrower and the City hereby agree to comply with each of the requirements of the Act, and, without limiting the foregoing, the Borrower hereby specifically agrees to comply with each of the requirements set forth in this Section 6, as follows:

(a) As provided in Section 52097.5 of the Act, not less than 40% of the total number of units in the Project (excluding units occupied by property managers) shall be reserved for occupancy by tenants whose adjusted gross income does not exceed 60% of the median gross income for the Area, adjusted for family size, as determined pursuant to Section 8 of the Housing Act.

(b) The rents paid by the tenant for the units reserved pursuant to paragraph (a) of this Section (excluding any supplemental rental assistance from the State, the federal government, or any other public agency to those occupants or on behalf of those units) shall not exceed the amount derived by multiplying 30% times 60% of the median gross income for the Area, adjusted for family size, as determined pursuant to Section 8 of the Housing Act.

(c) During the Qualified Project Period the Borrower shall file Certificates of Continuing Program Compliance in the form and at the time required by Sections 4(d) and (f) hereof that shall contain sufficient information to allow the City to file any annual report required by the Act or pursuant to California Government Code Section 8855.5 and the Borrower shall provide to the California Debt and Investment Advisory Commission the annual report information required by California Government Code Section 8855(k)(1) until the later of the date the Bond is no longer outstanding or the proceeds of the Bond have been fully spent.

(d) No portion of the Bond shall be used to finance the acquisition, construction, equipping, rehabilitation, refinancing or development of commercial property for lease.

(e) The Borrower shall not apply selection criteria to certificate holders under Section 8 of the Housing Act of 1937, as amended, that are more burdensome than the criteria applied to all other prospective tenants.

(f) Following the expiration or termination of the Qualified Project Period with respect to the Project, except in the event of foreclosure and redemption of the Bond, deed in lieu of foreclosure, eminent domain or action of a federal agency preventing enforcement, units required to be reserved for occupancy pursuant hereto shall remain available to any eligible household occupying a reserved unit at the date of expiration or termination, at a rent not greater than the amount set forth in (b) above, until the earliest of any of the following occur:

(i) The household's income exceeds 140% of the maximum eligible income specified herein;

(ii) The household voluntarily moves or is evicted for "good cause." "Good cause" for the purposes of this Section, means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the occupancy agreement which detrimentally affect the health and safety of other persons or the structure, the fiscal integrity of the Project, or the purposes or special programs of the Project;

(iii) Thirty (30) years after the date of the commencement of the Qualified Project Period relative to the Project; and

(iv) The Borrower pays the relocation assistance and benefits to tenants as provided in subdivision (b) of Section 7264 of the California Government Code.

(g) During the three years prior to expiration of the Qualified Project Period, the Borrower shall continue to make available to Low Income Tenants reserved units that have been vacated to the same extent that nonreserved units are made available to tenants other than Low Income Tenants.

Notwithstanding Section 1461 of the California Civil Code, the provisions hereof shall run with the land and may be enforced either in law or in equity by any resident, local agency, entity or any other person adversely affected by the Borrower's failure to comply with this Regulatory Agreement.

**Section 7. Additional Requirements of the City.** In addition to, and not in derogation of, the requirements set forth in the preceding and following sections of this Regulatory Agreement, each of which is hereby incorporated in this Section as a specific requirement of the City, whether or not required by California or federal law, the Borrower represents, warrants, covenants and agrees as follows:

(a) The Borrower shall promptly provide to the City such information with respect to the Project or the Bond as the City shall from time to time request. The Borrower shall provide written notice to the City of receipt of a certificate of occupancy or other official authorization to occupy the Project immediately upon receipt.

(b) The Low Income Units shall be of comparable quality to all other units in the Project, shall be dispersed throughout the Project, and shall offer a range of size and number of bedrooms comparable to those units which are available to other tenants; and Low Income Tenants shall have access to and enjoyment of all common areas and facilities of the Project on the same basis as tenants of other units.

(c) The Borrower agrees that it will not discriminate in the rental of units or in its employment practices against any employee or applicant for employment because of the applicant's race, religion, national origin, ancestry, sex, age, sexual orientation, gender identity/expression, transgender status, disability (except to give priority to persons with disabilities for the occupancy of Accessible Housing Units), marital status, domestic

partner status or medical condition. All contracts entered into by the Borrower which relate to the Project shall contain a like provision. The Borrower shall comply with the provisions of Sections 10.8.2 and 10.8.4 of the Administrative Code of the City, the provisions of which are hereby incorporated by reference.

(d) [Reserved].

(e) For the Qualified Project Period, the Borrower will comply with the provisions of the Unruh Civil Rights Act, including, without limitation, Sections 51.2 and as applicable, 51.3 of the California Civil Code, as amended, and Sections 45.50 et seq. of the Los Angeles Municipal Code, as amended.

(f) The lease to be utilized by the Borrower in renting any residential units in the Project to Low Income Tenants shall provide for termination of the lease and consent by such person to immediate eviction, subject to applicable provisions of California law, for any tenant who fails to qualify as a Low Income Tenant and who has made a material misrepresentation on the Income Certification as to such tenant's qualification as a Low Income Tenant. All such leases shall contain clauses, among others, wherein each individual lessee (i) certifies the accuracy of the statements made in the Income Certification and (ii) agrees that the family income, family composition and other eligibility requirements shall be deemed substantial and material obligations of the lessee's tenancy; that the lessee will comply promptly with all requests for information with respect thereto from the Borrower or the City; and that the lessee's failure to provide accurate information in the Income Certification or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the lessee's tenancy and shall be a default thereunder. Additionally, such lease shall contain provisions informing any tenant of the possibility of rental payment increases in accordance with the terms of this Regulatory Agreement.

(g) All Income Certifications will be maintained on file at the Project or, with the prior written consent of the City, at the principal place of business of the Borrower or the property manager of the Project, so long as this Regulatory Agreement is in effect and for five years thereafter with respect to each Low Income Tenant who occupied a residential unit in the Project during the Qualified Project Period.

(h) The Borrower will accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing program under Section 8 of the Housing Act. The Borrower shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants.

(i) The Borrower shall submit to the City (i) at the times specified in Sections 4(d) and (f) herein, a Certificate of Continuing Program Compliance, which shall include the information called for therein, including occupancy records for all units in the Project, and (ii) within 15 days after receipt of a written request, any other information or completed forms requested by the City, in each case, in order to comply with reporting requirements of the Internal Revenue Service or the State of California, including, without

limitation, information necessary for the City to file any periodic report, or any other information concerning the Project as the City may reasonably request.

(j) All workers performing construction work for the Project employed by the Borrower or by any contractor or subcontractor shall be compensated in an amount no less than the greater of (i) the general prevailing rate of per diem wages (“Prevailing Wages”) as determined pursuant to Labor Code Sections 1770-1781 and implementing regulations of the Department of Industrial Relations, (ii) the general prevailing rate of per diem wages as determined by the U.S. Labor Department pursuant to the Davis-Bacon Act under 40 U.S.C.S. 3141–3148 and implementing regulations (“Davis-Bacon Wages”), if applicable; and (iii) the “Living Wage” as determined by the policies and procedures of the City of Los Angeles. The Borrower shall comply with all reporting and recordkeeping requirements of the City’s prevailing wage policy. The Borrower shall, and shall cause the contractors and subcontractors to, submit data and documents related to Prevailing Wages or Davis-Bacon Wages, if applicable, using the LCP Tracker or comparable HCIDLA-approved program. The fee for the LCP Tracker, or comparable HCIDLA-approved program, will be in the amount equal to Three One-Hundredths Percent (0.03%) of the total construction cost, which fee shall be paid in full to the City within 30 days of execution of this Agreement.

(k) The City may, at its option and at its expense, at any time appoint an administrator to administer this Regulatory Agreement and to monitor performance by the Borrower of the terms, provisions and requirements hereof. Following any such appointment, the Borrower shall comply with any request by the City to deliver to such administrator, in addition to or instead of the City, any reports, notices or other documents required to be delivered pursuant hereto, and upon reasonable notice to the Borrower to make the Project and the books and records with respect thereto available for inspection during regular business hours by such administrator as an agent of the City.

(l) If upon the annual certification or recertification required in Section 4(d) a tenant’s Adjusted Income exceeds 140% of the then applicable income limit for a Low Income Tenant of the same family size, all rental limits herein previously applicable to the unit occupied for such tenant shall continue to apply until the next available unit is rented to a tenant who is a Low Income Tenant.

(m) The Borrower shall give written notice to all Low Income Tenants at the Project, the City, the Housing Authority of the City of Los Angeles (“HACLA”) and the California Department of Housing and Community Development (“HCD”) as follows (see also California Government Code Sections 65863.10 and 65863.11):

(i) Upon initial move-in/lease execution, the Borrower shall give written notice to all tenants of Low Income Units, of the duration of the rent restrictions under this Regulatory Agreement. The Borrower must maintain, in its files, a copy of each notice containing each tenant’s signed acknowledgement of the notice required hereunder. The notice shall, at the least, contain language that the rent restrictions under this Regulatory Agreement shall be in effect for a term equal to the later of the expiration of: (A) the Qualified Project Period; or (B) the



CDLAC Conditions. Upon termination of the rent restriction period under this Regulatory Agreement, rents may be set at market rates unless otherwise restricted by some other legal, regulatory, or contractual requirement.

(ii) Thirty-six months prior to the termination of the rent restriction period under this Regulatory Agreement, the Borrower must give written notice to its tenants of the termination of the restrictions on the Low Income Units before their rents may be raised to market rent levels. The Borrower must also provide a copy of the notice sent to all tenants, pursuant to California Government Code Section 65863.10, to the Mayor of the City, HACLA, HCD, and the Los Angeles Housing and Community Investment Department. In addition, the Borrower, within 36 months of a scheduled expiration of rental restrictions, shall also provide notice of the scheduled expiration of rent restrictions to any prospective tenant at the time he or she is interviewed for eligibility.

(iii) Twelve months prior to the termination of the rent restriction period under this Regulatory Agreement, the Borrower must give written notice to its tenants of the termination of the restrictions on the Low Income Units before their rents may be raised to market rent levels. The Borrower must also provide a copy of the notice sent to all tenants, pursuant to California Government Code Section 65863.10, to the Mayor of the City of Los Angeles, HACLA, HCD and the Los Angeles Housing and Community Investment Department. Borrower must also provide any tenant association at the Project, the Mayor of the City of Los Angeles, HACLA, and HCD with a notice of the opportunity to purchase the Property in accordance with the provisions of California Government Code Section 65863.11.

(iv) Six months prior to the termination of the rent restriction period under this Regulatory Agreement, the Borrower must give written notice to its tenants of the termination of the restrictions on the Low Income Units before their rents may be raised to market rent levels. The Borrower must also provide a copy of the notice sent to all tenants, pursuant to California Government Code Section 65863.10, to the Mayor of the City of Los Angeles, HACLA, HCD and Community Development and the Los Angeles Housing and Community Investment Department.

(v) Ninety days prior to the termination of the rent restriction period under this Regulatory Agreement, the Borrower must again give written notice to its tenants of the termination of the restrictions on the Low Income Units before their rents may be raised to market rent levels. Borrower must also provide a copy of the notice sent to all tenants to the Mayor of the City of Los Angeles, HACLA, HCD and the Los Angeles Housing and Community Investment Department.

Unless the Borrower meets the requirements of California Government Code Section 65863.13, pursuant to California Government Code Section 65863.11, prior to or concurrently with the 12 month notice referenced above in (iii), the Borrower must provide notice of the opportunity to offer to purchase the assisted housing development to all qualified entities including those on the list maintained by the California Department of



Housing and Community Development as well as to those qualified entities that contact the Borrower directly; in compliance with California Government Code Sections 65863.11(d) and 65863.11(g). The notice shall conform to the requirements of California Government Code Section 65863.11(h) and shall be sent to the entities by registered or certified mail, return receipt requested. The Borrower shall also post a copy of the notice in a conspicuous place in the common area of the Project.

(n) The Borrower shall, on the Closing Date, pay to the City its initial fee and thereafter pay to the City its ongoing fees with respect to the issuance of the Bond as follows. The Borrower shall pay the City an initial fee immediately upon issuance of the Bond equal to \$[ ] (.25% of the aggregate maximum principal amount of the Bond issuable under the Indenture (\$[11,250,000])). In addition, the Borrower shall, as compensation for the City's monitoring of the provisions of this Regulatory Agreement, pay to the City, semiannually in arrears, prorated for the initial payment, on the first day of each [ ] and [ ] commencing [ ] 1, 2022 for the period from the date of issuance of the Bond through the later of: (i) the end of the Qualified Project Period; or (ii) the termination of the CDLAC Conditions, prorated for the initial and any subsequent partial period, a semiannual amount equal to: (A) during the period from the Closing Date to the Conversion Date, the greater of \$1,250 or one-half of 0.125% of the maximum principal amount of the Bond issuable under the Indenture (\$[11,250,000]); and (B) from and after the Conversion Date, the greater of \$1,250 or one half of 0.125% of the principal amount of the Bond Outstanding under the Indenture immediately after the Conversion Date; or in either case, such lesser amount as shall be necessary in the opinion of Bond Counsel to preserve the exemption of interest on the Bond from gross income for federal income tax purposes. Throughout the term of this Agreement, the Trustee, or the City, as applicable, shall provide an invoice to the Borrower at least 30 days prior to the due date of each such payment (and if applicable, a copy of which shall be provided to the City) and shall collect such payments from the Borrower and immediately remit such funds to the City. In the event of any prepayment of the Bond in whole, prior to the later of: (i) the end of the Qualified Project Period; or (ii) the termination of the CDLAC Conditions, the Borrower, at its election, shall either: (A) pay to the City, on or before such payment, an amount equal to the present value of the remaining City fees payable hereunder, as calculated by the City, using a discount rate equal to the yield on the date of prepayment on the United States treasury security maturing on the date nearest the later of: (1) the end of the Qualified Project Period or (2) the termination of the CDLAC Conditions, or such lesser amount as shall be necessary in the opinion of Bond Counsel to preserve the exemption of interest on the Bond from gross income for federal income tax purposes; or (B) enter into a trustee agreement with a corporate trustee acceptable to the City requiring the trustee appointed thereunder to bill and collect from the Borrower and to pay to the City on an annual basis, in arrears on or before each [ ] 1, the annual fee described above. The Borrower shall bear the cost of such trustee through the term of this Regulatory Agreement. The Borrower shall not be required to pay the fee described in the preceding sentences if the Bond is prepaid in whole under circumstances which permit termination of this Regulatory Agreement pursuant to Section 14 hereof.

(o) The Borrower shall pay to the City a processing fee equal to: (i) prior to the Conversion Date, the greater of \$5,000 or 0.125% of the maximum principal amount of the Bond issuable under the Indenture and (ii) following the Conversion Date, the greater of \$5,000 or 0.125% of the principal amount of the Bond Outstanding under the Indenture immediately after the Conversion Date, plus any expenses incurred by the City, including, without limitation, Bond Counsel, City attorney and financial advisor fees, as a condition to the consideration and receipt of any consent, approval, amendment, transfer or waiver requested of the City with respect to the Project, the Project Site or the Bond. The City shall provide an invoice directly to the Borrower for such amounts.

(p) The Borrower shall pay the City its then-current fees in connection with any consent, approval, transfer, amendment or waiver requested of the City, together with any expenses incurred by the City in connection therewith.

(q) The Trustee shall report to the City in writing semiannually, within 10 days of each June 30 and December 31, the principal amount of the Bond outstanding as of such June 30 or December 31, as appropriate.

(r) [Reserved].

(s) The Borrower shall include the City as an additional insured on all liability insurance policies relating to the Borrower or the Project.

(t) The Borrower shall not rent any Low Income Unit to: (i) any individual who (A) holds an ownership interest in the Borrower, any general partner or member (or owner of such general partner or member) of the Borrower, (B) is an officer, board member, employee or agent of, or consultant to, the Borrower or any general partner or member thereof or owner of such general partner or member or (C) is a developer of the Project (collectively, an "Owner/Developer"); (ii) any Immediate Family Member of an Owner/Developer ("Immediate Family Members" consists of: (A) spouses, (B) children, (C) parents and grandparents, (D) siblings, (E) in-laws, including brother/sister-in-law and mother/father-in-law and son/daughter-in-law or (F) significant other or domestic partner); or (iii) any elected official or his or her spouse/partner, who participated in the deliberative process, vote or consideration of legislative action regarding the issuance of the Bond or other loan in support of the Project.

(u) The Borrower shall include a certification in each tenant application that the applicant is not an Owner/Developer, an elected official who participated in the issuance of the Bond or an Immediate Family Member thereof. The Borrower recognizes and agrees that the penalty for violation of the above covenant shall be a fine of \$5,000 per violation/ per unit.

(v) Neither the Borrower nor any general partner thereof shall issue any publicity release or other communication to any print, broadcast or on-line media, post any sign or in any other way identify the City as the source of the financing provided

for the Project, without the prior written approval of the City (provided that nothing herein shall prevent the Borrower or any general partner thereof from identifying the City as the source of such financing to the extent that the Borrower or any general partner thereof is required to do so by disclosure requirements applicable to publicly held companies).

Any of the foregoing requirements of the City may be expressly waived by the City in writing in the City's sole discretion, but (i) no waiver by the City of any requirement of this Section 7 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement, including particularly but without limitation the provisions of Sections 2 through 6 hereof, except to the extent the City has received an opinion of Bond Counsel that any such provision is not required by the Act or the Law and may be waived without adversely affecting the exclusion from gross income of interest on the Bond for federal income tax purposes; and (ii) any requirement of this Section 7 shall be void and of no force and effect if the City and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Bond to become includable in gross income for federal income tax purposes, if such opinion is accompanied by a copy of a ruling from the Internal Revenue Service to the same effect, or to the effect that compliance with such requirement would be in conflict with the Act or the Law.

**Section 8. Modification of Covenants.** The Borrower, the Trustee and the City hereby agree as follows:

(a) To the extent any amendments to the Law, the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the City, the Trustee and the Borrower (with a copy to the Bank), impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement in order to maintain the Tax-exempt status of interest on the Bond, this Regulatory Agreement shall be deemed to be automatically amended, without the consent or approval of any other person, to impose such additional or more restrictive requirements. The parties hereto hereby agree to execute such amendment hereto as shall be necessary to document such automatic amendment hereof.

(b) To the extent that the Law, the Act, the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Bond Counsel filed with the City, the Trustee and the Borrower (with a copy to the Bank), impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the City, the Trustee and the Borrower and approved by the written opinion of Bond Counsel to the effect that such amendment is permitted by the Law and the Act and will not affect the Tax-exempt status of interest on the Bond. The City shall be under no obligation to agree to any such amendment, it being understood that each of the requirements of this Regulatory Agreement is a specific requirement of the City, whether or not required by California or federal law.

(c) The Borrower, the City and, if applicable, the Trustee shall execute, deliver and, if applicable, file or record any and all documents and instruments necessary to effectuate the intent of this Section 8, and the City hereby appoints the Trustee as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file or record on behalf of the City, as is applicable, any such document or instrument (in such form as may be approved in writing by Bond Counsel) if the City defaults in the performance of its obligations under this subsection (c); provided, however, that unless directed in writing by the City, the Trustee shall take no action under this subsection (c) without first notifying the City and without first providing the City an opportunity to comply with the requirements of this Section 8. Nothing in this Section 8(c) shall be construed to allow the Trustee to execute an amendment to this Regulatory Agreement on behalf of the City.

**Section 9. Indemnification.** The Borrower shall defend, indemnify and hold harmless the City and the Trustee and the respective officers, members, supervisors, directors, officials and employees, counsel, attorneys and agents, past present and future of each of them (collectively, the “Indemnified Parties”) against all loss, costs, damages, expenses, suits, judgments, actions and liabilities of whatever nature (including, without limitation, reasonable attorneys’ fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments) directly or indirectly resulting from or arising out of or related to (a) the design, construction, installation, operation, use, occupancy, maintenance, financing or ownership of the Project (including compliance with laws, ordinances and rules and regulations of public authorities relating thereto), (b) any written statements or representations with respect to the Borrower, the Project or the Bond made or given to the City or the Trustee, or any underwriters or purchaser of the Bond, or any tenants or applicants for tenancy in the Project or any other person, by the Borrower, or any Authorized Borrower Representative, including, but not limited to, statements or representations of facts, financial information or limited partnership affairs, (c) the Bond or the Tax-exempt status of interest on the Bond; (d) the failure or alleged failure of any person or entity (including the Borrower, its contractor or subcontractors) to pay the general prevailing rate of per diem wages as determined pursuant to Labor Code Sections 1770-1781 and implementing regulations of the Department of Industrial Relations in connection with the construction of the improvements or any other work undertaken or in connection with the Project; or (e) any actual or alleged violation of any Hazardous Materials Law or with respect to the presence of Hazardous Materials on or under the Project or in any of improvements or on or under any property of the Borrower that is adjacent to the Project (whether before or after the date of this Agreement and whether or not the Borrower knew of the same); provided, however, that this provision shall not require the Borrower to indemnify the Indemnified Parties from any claims, costs, fees, expenses or liabilities arising from its active negligence or willful misconduct or, in the case of the Trustee, its negligence, fraud or willful misconduct. The Borrower also shall pay and discharge and shall indemnify and hold harmless the City and the Trustee from (i) any lien or charge upon payments by the Borrower to the City and the Trustee hereunder or under the Bond Documents and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges are sought to be imposed, the City or the Trustee shall give prompt notice to the Borrower and the Borrower shall, as provided in the following paragraph, have the right to assume the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion, provided that the City and the Trustee shall have the right to review and approve or disapprove any such compromise or

settlement. In addition thereto, the Borrower will pay upon demand all of the reasonable fees and expenses paid or incurred by the Trustee and/or the City in enforcing the provisions hereof against the Borrower. The Borrower shall also pay the City its standard fees and reimburse the City for its expenses in connection with any consent, approval, amendment, waiver or other action taken at the request or for the benefit of the Borrower in connection with this Regulatory Agreement, the Bond or any other document or agreement relating thereto. In the event of any audit or inquiry regarding the Bond or the Project from any governmental entity, the Borrower shall, at the election of the City, be responsible for responding to and resolving such audit or inquiry at the expense of the Borrower.

Promptly after receipt by any party entitled to indemnification under this Section 9 of notice of the commencement of any suit, action or proceeding, such Indemnified Party shall, if a claim in respect thereof is to be made against the indemnifying party under this Section 9, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve the indemnifying party from any liability which it may have to any Indemnified Party otherwise than under this Section 9 or from any liability under this Section 9 unless the failure to provide notice prejudices the defense of such suit, action or proceeding. In case any such action is brought against any Indemnified Party, and it notifies the indemnifying party, the indemnifying party shall be entitled to participate in, and to the extent that it may elect by written notice delivered to the Indemnified Party within five Business Days after receiving the aforesaid notice from such Indemnified Party (but shall not be required) to assume, the defense thereof, with counsel reasonably satisfactory to such Indemnified Party; provided, however, if the defendants in any such action include both the Indemnified Party and the indemnifying party and the Indemnified Party shall have reasonably concluded that there are legal defenses available to it and/or other Indemnified Parties which are different from or additional to those available to the indemnifying party, the Indemnified Party or parties shall have the right to select separate counsel to assert such legal defenses and otherwise to participate in the defense of such action on behalf of such Indemnified Party or parties. Upon the indemnifying party's receipt of notice from the Indemnified Party of such Indemnified Party's election so to assume the defense of such action and selection by the Indemnified Party of counsel, the indemnifying party shall not be liable to such Indemnified Party under this Section 9 for any attorneys' fees or expenses subsequently incurred by such Indemnified Party for the engagement of separate counsel in connection with defense thereof unless (i) the Indemnified Party shall have employed separate counsel in connection with the assertion of legal defenses in accordance with the proviso to the next preceding sentence, (ii) the indemnifying party shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party or shall not have employed such counsel within a reasonable time after notice of commencement of the action or (iii) the indemnifying party has authorized the employment of separate counsel to represent the Indemnified Party at the expense of the indemnifying party. Notwithstanding the foregoing, the Trustee shall not be indemnified for income tax, franchise tax or similar tax liability relating to the Trustee's own income and operations.

**Section 10. Consideration.** The City has issued the Bond to provide funds to finance the acquisition, construction and equipping of the Project, all for the purpose, among others, of inducing the Borrower to acquire, construct and equip the Project. In consideration of the issuance of the Bond by the City, the Borrower has entered into this Regulatory Agreement and has agreed to restrict the uses to which this Project can be put on the terms and conditions set forth herein.



**Section 11. Reliance.** The City and the Borrower hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons interested in the legality and validity of the Bond and in the exemption from federal income taxation and California personal income taxation of the interest on the Bond. In performing their duties and obligations hereunder, the City and the Trustee may rely upon statements and certificates of the Low Income Tenants and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the City and the Trustee may consult with counsel, and the written opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the City or the Trustee hereunder in good faith and in conformity with such opinion. In determining whether any default or lack of compliance by the Borrower exists under this Regulatory Agreement, the Trustee may, but shall not be required to, conduct any investigation into or review of the operations or records of the Borrower and may rely solely on any written notice or certificate delivered to the Trustee by the Borrower or the City with respect to the occurrence or absence of a default unless it knows that the notice or certificate is erroneous or misleading.

**Section 12. Project in the City of Los Angeles.** The Borrower hereby represents and warrants that the Project will be located entirely within the City.

**Section 13. Sale or Transfer of the Project; Equity Interests.** The Borrower hereby covenants and agrees not to voluntarily (which term shall not be interpreted to include a foreclosure of any security for the Loan, the granting by the Borrower of a deed-in-lieu of foreclosure, or any other comparable conversion of the Loan) sell, transfer or otherwise dispose of the Project, or any portion thereof (other than for individual tenant use as contemplated hereunder), equity interests in the Borrower aggregating more than 50% of the equity interest in the Borrower, or any general partner interests in the Borrower, without obtaining the prior written consent of the City, which consent shall not be unreasonably withheld by the City and shall be given by the City if (a) the Borrower is not in default hereunder or under the Loan Agreement; (b) the purchaser or assignee is not in default under any obligations it may have to the City and is not the subject of any legal or enforcement actions by the City, and the purchaser or assignee certifies that the continued operation of the Project will comply with the provisions of this Regulatory Agreement; (c) evidence reasonably satisfactory to the City is presented to establish that the purchaser or assignee is willing to comply and is capable of complying with the terms and conditions of this Regulatory Agreement; (d) either (i) evidence satisfactory to the City is presented to establish that the purchaser or assignee has at least three years' experience in the ownership, operation and management of rental housing projects, without any record of material violations of discrimination restrictions or other state or federal laws or regulations applicable to such projects or (ii) the purchaser or assignee agrees to retain a property management firm which the City determines has the experience and record described in subclause (i) above or (iii) the City determines that it has no reason to believe that the purchaser or assignee is incapable, financially or otherwise, of complying with, or may be unwilling to comply with, the terms of all agreements binding on such purchaser or assignee and relating to the Project; (e) the City and the Trustee shall have received (i) with respect to any transfer of the Project, reasonable evidence satisfactory to the City that the Borrower's purchaser or transferee has assumed in writing and in full, the Borrower's duties and obligations under this Regulatory Agreement and the Loan Agreement, (ii) with respect to any transfer of the Project to a new Borrower, an opinion of counsel to the transferee that the transferee has duly assumed the obligations of the Borrower under this Regulatory Agreement and that such

obligations and this Regulatory Agreement are binding on the transferee, (iii) unless waived by the City, an opinion of Bond Counsel that such transfer will not adversely affect the Tax-exempt nature of the interest on the Bond, (iv) from the Borrower, a Certificate of Continuing Program Compliance (and a “bring-down” certificate, if necessary) current as of the date of transfer and (v) evidence satisfactory to the City that the purchaser or assignee does not have pending against it, nor does it have a history of, building or fire code violations as identified by City, the State of California or federal regulatory agencies; (f) the purchaser or assignee complies with the provisions of the Los Angeles Administrative Code Section 10.8.4 Affirmative Action Program Provisions; (g) the Borrower or transferee pays all costs of the transfer of title, including, but not limited to, the cost of meeting the conditions specified in this Section 13; and (h) such other conditions are met as the City may reasonably impose to assure compliance by the Project with the requirements of this Regulatory Agreement. It is hereby expressly stipulated and agreed that, except for any such sale, transfer or disposition agreed to by the City in a separate writing, any sale, transfer or other disposition of the Project in violation of this Section 13 shall be null, void and without effect, shall cause a reversion of title to the Borrower, and shall be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement. Upon any sale or other transfer which complies with this Regulatory Agreement, the Borrower shall be fully released from its obligations hereunder, but only to the extent such obligations have been assumed by the transferee of the Project, without the necessity of further documentation. Any transfer of the Project to any entity, whether or not affiliated with the Borrower, shall be subject to the provisions of this Section 13.

Nothing contained in this Section 13 shall affect any provision of the Deed of Trust, or any of the other Loan Documents to which the Borrower is a party, which requires the Borrower to obtain the consent of the Bank as a precondition to sale, transfer or other disposition of, or any direct or indirect interest in, the Project or of any direct or indirect interest in the Borrower or which otherwise gives the Bank the right to accelerate the maturity of the Loan or any obligations of the Borrower under the Loan Documents, or to take some other similar action with respect to the Loan or any obligations of the Borrower under the Loan Documents, upon the sale, transfer or other disposition of the Project or any such other interest.

Notwithstanding the foregoing, if the Trustee acquires title to the Project by foreclosure or deed in lieu of foreclosure, no consent of the City shall be required to such transfer under this Regulatory Agreement and no other conditions shall be required to be satisfied. However, if the Trustee acquires title to the Project by foreclosure or deed in lieu of foreclosure and this Regulatory Agreement has not been terminated pursuant to Section 14 below, consent of the City and delivery of items (a) through (h) above shall be required for any transfer of the Project subsequent to the Trustee’s acquisition of the Project by foreclosure or deed in lieu of foreclosure.

Notwithstanding anything to the contrary contained herein, the interest of Borrower’s limited partners shall, with prior written notice to the City, be transferable under this Regulatory Agreement to any affiliate of the limited partners of Borrower, without the consent of the City and/or Trustee but with prior written notice thereto.

The Borrower acknowledges and recognizes that in addition to the above requirements the consent of CDLAC, in the manner and to the extent as may at the time be required by CDLAC, among other parties, may be required in connection with any transfer of the Project.



**Section 14. Term.** This Regulatory Agreement and all and each of the provisions hereof shall become effective upon its execution and delivery, and shall remain in full force and effect for the periods provided herein and, except as otherwise provided in this Section 14 shall terminate in its entirety at the end of the Qualified Project Period (or such later date provided in Section 33 hereof pursuant to the CDLAC Resolution, which imposes restrictions for a term of at least 55 years), it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bond, discharge of the Loan and termination of the Indenture and the Loan Agreement.

Notwithstanding the foregoing, the provisions of Section 9 hereof shall, in the case of the Trustee, survive the term of this Regulatory Agreement or the replacement of the Trustee, but only as to claims arising from events occurring during the term of this Regulatory Agreement or the Trustee's tenure as Trustee under the Indenture, and shall, in the case of the City, survive the term of this Regulatory Agreement, but only as to claims arising from events occurring during the term of this Regulatory Agreement.

The terms of this Regulatory Agreement to the contrary notwithstanding, this Regulatory Agreement and all the requirements set forth herein (except Section 9 as aforesaid) shall terminate and be of no further force and effect in the event of (a) involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date which prevents the City or the Trustee from enforcing the provisions hereof, or (b) condemnation, foreclosure, delivery of a deed in lieu of foreclosure or a similar event, but only if, within a reasonable period thereafter, either the portion of the Bond attributable to the affected portion of the Project is retired or amounts received as a consequence of such event are used to provide a project which meets the requirements of the Code set forth in Sections 2 through 6 of this Regulatory Agreement and provided that, in either case, an opinion of Bond Counsel (unless waived by the City) is delivered to the Trustee to the effect that the exclusion from gross income for federal income tax purposes of interest on the Bond will not be adversely affected thereby. The provisions of the preceding sentence shall cease to apply and the requirements referred to therein shall be reinstated if, at any time during the Qualified Project Period after the termination of such requirements as a result of involuntary noncompliance due to foreclosure, transfer of title by deed in lieu of foreclosure or similar event, the Borrower or any "related party" (within the meaning of Section 1.150-1(b) of the Regulations) or "related person" (defined in Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for tax purposes. The Borrower hereby agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure or similar event, neither the Borrower nor any related party as described above will obtain an ownership interest in the Project for tax purposes.

Upon the termination of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

**Section 15. Covenants To Run With the Land.** The Borrower hereby subjects its interest in the Project (including the Project Site) to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The City and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running

with the land and shall pass to and be binding upon the Borrower's successors in title to the Project; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire. The City and, if necessary, the Trustee, agree to execute a quitclaim deed or other documents required to remove this Regulatory Agreement from title after the covenants, agreements and restrictions herein have expired. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project 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 instruments.

No breach of any of the provisions of this Regulatory Agreement shall impair, defeat or render invalid the lien of any security instrument, deed of trust or like encumbrance made in good faith and for value encumbering the Project or any portion thereof.

**Section 16. Burden and Benefit.** The City and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Project is rendered less valuable thereby. The City and the Borrower 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 Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bond was issued. Notwithstanding the foregoing or any other provision of this Regulatory Agreement, no person, other than the parties hereto, shall have any rights of enforcement of this Regulatory Agreement.

**Section 17. Uniformity; Common Plan.** The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Project Site.

**Section 18. Default; Enforcement.** If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after notice thereof shall have been given by the City to the Borrower, then the City shall declare an "Event of Default" to have occurred hereunder; provided, however, that if the default stated in the notice is of such a nature that it cannot be corrected within 60 days, such default shall not constitute an Event of Default hereunder so long as (i) the Borrower institutes corrective action within said 60 days and diligently pursues such action until the default is corrected and (ii) in the opinion of Bond Counsel, the failure to cure said default within 60 days will not adversely affect the Tax-exempt status of interest on the Bond. The Trustee hereby consents to any correction of the default by the City on behalf of the Borrower. The City hereby consents to any correction of a default on the part of the Borrower hereunder made by the Borrower's limited partners on behalf of the Borrower within the time periods provided in this Section. Copies of any notices sent to the Borrower hereunder shall simultaneously be sent to Borrower's limited partners at the address set forth in Section 23.

Following the declaration of an Event of Default hereunder, the Trustee, as directed by the City and subject to the provisions of the Indenture relative to the Trustee's duty to exercise remedies generally, or the City may, at its option, take any one or more of the following steps:

(a) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the City or the Trustee hereunder;

(b) have access to and inspect, examine and make copies of all or any portion of the books and records of the Borrower pertaining to the Project; and

(c) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder.

During the Qualified Project Period, the Borrower hereby grants to the City the option, upon either (a) the expiration of 60 days after the giving of the notice to the Borrower referred to in the first paragraph of this Section 18 of the Borrower's default under this Regulatory Agreement or (b) the vacancy of a Low Income Unit for more than six months and the submission by the City to the Borrower during such six-month or longer period of at least five proposed tenants which meet the qualifications of Low Income Tenants and the qualifications of a reasonable landlord, to lease up to 40% of the units in the Project for a rental of \$1.00 per unit per year for the sole purpose of subleasing such units to Low Income Tenants for a period of not less than six months, but only to the extent necessary to comply with the provisions of Sections 2 through 7 of this Regulatory Agreement and to insure full occupancy of the Low Income Units. The option granted in the preceding sentence shall be effective only if the Borrower or the Trustee has not instituted corrective action before the end of such 60-day period referenced in (a) above, or the Borrower has not rented the unit during the six-month or longer period referenced in (b) above, to a qualified Low Income Tenant. The option and any leases to the City under this provision shall terminate with respect to each default upon the achievement, by the Borrower, the Trustee or the City, of compliance with the requirements of Section 2 through 7 hereof, and any subleases entered into pursuant to the City's option shall be deemed to be leases from the Borrower. The City shall make diligent effort, but shall not be required, to rent Low Income Units to Low Income Tenants at the highest rents practicable, subject to the limits of Sections 5, 6 and 7 hereof. Any rental paid under any such sublease shall be paid to the Borrower after the City has been reimbursed for any reasonable expenses incurred in connection with such sublease, provided that, if the Borrower is in default under the Loan Agreement, such rental shall be paid to the Trustee for credit against payments due under the Loan Agreement. The Trustee shall have the right, as directed by the City, in accordance with this Section 18 and the provisions of the Indenture, to exercise any or all of the rights or remedies of the City hereunder, provided that prior to taking any such action the Trustee shall give the City written notice of its intended action. All reasonable fees, costs and expenses of the City and the Trustee incurred in taking any action pursuant to this Section 18 shall be the sole responsibility of the Borrower.

After the Indenture has been discharged, the City may act on its own behalf to declare an "Event of Default" to have occurred and to take any one or more of the steps specified hereinabove to the same extent and with the same effect as if taken by the Trustee.

The obligations of the Borrower hereunder are not secured by a lien on the Project and the Loan shall not be accelerated as a result of any default hereunder. The Borrower hereby agrees that specific enforcement of the Borrower's agreements contained herein is the only means by

which the City may obtain the benefits of such agreements made by the Borrower herein and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any default by the Borrower hereunder.

The occurrence of a Determination of Taxability shall not, in and of itself, constitute a default hereunder.

**Section 19. The Trustee.** The Trustee shall act as specifically provided herein and in the Indenture. The Trustee is entering into this Regulatory Agreement solely in its capacity as trustee under the Indenture, and the duties, powers, rights and liabilities of the Trustee in acting hereunder shall be subject to the provisions of the Indenture.

The City shall be responsible for the monitoring and verifying of compliance by the Borrower with the terms of this Regulatory Agreement. The Trustee may at all times assume compliance with this Regulatory Agreement unless otherwise notified in writing by the City, or unless it has actual knowledge of noncompliance.

After the date on which no principal of the Bond remains outstanding as provided in the Indenture, the Trustee shall no longer have any duties or responsibilities under this Regulatory Agreement and all references to the Trustee in this Regulatory Agreement shall be deemed references to the City.

**Section 20. Recording and Filing.** The Borrower shall cause this Regulatory Agreement, and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of the County of Los Angeles and in such other places as the City or the Trustee may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording. This Regulatory Agreement shall be recorded in the grantor-grantee index to the name of the Borrower as grantor and the City as grantee.

**Section 21. Governing Law.** This Regulatory Agreement shall be governed by the laws of the State of California. The Trustee's rights, duties and obligations hereunder are governed in their entirety by the terms and provisions of the Indenture.

**Section 22. Amendments.** Except as provided in Section 33(e), this Regulatory 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, California, and only upon receipt by the City of an opinion from Bond Counsel that such amendment will not adversely affect the Tax-exempt status of interest on the Bond and is not contrary to the provisions of the Law or the Act and with the written consent of the Trustee.

The City, the Trustee and the Borrower hereby agree to amend this Regulatory Agreement to the extent required, in the opinion of Bond Counsel (subject to the approval of the City Attorney of the City), in order that interest on the Bond remains Tax-exempt. The party or parties requesting such amendment shall notify the other parties to this Regulatory Agreement of the proposed amendment, with a copy of such requested amendment to Bond Counsel and the City Attorney of the City and a request that such Bond Counsel render to the City an opinion as to the effect of such proposed amendment upon the Tax-exempt status of interest on the Bond.

**Section 23. Notices.** 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:

If to the City: City of Los Angeles  
c/o Housing and Community Investment Department  
8th Floor  
1200 West 7th Street  
Los Angeles, CA 90017  
Attention: Supervisor, Affordable Housing Bond Program  
HIMS #[\_\_\_\_\_]   
Facsimile: (213) 808-8918

with a copy to: City of Los Angeles  
Housing and Community Investment Department  
P.O. Box 532729  
Los Angeles, CA 90053-2729  
HIMS #[\_\_\_\_\_]   
Attention: Supervisor, Affordable Housing Bond Program  
Facsimile: (213) 808-8606

If to Borrower: NoHo 5050 L.P.  
c/o Decro Corporation  
3431 Wesley Street, Suite F  
Culver City, CA 90232  
Attention: Ted Handel  
Gregory Comanor

and (which shall not  
constitute notice to  
Borrower): Law Office of Patrick R. Sabelhaus  
1724 10<sup>th</sup> St, Suite 110  
Sacramento, CA 95811  
Attention: Stephen Strain  
Facsimile: (916) 444-3408

If to Equity Investor: [REDSTONE EQUITY INVESTOR]  
[ADDRESS]  
  
Attention: [\_\_\_\_\_]   
Phone: (\_\_\_\_) [\_\_\_\_\_]   
Facsimile: (\_\_\_\_) [\_\_\_\_\_]

Email: [\_\_\_\_\_]

with a copy to:

[INVESTOR COUNSEL]  
[ADDRESS]

Attention: [\_\_\_\_\_]
Facsimile: ( ) [\_\_\_\_\_]
Email: [\_\_\_\_\_]

If to the Trustee:

[TRUSTEE]
[ADDRESS]
Los Angeles, CA 90071
Attention: Global Corporate Trust
Ref: LA MF (NoHo 5050 2021U)
Telephone: (213) [\_\_\_\_\_]
Facsimile: (213) [\_\_\_\_\_]

If to CDLAC:

California Debt Limit Allocation Committee
Room 311
915 Capitol Mall
Sacramento, CA 95814
Attention: Executive Director

Notice shall be deemed given three Business Days after the date of mailing.

A duplicate copy of each notice, certificate or other communication given hereunder by any party hereto to another party hereto shall also be given to all of the parties specified above. Failure to provide any such duplicate notice pursuant to the foregoing sentence, or any defect in any such duplicate notice so provided shall not constitute a default hereunder. All other documents required to be submitted to any of the foregoing parties shall also be submitted to such party at its address set forth above. Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent.

Section 24. Severability. If any provision of this Regulatory Agreement or if the applicability of any such provision shall be invalid, illegal or unenforceable, the validity, legality, enforceability, or the applicability with respect to the validity, legality and enforceability, of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 25. Multiple Counterparts. This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 26. Nondiscrimination and Affirmative Action. The Trustee and the Borrower shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the City of Los Angeles. The Trustee and the Borrower shall not discriminate in its employment practices against any employee or



applicant for employment; denial of family and medical care leave; denial of pregnancy disability leave or reasonable accommodations against any employee or applicant for employment because of such person's race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief. The Trustee and the Borrower shall comply with Executive Order 11246, entitled "Equal Employment Opportunity", as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 C.F.R. Part 60). The Trustee and the Borrower shall comply with the provisions of the Los Angeles Administrative Code Sections 10.8 through 10.13, to the extent applicable hereto. The affirmative action program of the Trustee and the Borrower shall include the mandatory contract provisions set forth in the Los Angeles Administrative Code Section 10.8.4, and said provisions are incorporated herein by this reference. The Borrower and the Trustee shall also comply with all rules, regulations, and policies of the City of Los Angeles' Board of Public Works, Office of Contract Compliance relating to nondiscrimination and affirmative action, including the filing of all forms required by the City. Any subcontract entered into by the Borrower or Trustee relating to this Regulatory Agreement, to the extent allowed hereunder, shall be subject to the provisions of this section. No person shall on the grounds of race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief be excluded from participation in, be denied the benefit of, or be subjected to discrimination under this Regulatory Agreement. For purposes of this Section, Title 24 Code of Federal Regulations Part 107 and Section 570.601(b) defines specific discriminatory actions that are prohibited and corrective action that shall be taken in a situation as defined therein.

**Section 27. Business Tax Registration Certificate.** Subject to any exemption available to it, the Trustee and Borrower each represent that it will obtain and hold the Business Tax Registration Certificate(s) required by the City's Business Tax Ordinance (Article 1, Chapter 2, Section 21.00 and following, of the Los Angeles Municipal Code). For the term covered by this Regulatory Agreement, the Trustee and the Borrower shall maintain, or obtain as necessary, all such Business Tax Registration Certificates required of it under said Ordinance and shall not allow any such Business Tax Registration Certificate to be revoked or suspended.

**Section 28. Financial Obligations Personal to Borrower.** The City acknowledges that the Project shall be encumbered by the Loan Documents. Notwithstanding any provisions of this Regulatory Agreement to the contrary, all obligations of the Borrower under this Regulatory Agreement for the payment of money and all claims for damages against the Borrower occasioned by breach or alleged breach by the Borrower of its obligations under this Regulatory Agreement, including indemnification obligations, shall not be a lien on the Project and no Person shall have the right to enforce such obligations other than directly against the Borrower as provided in Section 18 of this Regulatory Agreement, except that the City shall have the right at all times to enforce the rights contained in the third paragraph of Section 18 hereof. No subsequent owner of the Project shall be liable or obligated for the breach or default of any obligations of the Borrower under this Regulatory Agreement on the part of any prior Borrower, including, but not limited to, any payment or indemnification obligation. Such obligations are personal to the Person who was the Borrower at the time the default or breach was alleged to have occurred and such Person shall remain liable for any and all damages occasioned thereby even after such Person ceases to be the



Borrower. Each Borrower shall comply with and be fully liable for all obligations of an “owner” hereunder during its period of ownership.

**Section 29. [Reserved].**

**Section 30. Child Support Assignment Orders.** This Regulatory Agreement is subject to Section 10.10 of the Los Angeles Administrative Code, Child Support Assignment Orders Ordinance. Pursuant to this Ordinance, each of the Borrower and the Trustee certifies that (a) it will fully comply with all State and federal employment reporting requirements applicable to Child Support Assignment Orders; (b) the principal owner(s) of the Borrower are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (c) it will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230 et seq.; and (d) it will maintain such compliance throughout the term of this Regulatory Agreement. Pursuant to Section 10.10.b of the Los Angeles Administrative Code, failure of the Borrower or the Trustee to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of the Borrower or the Trustee to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default by the Borrower or the Trustee, as appropriate, under the terms of this Regulatory Agreement, subjecting (i) the Borrower to the remedies provided herein and (ii) the Trustee to termination under the Indenture where, in either case, such failure shall continue for more than 90 days after notice of such failure to the Borrower or the Trustee by the City. Any subcontract entered into by the Borrower or the Trustee relating to this Regulatory Agreement, to the extent allowed hereunder, shall be subject to the provisions of this paragraph and shall incorporate the provisions of the Child Support Assignment Orders Ordinance. Failure of the Borrower or the Trustee to obtain compliance of its subcontractors shall constitute a default by the Borrower or the Trustee, as appropriate, under the terms of this Regulatory Agreement, subjecting (A) the Borrower to the remedies provided herein and (B) the Trustee to termination under the Indenture where such failure shall continue for more than 90 days after notice of such failure to the Borrower or the Trustee by the City.

The Borrower and the Trustee shall comply with the Child Support Compliance Act of 1998 of the State of California Employment Development Department. The Borrower and the Trustee each assures that to the best of its knowledge it is fully complying with the earnings assignment orders of all employees, and is providing the names of all new employees to the New Hire Registry maintained by the Employment Development Department as set forth in subdivision (b) of the Public Contract Code Section 7110.

**Section 31. Americans with Disabilities Act.** The Borrower and the Trustee each hereby certifies that it and any contractor and subcontractor will comply with the Accessibility Laws (as defined in Exhibit I). The Borrower and any contractor and subcontractor will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services, and activities in accordance with the applicable provisions of the ADA, the ADAAG, Section 504, the UFAS, the FHA (each as defined in Exhibit I) and all subsequent amendments. The Borrower and the Trustee each and any contractor and subcontractor will not discriminate against persons with disabilities or against persons due to their relationship to or association with a person with a disability. Any contract and subcontract entered into by the

Borrower or the Trustee, relating to this Regulatory Agreement and the Project, to the extent allowed hereunder, shall be subject to the provisions of this paragraph. The Borrower hereby agrees to observe all of the covenants contained in Exhibit I to this Regulatory Agreement as if contained herein.

**Section 32. Slavery Disclosure Ordinance.** This Regulatory Agreement is subject to the Slavery Disclosure Ordinance, Section 10.41 et seq., of the Los Angeles Administrative Code as amended from time to time. Any subcontract entered into by Borrower for work to be performed under this Regulatory Agreement must include an identical provision. The Borrower acknowledges and agrees that failure to fully and accurately complete the required affidavit and disclosures may result in a default under this Regulatory Agreement.

**Section 33. Requirements of CDLAC.** In addition to other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 2 through 6 hereof, the Borrower hereby agrees to comply with each of the requirements of CDLAC set forth in this Section 33, as follows:

(a) The Borrower shall comply with the conditions set forth in Exhibit A to the CDLAC Resolution (the “CDLAC Conditions”), as they may be modified or amended from time to time, which conditions are incorporated herein by reference and made a part hereof and is attached hereto as Exhibit G. Notwithstanding anything to the contrary herein, the provisions of this Section 33 shall remain effective for the period specified in the CDLAC Conditions, unless this Regulatory Agreement shall terminate as otherwise provided in Section 14 hereof.

(b) The Borrower acknowledges that the City shall monitor the Borrower’s compliance with the terms of the CDLAC Conditions. The Borrower will cooperate fully with the City in connection with such monitoring and reporting requirements as provided herein. Compliance with the terms of the CDLAC Conditions not contained within this Regulatory Agreement, but referred to in the CDLAC Conditions is the responsibility of the Borrower to report to the City.

(i) The Borrower shall prepare and deliver a Certificate of CDLAC Program Compliance pursuant to the terms of the CDLAC Conditions. The Borrower acknowledges that the Borrower will prepare and submit to the City, not later than January 15 of each year, and the City will submit to CDLAC, not later than March 1 of each year, until the Borrower has submitted to the City and CDLAC a Construction Completion Certificate, and on March 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three year period) until the end of the term of the CDLAC Conditions, a Certificate of CDLAC Program Compliance, executed by an Authorized Borrower Representative.

(ii) The Borrower shall prepare and deliver a Self-Certification Certificate pursuant to the terms of the CDLAC Conditions. The Borrower acknowledges that the Borrower will prepare and submit to the City, not later than January 15 of each year, and the City will submit to CDLAC, not later than March

1 of each year, until the Borrower has submitted to the City and CDLAC a Construction Completion Certificate, and on March 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three year period) until the end of the term of the CDLAC Conditions, a Self-Certification Certificate in the form provided by CDLAC.

(iii) Within 30 days following the completion of the Project, the Borrower will prepare and submit to the City, Trustee and CDLAC, a Construction Completion Certificate. Following the submission of the Construction Completion Certificate, the Borrower will prepare and submit to the City, not later than January 15 every three years thereafter until the end of the Compliance Period, a California Tax Credit Allocation Committee Project Status Report or equivalent documentation in substantially the form required or otherwise provided by CDLAC from time to time.

(c) Except as otherwise provided in Section 14 of this Regulatory Agreement, this Regulatory Agreement shall terminate on the date 55 years after the date on which at least 50% of the units in the Project are first occupied or such later date as the Qualified Project Period shall begin, as required by the CDLAC Conditions.

(d) The Borrower shall notify CDLAC in writing of: (i) any change in ownership of the Project, (ii) any change in the issuer of the Bond, (iii) any change in the name of the Project or the Project manager; (iv) any default under the Indenture, the Loan Agreement or this Regulatory Agreement; or (v) termination of this Regulatory Agreement.

(e) Any of the foregoing requirements of CDLAC contained in this Section 33 may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver by CDLAC of any requirement of this Section 33 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the City has received an opinion of Bond Counsel that any such provision is not required by the Code, the Act and the Law and may be waived without adversely affecting the exclusion from gross income of interest on the Bond for federal income tax purposes; and (ii) any requirement of this Section 33 shall be void and of no force and effect if the City and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Bond to cease to be Tax-exempt or to the effect that compliance with such requirement would be in conflict with the Code, the Act, the Law or any other state or federal law.

(f) CDLAC is intended to be and is a third party beneficiary of this Regulatory Agreement, and CDLAC shall have the right (but not the obligation) to enforce, separately or jointly with the City and/or the Trustee or to cause the City or the Trustee to enforce, the provisions of Section 33 of this Regulatory Agreement and to pursue an action for specific performance of such provisions or other available remedy at law or in equity in accordance with Section 18 hereof, provided that any such action or remedy shall not materially adversely affect the interests and rights of the Bondholder and shall otherwise be subject to the terms, conditions and limitations applicable to the enforcement of remedies under this Regulatory Agreement.

(g) CDLAC shall have the right, but not the obligation, to deliver revised CDLAC Conditions to the Borrower after the Closing Date at any time, that are not more restrictive than the original CDLAC Conditions; provided however, that, with the prior written consent of the Bank, which will not be unreasonably withheld: (i) any changes in the terms and conditions of the CDLAC Conditions prior to the recordation against the Project in the real property records of Los Angeles County, California, of a regulatory agreement between the Borrower and the California Tax Credit Allocation Committee (“TCAC Regulatory Agreement”) shall be limited to such changes as are necessary to correct any factual errors or to otherwise conform the CDLAC Conditions to any change in facts or circumstances applicable to the Borrower or the Project; and (ii) after recordation of the TCAC Regulatory Agreement, any changes in the terms and conditions of the CDLAC Conditions shall be limited to such changes as are necessary to conform Items 1, 6, 7, 10, 11, 12, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26, and/or 37 of Exhibit A to the CDLAC Conditions to any change in terms and conditions requested by the Borrower and approved by CDLAC. The City may, in its sole and absolute discretion, require the Borrower to enter into an amendment to this Regulatory Agreement reflecting the revised CDLAC Conditions, which amendment shall be executed by the parties hereto or their successor in title and duly recorded in the real property records of the County of Los Angeles. The Borrower shall pay any costs and expenses in connection therewith and provide CDLAC with a copy of that recorded amendment reflecting the revised CDLAC Conditions.

**Section 34. Pet Ownership In Publicly-Financed Housing Developments.** The Borrower shall comply with the Pet Ownership in Publicly-Financed Housing Developments Ordinance, Los Angeles Municipal Code Sections 51.20., et seq., as amended from time to time.

**Section 35. Disclosure of Border Wall Contracting Ordinance.** The Borrower and the Trustee shall comply with Los Angeles Administrative Code Section 10.50 et seq., “Disclosure of Border Wall Contracting”. The City may declare a default under this Regulatory Agreement if the City determines that the Trustee or the Borrower failed to fully and accurately complete the required affidavit and disclose all Border Wall Bids and Border Wall Contracts, as defined in Los Angeles Administrative Code Section 10.50.1.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the City, the Trustee and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written.

**CITY OF LOS ANGELES**, as City

By: Housing and Community Investment  
Department

By: \_\_\_\_\_

Name: Daniel Huynh

Title: Assistant General Manager

Approved as to form:

**CITY OF LOS ANGELES**

MICHAEL N. FEUER,

City Attorney

\_\_\_\_\_  
Deputy/Assistant City Attorney

[Signature Page to *NoHo 5050* Regulatory Agreement]

**[TRUSTEE],**  
as Trustee

By: \_\_\_\_\_  
Name:  
Title: Vice President

[Signature Page to ***NoHo 5050*** Regulatory Agreement]

**NOHO 5050 L.P.**, a California limited partnership

By: Decro NoHo 5050 LLC, a California limited liability company, its Managing General Partner

By: Decro Corporation, a California nonprofit public benefit corporation, its Sole Member and Manager

By: \_\_\_\_\_

Name: Ted M. Handel

Title: Chief Executive Officer

By: Daylight NoHo 5050 LLC, a California limited liability company, its Administrative General Partner

By: Daylight Community Development, LLC, a California limited liability company, its Sole Member

By: \_\_\_\_\_

Name: Gregory Comanor

Title: Manager

[Signature Page to **NoHo 5050** Regulatory Agreement]



## NOTARY ACKNOWLEDGMENT STATEMENT

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

State of California

County of \_\_\_\_\_)

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

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_ [SEAL]

## NOTARY ACKNOWLEDGMENT STATEMENT

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

State of California

County of \_\_\_\_\_)

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

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_ [SEAL]

## NOTARY ACKNOWLEDGMENT STATEMENT

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State of California

County of \_\_\_\_\_)

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_ [SEAL]

## NOTARY ACKNOWLEDGMENT STATEMENT

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

State of California

County of \_\_\_\_\_)

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

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_ [SEAL]

## **EXHIBIT A**

### **DESCRIPTION OF PROJECT SITE**

All that certain real property situated in the County of Los Angeles, State of California, described as follows:

[TO BE PROVIDED]

## EXHIBIT B

### FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

FOR THE [MONTH/QUARTER] ENDING \_\_\_\_\_

\$[11,250,000]  
City of Los Angeles  
Multifamily Housing Revenue Bond  
(NoHo 5050)  
Series 2021U

The undersigned, being the Authorized Borrower Representative of NoHo 5050 L.P., a California limited partnership (the “Borrower”), has read and is thoroughly familiar with the provisions of the various loan documents associated with the Borrower’s participation in the multifamily housing program of the City of Los Angeles (the “City”), including, without limitation, the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of [\_\_\_\_\_] 1, 2021 (the “Regulatory Agreement”), among the Borrower, the City and [TRUSTEE], as Trustee relative to the property located at 5050 Bakman Avenue, Los Angeles, California.

As of the date of this Certificate, the following percentages of completed residential units in the Project (as such term is defined in the Regulatory Agreement) (i) are occupied by Low Income Tenants (as such term is defined in the Regulatory Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Low Income Tenant vacated such unit, as indicated:

Occupied by Low Income Tenants:	_____ %
	Unit Nos. _____ and size

Held vacant for occupancy continuously since last occupied by Low Income Tenant:	_____ %
	Unit Nos. _____ and size

Vacant Units:	_____ %
---------------	---------

Low Income Tenants who commenced Occupancy of units during the Preceding [month/quarter]:	Unit Nos. ____
---	----------------

Attached is a separate sheet (the “Occupancy Summary”) listing, among other items, the following information for each unit in the Project: the number of each unit, the occupants of each unit and the size, in square feet, of each unit. It also indicates which units are occupied by Low Income Tenants and which units became Low Income Units during the preceding [month/quarter]. The information contained thereon is true and accurate.

The undersigned hereby certifies that (1) a review of the activities of the Borrower during such [month/quarter] and of the Borrower's performance under the Loan Agreement has been made under the supervision of the undersigned; (2) to the best of the knowledge of the undersigned, based on the review described in clause (1) hereof, the Borrower is not in default under any of the terms and provisions of the above documents [OR DESCRIBE THE NATURE OF ANY DEFAULT IN DETAIL AND SET FORTH THE MEASURES BEING TAKEN TO REMEDY SUCH DEFAULT]; and (3) to the knowledge of the Borrower, no Determination of Taxability (as such term is defined in the Regulatory Agreement) has occurred [OR, IF A DETERMINATION OF TAXABILITY HAS OCCURRED, SET FORTH ALL MATERIAL FACTS RELATING THERETO]

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**NOHO 5050 L.P.**, a California limited partnership

By: Decro NoHo 5050 LLC, a California limited liability company, its Managing General Partner

By: Decro Corporation, a California nonprofit public benefit corporation, its Sole Member and Manager

By: \_\_\_\_\_

Name: Ted M. Handel

Title: Chief Executive Officer

By: Daylight NoHo 5050 LLC, a California limited liability company, its Administrative General Partner

By: Daylight Community Development, LLC, a California limited liability company, its Sole Member

By: \_\_\_\_\_

Name: Gregory Comanor

Title: Manager

[Signature Page to **NoHo 5050** Certificate of Program Compliance]

## EXHIBIT C

### FORM OF INCOME CERTIFICATION

*NOTE TO APARTMENT OWNER: This form is designed to assist you in computing Annual Income in accordance with the method set forth in the Department of Housing and Urban Development ("HUD") Regulations (24 C.F.R. Part 5 Subpart F). You should make certain that this form is at all times up to date with the HUD Regulations.*

Re: NoHo 5050, 5050 Bakman Avenue, Los Angeles, California

The undersigned hereby (certify) (certifies) that:

1. This Income Certification is being delivered in connection with the undersigned's application for occupancy of Apartment # \_\_\_\_\_ in NoHo 5050 located at 5050 Bakman Avenue, Los Angeles, California.

2. List all the occupants of the apartment, the relationship (if any) of the various occupants, their ages, and indicate whether they are students (for this purpose, a student is any individual who has been, or will be, a full-time student at an educational institution during five months (whether consecutive or not) of the year in which this application is submitted, other than a correspondence school, with regular facilities and students).

	Occupant	Relationship	Age	Student (Yes or No)	Social Security Number
(a)	_____	_____	_____	_____	_____
(b)	_____	_____	_____	_____	_____
(c)	_____	_____	_____	_____	_____
(d)	_____	_____	_____	_____	_____
(e)	_____	_____	_____	_____	_____
(f)	_____	_____	_____	_____	_____

3. If all of the occupants are students, answer the following questions for each occupant

(a) Is any student listed in paragraph 2 above married and files a joint return for federal income tax purposes? List any such students.

Name(s)

No

Not Applicable

(b) Is any student listed in paragraph 2 above (i) a single parent living with his/her children, (ii) not a dependent of another individual and (iii) whose children are not dependents of an individual other than their parents? List any such students.

Yes	Name(s)	No	Not Applicable
-----	---------	----	----------------

(c) Is any student listed in paragraph 2 above a student receiving assistance under Title IV of the Social Security Act (Temporary Assistance for Needy Families)? List any such students.

Yes	Name(s)	No	Not Applicable
-----	---------	----	----------------

(d) Is any student listed in paragraph 2 above a student enrolled in a job-training program receiving assistance under the Job Training Partnership Act or under other similar federal, State or local laws? List any such students.

Yes	Name(s)	No	Not Applicable
-----	---------	----	----------------

(e) Is any student listed in paragraph 2 a student who was previously under the care and placement responsibility of a foster care program (under part B or E of Title IV of the Social Security Act)? List any such students.

Yes	Name(s)	No	Not Applicable
-----	---------	----	----------------

4. The total anticipated income for each person listed in paragraph 2 above during the 12-month period commencing with the date occupancy will begin including:

full amount, before any payroll deductions, of wages, salaries, overtime, commissions, fees, tips, and bonuses; net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets); interest and dividends (including income from assets excluded below); the full amount of periodic payments from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic payments including any lump sum payment for the delayed start of a periodic payment; payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation and severance pay; all public assistance income; periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; all regular and special pay and allowances of members of the Armed Forces (whether or not living in the dwelling) who are the head of the family or spouse; and any earned income tax credit to the extent that it exceeds income tax liability;

but excluding:

income from employment of children (including foster children) under the age of 18 years; payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the tenant family, who are unable to live alone); lump sum

additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal or property losses; amounts which are specifically for reimbursement of medical expenses; amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes; special pay to a serviceman head of a family who is away from home and exposed to hostile fire; amounts received under training programs funded by HUD; amounts received under Plan to Attain Self-Sufficiency; amounts for out-of-pocket expenditures incurred in connection with other public assistance programs; resident service stipend (not in excess of \$200 per month); amounts from state or local employment training programs; temporary, nonrecurring or sporadic income (including gifts); reparation payments paid by a foreign government to persons who were persecuted during the Nazi era; earnings in excess of \$480 for each full-time student 18 years old or older (excluding head of family and spouse); adoption assistance payments in excess of \$480 per adopted child; deferred periodic payments of supplemental social security income and benefits received in a lump sum; refunds or rebates of property taxes paid on the unit; payments from state agency to allow developmentally disabled family member to stay home; relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged for the allotments; and payments to volunteers under the Domestic Volunteer Service Act of 1973; is as follows:

<b>Occupant</b>	<b>Anticipated Annual Income</b>	<b>Source of Income or Employer</b>
(a) _____ _____	\$ _____	_____
(b) _____ _____	\$ _____	_____
(c) _____ _____	\$ _____	_____
(d) _____ _____	\$ _____	_____
(e) _____ _____	\$ _____	_____
(f) _____ _____	\$ _____	_____
<b>TOTAL</b>	<b>\$ _____</b>	

5.(a) Do the persons whose income or contributions are included in Item 4 above have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the

values of necessary items of personal property such as furniture and automobiles and interest in Indian trust land)?

\_\_\_\_\_ Yes \_\_\_\_\_ No

(b) Have the persons whose income or contributions are included in Item 4 above disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value?

\_\_\_\_\_ Yes \_\_\_\_\_ No

(c) If the answer to (a) or (b) above is yes, does the combined total value of all such assets owned or disposed of by all such persons total more than \$5,000?

\_\_\_\_\_ Yes \_\_\_\_\_ No

(d) If the answer to (c) above is yes,

(i) insert the total value of all such assets owned or disposed of  
\$ \_\_\_\_\_; and

(ii) state:

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

\$ \_\_\_\_\_

(B) the amount of such income, if any, that was included in Item 4 above:

\$ \_\_\_\_\_

6. Neither myself nor any other occupant of the unit I/we propose to rent is the owner of the rental housing project in which the unit is located (hereinafter, the "Borrower"), has any family relationship to the Borrower or owns directly or indirectly any interest in the Borrower. For purposes of this paragraph, indirect ownership by an individual shall mean ownership by a family member, ownership by a corporation, partnership, estate or trust in proportion to the ownership or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member and ownership, direct or indirect, by a partner of the individual.

7. This Income Certification is made with the knowledge that it will be relied upon by the Borrower to determine maximum income for eligibility to occupy the unit, and I/we declare that all information set forth herein is true, correct and complete and based upon information I/we deem reliable and that the statement of total anticipated income contained in paragraph 4 is reasonable and based upon such investigation as the undersigned deemed necessary.

8. I/we will assist the Borrower in obtaining any information or documents required to verify the statements made therein, including either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding calendar year.

9. I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement (whether or not intentional) in this Income Certification will constitute a material breach of my/our agreement with the Borrower to lease the unit and will entitle the Borrower to prevent my/our occupancy of the unit and will be cause for immediate termination of such lease.

10. The undersigned hereby acknowledge and agree that on or before January 1 (or upon Lease renewal) of each year the undersigned and any other current residents of such apartment will complete and deliver a new Income Certification, in the form then in use, to the Borrower and that the undersigned's rent is subject to increase 30 days after written notice is given to the undersigned stating that the undersigned no longer qualifies as a Lower Income Tenant under the Tax Regulatory Agreement.

11. RESIDENT(S) STATEMENT: I/We certify that the statements are true and complete to the best of my/our knowledge and belief and are given under penalty of perjury. In the event this Income Certification is executed more than five days prior to the date I/we intend to occupy the unit, I/we hereby agree to update and recertify the accuracy of the information herein provided as of the date I/we first occupy the unit:

- (a) \_\_\_\_\_ Date: \_\_\_\_\_
- (b) \_\_\_\_\_ Date: \_\_\_\_\_
- (c) \_\_\_\_\_ Date: \_\_\_\_\_
- (d) \_\_\_\_\_ Date: \_\_\_\_\_
- (e) \_\_\_\_\_ Date: \_\_\_\_\_
- (f) \_\_\_\_\_ Date: \_\_\_\_\_

*[The signatures of all persons over the age of 18 years listed in Number 2 above are required]*

12. Calculation of Eligible Income:

- (a) Enter the amount entered for entire household in 4 above: \$ \_\_\_\_\_
- (b) Enter income derived from assets (line 5(d)(2)(A)): \$ \_\_\_\_\_
- (c) Subtract (b) from (a) \$ \_\_\_\_\_
- (d) Multiply the amount entered in 5(d)(1) by the current passbook savings rate to

determine the total annual earnings on assets  
[5(d)(1)] if invested in passbook savings.

Passbook rate \_\_\_\_\_ % X \_\_\_\_\_ = \$ \_\_\_\_\_

(e) Enter the greater of (b) or (d) \$ \_\_\_\_\_

(f) TOTAL ELIGIBLE INCOME (Line (e) + (c)) \$ \_\_\_\_\_

13. The amount entered in 12(f):

(a) \_\_\_\_\_ Qualifies the applicant(s) as a Lower Income Tenant(s).

(b) \_\_\_\_\_ Does not qualify the applicant(s) as Lower Income  
Tenant(s).

14. Number of apartment unit assigned: \_\_\_\_\_

Bedroom size: \_\_\_\_\_ Rent: \$ \_\_\_\_\_

Tenant-paid Utilities:

Water \_\_\_\_\_ Gas \_\_\_\_\_ Electric \_\_\_\_\_

Trash \_\_\_\_\_ Other (list type) \_\_\_\_\_

15. Was this apartment unit last occupied for a period of 31 consecutive days by persons whose aggregate anticipated annual income as certified in the above manner upon their initial occupancy of the apartment unit qualified them as Lower Income Tenants?

\_\_\_\_\_ Yes \_\_\_\_\_ No

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

\_\_\_\_\_ Employer income verification

\_\_\_\_\_ Social Security Administration verification

\_\_\_\_\_ Department of Social Services verification

\_\_\_\_\_ Copies of tax returns

\_\_\_\_\_ Other ( \_\_\_\_\_ )

17. Method used to verify responses, if any, in paragraph 3 of this Income Certification:

\_\_\_\_\_ Copies of Tax Returns

\_\_\_\_\_ Evidence of participation in an enumerated program



18. BORROWER'S STATEMENT: Based on the representations herein and upon the proofs and documentation submitted pursuant to paragraph 8 hereof, the family or individual(s) named in paragraph 2 of this Income Certification is/are eligible under the provisions of the Regulatory Agreement and Declaration of Restrictive Covenants to live in a unit in the Project.

Date \_\_\_\_\_

Signature of Authorized Borrower  
Representative:

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

EXECUTION OF ITEMS 19 AND 20

\_\_\_\_\_ IS \_\_\_\_\_ IS NOT NECESSARY.

Initials: \_\_\_\_\_.

19. If this Income Certification was executed by me/us more than five days prior to my/our occupancy of the unit, I/we hereby update and recertify the accuracy of the information herein provided as of \_\_\_\_\_, 20\_\_\_\_ and state:

\_\_\_\_\_ (a) No additional information is required to be provided to make this Income Certification true and correct on the date of this certification.

\_\_\_\_\_ (b) The following information is provided to update the information previously provided in the Income Certification:

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[Remainder of Page Intentionally Left Blank]

- (a) \_\_\_\_\_ Date: \_\_\_\_\_
- (b) \_\_\_\_\_ Date: \_\_\_\_\_
- (c) \_\_\_\_\_ Date: \_\_\_\_\_
- (d) \_\_\_\_\_ Date: \_\_\_\_\_
- (e) \_\_\_\_\_ Date: \_\_\_\_\_
- (f) \_\_\_\_\_ Date: \_\_\_\_\_

20. BORROWER'S STATEMENT: The family or individual(s) named in paragraph 2 of this Income Certification have, pursuant to paragraph 19 hereof, updated and recertified the information heretofore provided as specifically set forth in paragraph 19 hereof.

Date \_\_\_\_\_

Signature of Authorized Borrower  
Representative

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

[Remainder of Page Intentionally Left Blank]

**INCOME VERIFICATION**  
(for employed persons)

The undersigned employee has applied for a rental unit located in a project financed by the issuance of a bond by the City of Los Angeles for persons of low or moderate income. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee's current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual Wages \_\_\_\_\_

Overtime \_\_\_\_\_

Bonuses \_\_\_\_\_

Commissions \_\_\_\_\_

Total Current Income \_\_\_\_\_

I hereby certify that the statements above are true and complete to the best of my knowledge.

\_\_\_\_\_  
Date

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

I hereby grant you permission to disclose my income to \_\_\_\_\_,  
in order that they may determine my income eligibility for rental of an apartment located in their  
project which has been financed by an issuance of a bond by the City of Los Angeles.

Date \_\_\_\_\_

Signature \_\_\_\_\_

Please send form to: \_\_\_\_\_

[Income Verification Signature Page]

**INCOME VERIFICATION**  
(for self-employed persons)

I hereby attach copies of my individual federal and state (if applicable) income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

Date \_\_\_\_\_

Signature \_\_\_\_\_

## EXHIBIT D

### FORM OF ANNUAL TENANT INCOME RECERTIFICATION

#### CITY OF LOS ANGELES ANNUAL TENANT INCOME RECERTIFICATION

Project name \_\_\_\_\_  
Apartment # \_\_\_\_\_ Date of Original Certification \_\_\_\_\_  
Resident name \_\_\_\_\_

##### TO THE RESIDENT:

*This form is a continuation of the City of Los Angeles (the "City") Affordable Housing Program (the "Program") which was previously discussed with you. In order to keep you on the qualifying list, you will need to update the following information each year when you renew your lease. The Borrower is required by the Internal Revenue Code of 1986 and the City to maintain this information in order to maintain the Program.*

##### Household Composition:

- 1) Please list all of those individuals residing in your apartment.
- 2) Please list the anticipated annual income of all occupants of your household who are 18 years of age or older (if housemaker, or unemployed, etc.—please list as such).
- 3) If college or technical school student, please list if full-time or part-time student.

	NAME	SS#	AGE	ANTICIPATED ANNUAL INCOME*	OCCUPATION/STUDENT
1)					
2)					
3)					
4)					
5)					
6)					
7)					

\*SEE INCOME DEFINITION ATTACHED TO THIS FORM.

DO YOU OWN OR HAVE YOU ACQUIRED OR HAVE YOU DISPOSED OF ANY ASSETS OVER \$5,000.00 IN THE PAST YEAR? \_\_\_\_\_

If so, please describe and list amount and annual income expected to be derived from such assets. \_\_\_\_\_  
\_\_\_\_\_

If all persons residing in your apartment are full-time students, please indicate for each such person whether they are: (1) a single parent living with his/her children; (2) a student receiving assistance under Title IV of the Social Security Act (Temporary Assistance for Needy Families); (3) a student enrolled in a job-training program receiving assistance under the Job Training Partnership Act or under other similar federal, state or local laws; (4) a student who was previously under the care and placement responsibility of a foster care program (under part B or E of Title IV of the Social Security Act); or (5) a student who is married and files a joint return. Single parents described in (1) above may not be dependents of another individual and their children may not be dependents of another individual other than their parents.

**Please have all occupants over the age of 18 sign this certification.**

I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Borrower to lease the unit and will entitle the Borrower to prevent or terminate my/our occupancy of the unit by institution of an action for ejection or other appropriate proceedings.

I/we declare under penalty of perjury that the foregoing is true and correct.

SIGNATURES:

DATE:

- |          |       |
|----------|-------|
| 1) _____ | _____ |
| 2) _____ | _____ |
| 3) _____ | _____ |
| 4) _____ | _____ |

MANAGER'S SIGNATURE:

\_\_\_\_\_

**DEFINITION OF INCOME**

The full amount, before any payroll deductions, of wages, salaries, overtime, commissions, fees, tips, and bonuses; net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets); interest and dividends (including income from assets excluded below); the full amount of periodic payments from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic payments including any lump sum payment for the delayed start of a periodic payment; payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation and severance pay; all public assistance income; periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; all regular and special pay and allowances of members of the Armed Forces (whether or not living in the dwelling) who are the head of the family or spouse; and any earned income tax credit to the extent that it exceeds income tax liability;

but excluding:

income from employment of children (including foster children) under the age of 18 years; payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the tenant family, who are unable to live alone); lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal or property losses; amounts which are specifically for reimbursement of medical expenses; amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes; special pay to a serviceman head of a family who is away from home and exposed to hostile fire; amounts received under training programs funded by HUD; amounts received under Plan to Attain Self-Sufficiency; amounts for out-of-pocket expenditures incurred in connection with other public assistance programs; resident service stipend (not in excess of \$200 per month); amounts from state or local employment training programs; temporary, nonrecurring or sporadic income (including gifts); reparation payments paid by a foreign government to persons who were persecuted during the Nazi era; earnings in excess of \$480 for each full-time student 18 years old or older (excluding head of family and spouse); adoption assistance payments in excess of \$480 per adopted child; deferred periodic payments of supplemental social security income and benefits received in a lump sum; refunds or rebates of property taxes paid on the unit; payments from state agency to allow developmentally disabled family member to stay home; relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charges for the allotments; and payments to volunteers under the Domestic Volunteer Service Act of 1973.



## EXHIBIT E

### FORM OF CERTIFICATE OF CDLAC PROGRAM COMPLIANCE

1. Project Name Change: \_\_\_\_\_ Yes \_\_\_\_\_ No \_\_\_\_\_  
(If project name has changed since the award of allocation, please note the new project name as well as the original project name.)

New: \_\_\_\_\_ Original: \_\_\_\_\_

2. CDLAC Application No.: 21-532

3. Bond Issuer Change: \_\_\_\_\_ Yes \_\_\_\_\_ No \_\_\_\_\_  
(If Bond Issuer name has changed since the award of allocation, please note the new name.)

New: \_\_\_\_\_ Original: \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

4. Has a termination of the Regulatory Agreement occurred or is a termination planned in the next year?  
Has proper noticing occurred? Yes \_\_\_\_\_ No \_\_\_\_\_  
(If yes, there is no need to complete the rest of this form. Please complete this form through #4.)

5. Borrower Change: \_\_\_\_\_ Yes \_\_\_\_\_ No \_\_\_\_\_  
(If borrower has changed since the award affecting the CDLAC resolution, please note the new borrower.)

New: \_\_\_\_\_ Original: \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

6. Management Company Change: \_\_\_\_\_ Yes \_\_\_\_\_ No \_\_\_\_\_  
(If yes, please provide the following information for the New Management Company.)

New: \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

7. Has the Qualified Project Period commenced? Yes\_\_\_\_ No\_\_\_\_  
*(If yes, please submit the Certificate of Completion...ONE TIME ONLY.)*

☐Already Submitted Certification

8. Has the project been completed and placed in service? Yes\_\_\_\_ No\_\_\_\_  
*(If yes, please submit the Certificate of Completion...ONE TIME ONLY.)*

☐Already Submitted Certification

9. Has any of the following events occurred associated with the bond allocation: Yes\_\_\_\_ No\_\_\_\_  
 a. Notices of defaults associated with rents and income requirements  
 b. Bond Default  
 c. Qualified Bond Default.

*(If yes, please describe and explain on separate sheet)*

10.

Federally Bond Restricted Units (Reflected in PSR)	Other Restrictions (Reflected in PSR)	Total (Reported in CDLAC Resolution)
_____ @ 50% AMI	_____ @ 50% AMI	_____ @ 50% AMI
_____ @ 60% AMI	_____ @ 60% AMI	_____ @ 60% AMI

*Please attach a copy of the project's TCAC Project Status Report (PSR) or equivalent documentation.*

11. Please indicate the distribution of the CDLAC restricted 10% of the 50% AMI units

Bedroom Type	# of Units in PSR	# of Units in CDLAC Resolution
1 Bedroom	_____	_____
2 Bedroom	_____	_____
3 Bedroom	_____	_____

12. If the project has committed to and is currently providing the service amenities for a term as specified in the CDLAC resolution, please verify the services are being provided: on a regular and ongoing basis, which are provided free of charge and all hour requirements are being met:

- \_\_\_\_\_ After-School Programs
- \_\_\_\_\_ Educational, Health & Wellness or skill development classes
- \_\_\_\_\_ Health & Wellness services and programs (not group classes)
- \_\_\_\_\_ Licensed Childcare provided for a minimum of 20 hours per week (Monday-Friday)
- \_\_\_\_\_ Bona-Fide Service Coordinator/Social Worker

Is the service being offered on an ongoing basis and provided free of charge (childcare excluded)?

Yes\_\_\_\_ No\_\_\_\_

Are all hour requirements being met? Yes\_\_\_\_ No\_\_\_\_

Attach evidence demonstrating that the above listed services are being provided and have met the requirements in the CDLAC Resolution. Including but not limited to MOUs and/or contracts associated with the services rendered, a 12-month schedule (current reporting year) of the services offered, flyers, sign-up sheets, etc.

Pursuant to Section 13 of Resolution No. 21-136 (the “Resolution”), adopted by the California Debt Limit Allocation Committee (the “Committee”) on April 28, 2021, I, \_\_\_\_\_, an Officer of the Borrower, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with the terms and conditions set forth in the Resolution as outlined above. I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bond is issued, the terms and conditions set forth in the Resolution Exhibit A, shall be enforceable by the Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

\_\_\_\_\_  
Signature of Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name of Officer

\_\_\_\_\_  
Phone No.

\_\_\_\_\_  
Title of Officer

**EXHIBIT F**

**FORM OF CONSTRUCTION COMPLETION CERTIFICATE**

\$[11,250,000]  
City of Los Angeles  
Multifamily Housing Revenue Bond  
(NoHo 5050)  
Series 2021U

1) Project Name: NoHo 5050

*(If project name has changed since the award of allocation please note the original project name as well as the new project name and request a change in the CDLAC Resolution.)*

Original: \_\_\_\_\_

2) CDLAC Application No.: 21-532

3) Name of Bond Issuer: City of Los Angeles

4) Name of Borrower: NoHo 5050 L.P.

*(If Borrower has changed name since the award please note the original Borrower as well as the new Borrower and request a change in the CDLAC Resolution.)*

Original: \_\_\_\_\_

5) The undersigned hereby certifies that all work on the Project was substantially completed as of \_\_\_\_\_, 20\_\_\_\_.

The undersigned hereby further certifies that:

(a) the aggregate amount disbursed on the Loan to date is \$[\_\_\_\_\_]

(b) all amounts disbursed from proceeds of the Bond have been applied to pay or reimburse the undersigned for the payment of Project Costs (as that term is used in the Regulatory Agreement) and none of the amounts disbursed from the proceeds of the Bond have been applied to pay or reimburse any party for the payment of costs or expenses other than Project Costs; and

(c) at least 95% of the amounts disbursed from the proceeds of the Bond have been applied to pay or reimburse the Borrower for the payment of Qualified Project Costs (as that term is used in the Regulatory Agreement) and less than 25% of the amounts disbursed from the proceeds of the Bond, exclusive of amounts applied to pay the costs of issuing the Bond, have been applied to pay or reimburse the Borrower for the cost of acquiring land.

6) The undersigned hereby certifies the Project meets the general federal rule for a Qualified Project Period.

No \_\_\_\_\_ Yes \_\_\_\_\_

(a) 10% of the dwelling units in the Project financed in part from the proceeds of the captioned Bond were first occupied on \_\_\_\_\_, 20\_\_\_\_ and

(b) 50% of the dwelling units in the Project financed in part from the proceeds of the captioned Bond were first occupied on \_\_\_\_\_, 20\_\_\_\_.

7) If no to #6, the undersigned hereby certifies the Project meets the special federal rule for a Qualified Project Period.

No \_\_\_\_\_ Yes \_\_\_\_\_

*(Project qualifies if it is an acquisition/rehabilitation where no more than 90% of the units were not available for occupancy within 60 days of the earlier of the Project acquisition or the Bond issuance date.)*

(a) Bond was issued on \_\_\_\_\_, 20\_\_\_\_

(b) Property was acquired on \_\_\_\_\_, 20\_\_\_\_

(c) The date 10% of the units were available to occupy (within 60 days of the earlier of the acquisition or bond issuance) is \_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_  
Signature of Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name of Officer

\_\_\_\_\_  
Title of Officer

\_\_\_\_\_  
Phone Number

**EXHIBIT G**  
**CDLAC RESOLUTION**

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

*Revised May 6, 2021*

RESOLUTION NO. 20-137

**A RESOLUTION TRANSFERRING A PORTION OF THE 2020 STATE CEILING  
ON QUALIFIED PRIVATE ACTIVITY BONDS AND  
AUTHORIZING THE MAKING OF A CARRYFORWARD ELECTION FOR A  
QUALIFIED RESIDENTIAL RENTAL PROJECT**

**WHEREAS**, the California Debt Limit Allocation Committee ("Committee") has received an application ("Application") from the City of Los Angeles ("Applicant") for the transfer to the Applicant of a portion of the 2020 State Ceiling on Qualified Private Activity Bonds under Section 146 of the Internal Revenue Code of 1986, as amended, for use by the Applicant to issue bonds or other obligations ("Bonds") for a Project as specifically described in Exhibit A ("Project") (capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Regulations of the Committee implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds); and

**WHEREAS**, the Project Sponsor has represented and the Applicant has confirmed in the Application certain facts and information concerning the Project; and

**WHEREAS**, in evaluating the Project and allocating a portion of the State Ceiling on Qualified Private Activity Bonds to the Applicant for the benefit of the Project, the Committee has relied upon the written facts and information represented in the Application by the Project Sponsor and the Applicant; and

**WHEREAS**, it is appropriate for the Committee to make a transfer of a portion of the 2020 State Ceiling On Qualified Private Activity Bonds ("Allocation") in order to benefit such Project described in the Application; and

**WHEREAS**, the Committee has determined that it is appropriate to authorize the Applicant to make an election to carryforward Allocation to calendar year 2021 with respect to the Project described in the Application.

**NOW, THEREFORE**, the California Debt Limit Allocation Committee resolves as follows:

**Section 1.** There is hereby transferred to the Applicant authorization to use **\$14,676,000** of the 2020 State Ceiling on Qualified Private Activity Bonds. Such Allocation may be used only by the Applicant and only for the issuance of Bonds for the Project, as specifically described in Exhibit A. All of the terms and conditions of Exhibit A are incorporated herein as though set forth in full (this resolution, together with Exhibit A are hereafter referred to collectively as this "Resolution").

**Section 2.** The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds. The Project Sponsor and the Applicant, and all their respective successors and assignees, will be bound by such terms and conditions. The Applicant shall monitor the Project for compliance with the terms and conditions of this Resolution. In addition, the Project shall be subject to the monitoring provisions of California Code of Regulations, Title 4, Section 10337(c) and Section 5220 of the Committee's Regulations.

**Section 3.** Any modification to the Project made prior to the issuance of the Bonds that impacts the resolution must be reported to the Executive Director and, if the Executive Director determines such modification to be material in light of the Committee's Regulations, shall require reconsideration by the Committee before the Allocation may be used for the Project. After Bonds are issued, the terms and conditions set forth in this Resolution shall be enforceable by the Committee through an action for specific performance or any other available remedy. In addition, after bonds are issued, changes to Items #1, #6, #7, #10 thru #12, #14 thru #16, #18 thru #26, and #37 of the Exhibit A require Committee or Executive Director approval for the term of commitment; changes to item #2, #13, #17, #27, and #39 thru #41 of the Exhibit A cannot be altered; changes to Items #3 thru #5 of the Exhibit A require no Committee or Executive Director approval but any alterations must be reported to CDLAC staff for the affordability period; changes to Items #8 and #9 of the Exhibit A require no CDLAC notification; and changes to Items #28 thru #36 and #38 of the Exhibit A require Committee or Executive Director approval only prior to the Project being Placed in Service by the CA Tax Credit Allocation Committee (TCAC).



**RESOLUTION NO. 20-137**

**Revised May 6, 2021**

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**Section 4.** Any material changes in the structure of the bond sale prior to the issuance of the Bonds and not previously approved by the Committee shall require approval of the Committee Chair or the Executive Director.

**Section 5.** The transfer of proceeds from the sale of bonds to a project other than the Project subject to this Resolution is allowable only with the prior approval of the Executive Director in consultation with the Chair, except when the Project is unable to utilize any of its allocation and the Applicant is requesting the transfer of the entire Allocation to different project(s). In such case, prior approval of the Committee must be obtained. Any transfer made pursuant to this section may only be made to another/other project(s) of the same issuer that has been previously approved by the Committee.

**Section 6.** The Applicant is authorized to use the Allocation transferred hereby to make a carryforward election with respect to the Project. The Applicant is not authorized to transfer the Carryforward Allocation to any governmental unit in the State other than the Committee.

**Section 7.** The Allocation transferred herein to the Applicant shall automatically revert to this Committee unless the Applicant has issued Bonds for the Project by the close of business on **March 29, 2021**. Upon the discretion of the Executive Director, the expiration may be extended pursuant to the provisions in Chapter 1, Article 8 of the Committee's Regulations.

**Section 8.** Prior to being submitted to the IRS, draft Carryforward Elections must be emailed to CDLAC at [cdlac@treasurer.ca.gov](mailto:cdlac@treasurer.ca.gov) no later than February 3, 2021 for CDLAC approval of election amounts.

**Section 9.** Within twenty-four (24) hours of using the Allocation to issue Qualified Private Activity Bonds, the Applicant shall notify the Committee at [CDLAC@treasurer.ca.gov](mailto:CDLAC@treasurer.ca.gov) that the Allocation has been used. This notice shall identify the Applicant, the project or program, the date the Allocation was used, and the amount of Allocation used.

**Section 10.** Within fifteen (15) calendar days of the Bond closing, the Applicant or its counsel shall formally transmit to the Committee information regarding the issuance of the Bonds by submitting a completed Report of Action Taken in a form prescribed by and made available by the Committee.

**Section 11.** Any differences between the amount of Bonds issued and the amount of the Carryforward Allocation granted in Section 1 of this Resolution shall be retained by the Applicant for the period allowed by Section 146(f)(3)(A) of the Internal Revenue Code regarding carryforward elections. Use of any unused Carryforward Allocation shall be in accordance with Section 5132 of the Committee's Regulations regarding carryforward elections.

**Section 12.** The staff of the Committee is authorized and directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain a copy of this Resolution in the Applicant's official records for the term of the Bonds under this Carryforward Allocation or the term of the income and rental restrictions whichever is longer. The Committee staff is further directed to retain a copy of this Resolution in the files of the Committee (or any successor thereto) for the same period of time.

**Section 13.** In consideration of the Allocation transferred to the Applicant and the Project Sponsor, the Applicant and the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Further, the Applicant and the Project Sponsor expressly agree that the terms and conditions of this Resolution may be enforced by the Committee through an action for specific performance or any other available remedy, provided however, that the Committee agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of Bondholders. In addition, the Applicant and the Project Sponsor shall ensure that the Bond documents, as appropriate, expressly provide that the Committee is a third party beneficiary of the terms and conditions set forth in this Resolution.

**RESOLUTION NO. 20-137**

**Revised May 6, 2021**

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**Section 14.** The Certification of Compliance II or equivalent form is to be submitted by the Project Sponsor to the Applicant by the Applicant's specified deadline, but no later than March 1st annually until the project's Certificate of Completion has been submitted to the Applicant. Following the submission of the Certificate of Completion or equivalent form to the Applicant, the Certification of Compliance II is to be submitted March 1st every three years thereafter. In addition, an Annual Applicant Public Benefits and On-going Compliance Self-Certification (Self Certification) form must be submitted by the Applicant online every year until the Certificate of Completion has been submitted to the Applicant. After the completion of the project has been reported, the Self Certification will be required to be submitted March 1st every three years thereafter pursuant to Section 5144 of the CDLAC Regulations. Verification to CDLAC of income and rental information is not required in advance of the submission of the Certificate of Completion. A copy of the Certification of Compliance II and the Certificate of Completion forms may be found at this website location: <http://www.treasurer.ca.gov/cdlac>. Failure to submit compliance may result in disqualification from future program participation.

**Section 15.** The applicant may return the allocation to the Committee without assessment of negative points or forfeiture of the performance deposit if the formal written notification is received by the Committee no later than November 16, 2020 for this project.

**Section 16.** This Resolution shall take effect immediately upon its adoption.

\* \* \*

**CERTIFICATION**

I, Nancee Robles, Interim Executive Director, hereby certify that the above revisions have been incorporated into the previously approved Resolution adopted at a meeting of the Committee held in the Jesse Unruh Building, 915 Capitol Mall, Room 587, Sacramento, California 95814, on September 16, 2020 at 11:04am with the following votes recorded:

AYES: State Treasurer Fiona Ma, CPA  
Keely Bosler for Governor Gavin Newsom  
Anthony Sertich for State Controller Betty T. Yee

NOES: None  
ABSTENTIONS: None  
ABSENCES: None

  
\_\_\_\_\_  
Nancee Robles, Interim Executive Director

Date: May 6, 2021

**RESOLUTION NO. 20-137**  
*Revised May 6, 2021*  
**(QUALIFIED RESIDENTIAL RENTAL PROJECT)**  
**EXHIBIT A**

1. Applicant: City of Los Angeles
2. Application No.: 20-595
3. Project Sponsor: Mercy Housing California 94, L.P. (Mercy Housing California 94 LLC)
4. Project Management Co.: Mercy Housing Management Group
5. Project Name: Sherman Oaks Senior Housing
6. Type of Project: New Construction/Senior Citizens/Special Needs
7. Location: Los Angeles, CA
8. Private Placement Purchaser: **California Bank & Trust, a division of Zions Bancorporation, N.A.**  
Cash Flow Bond: **Not Applicable**

All units identified in the CDLAC resolution, including both the Federally Bond-Restricted Units and the Other Restricted Units, will be incorporated into the Bond Regulatory Agreement. Assumptions to be included in the Bond Regulatory Agreement regarding the Other Restricted Units will include the AMI as outlined in the CDLAC resolution, a limitation that tenants pay no more than 30% of their income and 1.5 persons per bedroom occupancy standard to determine the applicable rent.

**Applicable**

9. Public Sale: **Not Applicable**  
Credit Enhancement Provider: **Not Applicable**
10. Total Number of Units: **54** plus **1** unrestricted manager unit(s)
11. Total Number of Restricted Rental Units: **54**
12. The term of the income and rental restrictions for the Project will be at least 55 years from the date 50% occupancy is achieved or when the project is otherwise placed in service.
13. The Regulatory Agreement shall not terminate prior to the end of the CDLAC Resolution affordability term in the event of foreclosure, exercise of power of sale, and/or transfer of title by deed in lieu of foreclosure in connection with a deed of trust directly or indirectly securing the repayment of Cash Flow Permanent Bonds.
14. The Project will utilize Gross Rents as defined in Section 5170 of the Committee's Regulations.  
**Applicable**
15. Income and Rental Restrictions:
  - a. Federally Bond-Restricted Set-aside Units:  
At least **40%** of the total units will be restricted at 60% of the Area Median Income.
  - b. Other Restricted Units  
For the entire term of the income and rental restrictions, the Project will have:  
  
At least **54** Qualified Residential units rented or held vacant for rental for persons or families whose income is at or below 50% of the Area Median Income.  
  
At least **0** Qualified Residential units rented or held vacant for rental for persons or families whose income is at or below 60% of the Area Median Income.

**RESOLUTION NO. 20-137**

**Revised May 6, 2021**

**Exhibit A**

Page 2 of 5

16. 10% of the units will be restricted to households with incomes no greater than 50% of the Area Median Income in accordance with Section 5191 of the Committee's Regulations. These units will be distributed as follows:

**Applicable**

Studios:	5
One-bedroom:	1
Two-bedroom:	0
Three-bedroom:	0
Four-bedroom:	0
Five-bedroom:	0

17. For acquisition and rehabilitation projects, a minimum of \$15,000 in hard construction costs will be expended for each Project unit.

**Not Applicable**

18. A minimum of \$17,600,000 of public funds will be expended for the Project.

**Applicable**

19. At a minimum, the financing for the Project shall include a Taxable Tail in the amount of \$0,000. Taxable debt may only be utilized for Project related expenses, not for the cost of issuance for which the Project Sponsor could otherwise have used tax-exempt financing.

**Not Applicable**

20. If the Project received points for having large family units for the entire term of the income and rental restrictions, the Project will have at least 0 three-bedroom or larger units.

**Not Applicable**

21. For a period of fifteen (15) years after the Project is placed in use, the Project will provide to Project residents high-speed Internet or wireless (WiFi) service in each Project unit.

**Applicable**

22. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents an after school program of an ongoing nature on-site, or there must be an after school program available to Project residents within 1/2 mile of the Project except where the Project will provide no cost round trip transportation. The program shall include, but is not limited to: tutoring, mentoring, homework club, art, and recreation activities to be provided weekdays throughout the school year for at least ten (10) hours per week.

**Not Applicable**

23. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents instructor-led educational, health and wellness, or skill building classes. The classes shall include, but are not limited to: financial literacy, computer training, home-buyer education, GED, resume building, ESL, nutrition, exercise, health information/awareness, art, parenting, on-site food cultivation & preparation, and smoking cessation. Classes shall be provided at a minimum of 84 hours per year (drop-in computer labs, monitoring and technical assistance shall not qualify) and be located within 1/2 mile of the Project or except where Project will provide no cost round trip transportation.

**Applicable**

24. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents 20 hours or more per week of licensed childcare on-site or there must be 20 hours or more per week of licensed childcare available to Project residents within 1/2 mile of the Project except where Project will provide no cost round trip transportation.

**Not Applicable**

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**Revised May 6, 2021**

**Exhibit A**

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25. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents health and wellness services and programs within 1/2 mile of the Project or except where the Project will provide no cost round trip transportation. Such services and programs shall provide individualized support for tenants (not group classes) but need to be provided by licensed individuals or organizations. The services shall include, but are not limited to: visiting nurses programs, intergenerational visiting programs and senior companion programs. Services shall be provided for a minimum of 100 hours per year.

**Not Applicable**

26. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents a bona fide service coordinator. The responsibilities must include, but are not limited to: (a) providing tenants with information about available services in the community, (b) assisting tenants with access services through referral and advocacy, and (c) organizing community-building and/or enrichment activities for tenants (such as holiday events, tenant council, etc.).

**Applicable**

**Minimum full-time equivalent hours per year:**

**191**

27. Minimum sustainable specifications will be incorporated into the project design per Section 5205 of the CDLAC Regulations.

**Applicable**

Section Waived:

- |                          |  |
|--------------------------|--|
| <input type="checkbox"/> | Energy Efficiency                        |
| <input type="checkbox"/> | Landscaping                              |
| <input type="checkbox"/> | Roofs                                    |
| <input type="checkbox"/> | Exterior Doors                           |
| <input type="checkbox"/> | Appliances (ENERGY STAR)                 |
| <input type="checkbox"/> | Window Coverings                         |
| <input type="checkbox"/> | Water Heater                             |
| <input type="checkbox"/> | Floor Coverings                          |
| <input type="checkbox"/> | Insulation (Greengard Emission Criteria) |

28. The Project commits to becoming certified under any one of the following programs upon completion:

- |   |                       |
|---|-----------------------|
| a. Leadership in Energy & Environmental Design (LEED for Homes)               | <b>Applicable</b>     |
| b. Green Communities  | <b>Not Applicable</b> |
| c. Passive House Institute US (PHIUS)   | <b>Not Applicable</b> |
| d. Passive House  | <b>Not Applicable</b> |
| e. Living Building Challenge  | <b>Not Applicable</b> |
| f. National Green Building Standard ICC / ASRAE – 700 silver or higher rating | <b>Not Applicable</b> |
| g. Green Point Rated Multifamily Guidelines                                   | <b>Not Applicable</b> |
| h. WELL   | <b>Not Applicable</b> |

29. The Project is a New Construction or Adaptive Reuse Project that commits to Energy Efficiency (including heating, cooling, fan energy, and water heating but not the following end uses: lighting, plug load, appliances, or process energy) beyond the requirements in Title 24, Part 6 of California Building Code (Percentage Better than the 2016 Standards):

- |        |                       |
|--------|-----------------------|
| a. 7%  | <b>Applicable</b>     |
| b. 12% | <b>Not Applicable</b> |



**RESOLUTION NO. 20-137**

**Revised May 6, 2021**

**Exhibit A**

Page 4 of 5

30. The Project is a New construction or Adaptive Reuse Project that commits to Energy Efficiency. The local building department has determined that building permit applications submitted on or before December 31, 2016 are complete and energy efficiency beyond the requirements in the 2013 Title 24, Part 6, of the California Building Code (the 2013 Standards) for the project as a whole shall be awarded.
- a. 9% **Not Applicable**
  - b. 15% **Not Applicable**
31. The Project is a New Construction or Adaptive Reuse Project that commits to Energy Efficiency with renewable energy that provides the following percentages of project tenants' energy loads (Offset of Tenants' Load):
- a. 20% **Not Applicable**
  - b. 30% **Not Applicable**
  - c. 40% **Not Applicable**
32. The Project is a Home Energy Rating System (HERS II) Rehabilitation Project that commits to improve energy efficiency above the current modeled energy consumption of the project as a whole by:
- a. 15% **Not Applicable**
  - b. 20% **Not Applicable**
33. The Project is a Rehabilitation Project that commits to developing, and/or managing the Project with the following Photovoltaic generation or solar energy:
- a. Photovoltaic generation that offsets tenants loads **Not Applicable**
  - b. Photovoltaic generation that offsets 50% of common area load **Not Applicable**
  - c. Solar hot water for all tenants who have individual water meters **Not Applicable**
34. The Project is a Rehabilitation Project and will implement sustainable building management practices that include:  
1) development of a project-specific maintenance manual including replacement specifications and operating information on all energy and green building features; and 2) undertaking formal building systems commissioning, retro-commissioning or re-commissioning as appropriate (continuous commissioning is not required).  
**Not Applicable**
35. The Project is a Rehabilitation project that individually meters or sub-meters currently master-metered gas, electricity or central hot water systems for all tenants.  
**Not Applicable**
36. The project will commit to use no irrigation at all, irrigate only with reclaimed water, greywater, or rainwater (excepting water used for Community Gardens) or irrigate with reclaimed water, greywater or rainwater in an amount that annually equals 10,000 gallons or 150 gallons per unit whichever is less.  
**Not Applicable**
37. The Project will commit to having at least one (1) nonsmoking building. If the Project only has one (1) building, it will be subject to a policy developed by the Sponsor that prohibits smoking in contiguous designated units. These restrictions will be incorporated into the lease agreements for the appropriate units.  
**Not Applicable**
38. The Project will commit to having a parking ratio equivalent to or less than one (1) parking stall per single room occupancy or one-bedroom restricted rental unit and 1.5 parking stalls per two-bedroom or larger restricted rental unit.  
**Applicable**

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**Exhibit A**

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39. As specified in Section 5144(b) of the Committee's Regulations, sponsors will be required to utilize TCAC's Compliance Manual specifically Section VI: Qualify Tenants for Low Income Housing Tax Credit Units, to verify tenant income in conjunction with initial occupancy. No less than every three (3) years after the project is completed, the Sponsor must collect and retain the following income and verification documentation related to all the Federally Bond-Restricted units identified in the Committee Resolution: TCAC Tax Income Calculation (TIC) or equivalent documentation, all associated source income documentation, evidence of the verifying income computation and unit lease.

**Applicable**

40. As specified in Section 5144(c) of the Committee's Regulations, compliance with the income and rental requirements of the Federally Bond-Restricted Units identified in the Committee Resolution and the Bond Regulatory Agreement must be demonstrated by the Applicants initial review of 20% of all management files associated with the Federally Bond-Restricted units and subsequent review every three (3) years of 20% of all management files associated with the Federally Bond-Restricted units.

**Applicable**

41. As specified in Section 5144(d) of the Committee's Regulations, applicants are required to ensure an onsite inspection as well as an on-site review of the 20% Federally Bond-Restricted units is performed every three (3) years after the Qualified Project Period has commenced.

The following entity will conduct the site and file inspections:

**Not Applicable**



**EXHIBIT H**  
**[RESERVED]**

## EXHIBIT I

### ACCESSIBILITY COVENANTS

The Accessibility Covenants (the “Covenants”) herein are attached to the Regulatory Agreement as an exhibit and the Borrower hereby agrees to comply with each of the requirements of the City set forth as follows:

**Section 1. Definitions.** Terms not otherwise defined herein shall have the meanings assigned thereto in the Regulatory Agreement as applicable, provided they do not conflict with the terms defined or referenced herein. The definitions contained in the implementing regulations for Section 504 of the Fair Housing Act (“Section 504”) and the ADA are incorporated by reference. *See* 24 C.F.R. §§ 8.3, 100.20; 28 C.F.R. § 35.104. The following terms shall have the respective meanings assigned to them in this Section unless the context in which they are used clearly requires otherwise:

“Accessible,” when used with respect to a Housing Unit or a Housing Development, means and refers to full compliance with the requirements of the Accessibility Standards.

“Accessible Housing Development” means a Housing Development that is Accessible, including Accessible public and common use areas, as well as the number and type of Accessible Housing Units that are required to be Accessible by the Covenants.

“Accessible Housing Units” or “Accessible Unit” refers collectively to Housing Units with Mobility Features and Housing Units with Hearing/Vision Features that are Accessible, on an Accessible Route, and in an Accessible Housing Development.

“Accessibility Laws” means Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794 et seq.; the Americans with Disabilities Act (“ADA”), 42 U.S.C. § 12131, et seq.; California Government Code Section 11135 et seq.; the federal Fair Housing Act of 1968, as amended (“FHA”), 42 U.S.C. §§ 3601-3620; implementing regulations and design standards for each of the preceding statutes; and the California Building Code. In all instances, the requirements of the Federal Accessibility Laws shall supersede any state or local requirements, unless the state or local requirements are stricter than the Federal requirements.

“Accessibility Standards” means the following compliance standards:

For purposes of Section 504 and the ADA:

- a. For Housing Developments constructed or substantially altered before March 15, 2012:
  - i. The new construction requirements of 24 C.F.R. pt. 8, including 24 C.F.R. §§ 8.4(d), 8.22, 8.26, and 8.32 as well as the new construction requirements of UFAS, or their successor standards.
- b. For Housing Developments constructed or substantially altered on or after March 15, 2012:

- i. The Alternative Accessibility Standard; or
- ii. Any future accessibility standard and other regulatory requirements applicable to newly constructed facilities in federally-assisted programs that may be adopted in a final rule issued by the U.S. Department of Housing and Urban Development (“HUD”) pursuant to notice and comment rulemaking under Section 504 so long as such accessibility standard and regulatory requirements do not provide for less accessibility for persons with disabilities than either a or b;

For purposes of the FHA:

- a. Compliance with the standards set forth in 24 C.F.R. § 100.205, including: the requirements in ANSI A117.1-1998, the Fair Housing Accessibility Guidelines, March 6, 1991, in conjunction with the Supplement to Notice of Fair Housing Accessibility Guidelines: Questions and Answers About the Guidelines, June 28, 1994, and the Fair Housing Accessibility Act Design Manual, Revised April 1998.

For purposes of state law:

- a. The accessibility provisions of the California Building Code Chapters 11A and 11B, or any future accessibility standard and other regulatory requirements applicable to newly constructed facilities adopted as part of the California Building Code; and
- b. All applicable building codes in effect for the City of Los Angeles Building and Safety Department.

“Accessible Route” means and refers to a continuous, unobstructed UFAS-compliant path as prescribed in 24 C.F.R. §§ 8.3 and 8.32 and UFAS § 4.3. As used for purposes of the ADA, an Accessible Route is as described in Chapter 4 of the 2010 Standards for Accessible Design, 28 C.F.R. §§ 35.104, as applied to public entities, except that elevator exceptions do not apply.

“Alternative Accessibility Standard” means and refers to the alternative accessibility standard for new construction set out in HUD’s notice at 79 Fed. Reg. 29,671 (May 23, 2014), when used in conjunction with the new construction requirements of HUD’s regulations at 24 C.F.R. pt. 8, 24 C.F.R. § 8.22, and the new construction requirements of 28 C.F.R. pt. 35, including the 2010 Standards for Accessible Design as defined in 28 C.F.R. § 35.104 and as applied to public entities (excluding any elevator exceptions).

“Assistance Animals” means and refers to animals that work, provide assistance, or perform tasks for the benefit of a person with a disability as well as animals that provide emotional support that alleviates one or more identified symptoms or effects of a person’s disability. Assistance Animals are not pets and are not subject to a housing provider’s pet policies. Service animals are one type of Assistance Animal. Assistance Animals include animals that are trained and untrained and include dogs and other animals.

“Borrower” means and refers to an owner of a Housing Development and such owner’s successors and assigns who (1) has received, receives, or will receive any federal financial assistance from or through the City since July 11, 1988, and/or (2) was, is or will be the owner of a Housing Development designed constructed, altered, operated, administered, or financed, in whole or in part, in connection with a program administered in whole or in part by the City since January 26, 1992. A Borrower may also be a Subrecipient.

“Covered Housing Development” includes all Housing Developments, including those listed on the City’s Covered Housing list, which can be found at [accesshousingla.org](http://accesshousingla.org).

“Fair Housing Policy Related to Disability” means the documents containing the policies of the City, as amended periodically, that ensure all Housing Developments be constructed and operated in accordance with all applicable Accessibility Laws, including federal accessibility requirements. The current policies can be accessed on the City’s Accessible Housing Program Website. HUD may require modifications to these policies post-closing.

“HCIDLA” means the Housing and Community Investment Department of the City of Los Angeles.

“Housing Development” or “Development” means the whole of one or more residential structures and appurtenant structures, equipment, roads, walks, and parking lots that (1) received or will receive any Federal financial assistance from or through the City and/or (2) were, are, or will be designed, constructed, altered, operated, administered, or financed in connection with a program administered by the City or by its Subrecipients.

“Housing Unit” means a single unit of residence in the Housing Development that provides spaces for living, bathing, and sleeping, provided such definition shall not be construed to exclude Single Room Occupancy Units. A Housing Unit includes a dwelling unit as that term is used in 24 C.F.R. § 8.22.

“Housing Unit with Hearing/Vision Features” means a Housing Unit that complies with 24 C.F.R. §§ 8.22 and 8.23 and all applicable provisions of UFAS, or the comparable provisions of the Alternative Accessibility Standard including but not limited to § 809 and specifically subsection § 809.5 of the 2010 ADA Standards for Accessible Design, and with the California Building Code Chapters 11A & 11B. Hearing/Vision Features include but are not limited to visual alarms (UFAS §§ 4.34.10, 4.28.3), auxiliary alarms (UFAS §§ 4.34.10, 4.28.4), telephone volume controls and hearing aid compatibility (UFAS § 4.31.5), protections against protruding objects (UFAS § 4.4), stairway requirements (UFAS §§ 4.9, 4.26.4), protections against exposed pipes and surfaces (UFAS §§ 4.19.4, 4.24.6, 4.34.6.5(8)), audible alarms (UFAS § 4.28.2), signage (UFAS § 4.30), push button controls for telephones (UFAS § 4.31.6), consumer information (UFAS § 4.34.4), and range, cooktop, and oven controls (UFAS §§ 4.34.6.6, 4.34.6.7).

“Housing Unit with Mobility Features” means a Housing Unit that is located on an Accessible Route and complies with 24 C.F.R. §§ 8.22 and 8.23 and all applicable provisions of UFAS, or the comparable provisions of the Alternative Accessibility Standard including but not limited to § 809 and specifically subsections §§ 809.2 through 809.4 of the 2010 ADA Standards, and with the California Building Code Chapter 11 B. A Housing Unit with Mobility Features can

be approached, entered and used by persons with mobility disabilities, including people who use wheelchairs.

“Property Management Agent” means and refers to a person or entity that manages one or more of the Housing Developments subject to these Covenants on behalf of a Borrower.

“Reasonable Accommodation” means changes, modifications, exceptions, alterations, or adaptations in rules, policies, practices, programs, activities that may be necessary to (1) provide a person with a disability an equal opportunity to use and enjoy a dwelling, including public and common use areas of a development, (2) participate in, or benefit from, a program (housing or non-housing), service or activity; or (3) avoid discrimination against a person with a disability. Such an accommodation must be granted unless it would (i) pose an undue financial and administrative burden, or (ii) fundamentally alter the essential nature of the program, service, or activity. For purposes of these Covenants, a Reasonable Accommodation includes any physical or structural change to a Housing Unit or a public or common use area that would be considered a reasonable modification for purposes of the FHA.

“Subrecipient” means and refers to any public or private agency, institution, organization, or other entity or person to which federal financial assistance or financial assistance from or through the City is extended. A Subrecipient also means and refers to a non-federal entity that receives a sub-award from a pass-through entity to carry out part of a federal program, but does not include an individual who is a beneficiary of such program. A Subrecipient may also be a recipient of other federal awards from a federal awarding agency. 2 C.F.R. § 200.93. A Subrecipient may also be the Borrower.

“UFAS” means the Uniform Federal Accessibility Standards and refers to a set of scoping requirements and standards for the design and construction of buildings and facilities to ensure that they are readily accessible to and usable by persons with disabilities. See Appendix A to 24 C.F.R. subpart 40 for residential structures and Appendix A to 41 C.F.R. subpart 101-19.6 for general-type buildings (UFAS is also available on-line at <http://www.access-board.gov>).

**Section 2. Borrower Obligations.** The Borrower represents, warrants, covenants and agrees as follows:

- a. A State of California Certified Access Specialist (“CASp”) who is a licensed architect or engineer must be identified as part of the development team. A list of CASps can be found at the following link: [https://www.apps2.dgs.ca.gov/DSA/casp/casp\\_certified\\_list.aspx](https://www.apps2.dgs.ca.gov/DSA/casp/casp_certified_list.aspx). The CASp cannot be the architect of record for the Project. The cost of CASp activities and certifications should be included in the application’s project budget.
- b. The Housing Development shall be constructed in accordance with the Accessibility Standards in Section 1 above to ensure accessibility for persons with disabilities. The Borrower must work with their CASp to ensure that the Housing Development complies with those Accessibility Standards.

- c. An accessibility report by a CASp inspector certifying that the Housing Development is in compliance with all applicable Accessibility Standards, as defined in Section 1, above, must be submitted to and approved by HCIDLA at the following phases of the Project development:
  - 1. Accessibility Design Review Report and a pdf copy of the plans are due for review by HCIDLA when construction documents have been developed, and prior to the submission of plans to Los Angeles Building and Safety Department;
  - 2. The Accessibility Design Review Report must be approved by HCIDLA before building permits can be issued;
  - 3. Accessibility Progress Inspection Reports conducted after all rough inspections have been signed off by the Los Angeles Building and Safety Department and prior to closing of walls; and
  - 4. The Final Accessibility Report at completion of construction must be approved by HCIDLA before: (a) final retention payment; (b) certificate of occupancy; and (c) final building permit can be signed off by the Los Angeles Building and Safety Department.
- d. Applicants/developers/Borrowers must list all applicable accessibility standards on title page of plans, including the designated FHA Safe Harbor for the Project, and include the following note: *“This is a publicly funded housing project and must comply with federal accessibility standards and California Building Code Chapters 11A & 11B.”*
- e. If the Development is to be rehabilitated, accessibility retrofits of the Housing Development shall take place concurrently with any Project rehabilitation in compliance with the Accessibility Standards, including federal accessibility standards.
- f. The Accessible Units shall be prioritized for persons with disabilities who have a disability-related need for the accessibility features of the Accessible Unit. If an Accessible Unit is occupied by residents without disabilities, the Borrower shall require use of a lease addendum to require such residents to relocate to a vacant, non-accessible unit of comparable size, finishes, and amenities, at the same Development at the Development’s expense, within thirty (30) days of notice by the Borrower or Property Management Agent, or the minimum amount of notice required by state law, that there is an eligible applicant or existing resident with a disability who requires the accessibility features of the unit.
- g. Eleven percent (11%) of the total Housing Units in the Housing Development shall be constructed and maintained by the Borrower as Housing Units with Mobility Features.

- h. An additional four percent (4%) of the total Housing Units in the Housing Development shall be constructed and maintained by the Borrower as Housing Units with Hearing/Vision Features.
- i. The 4% and 11% calculations shall each be based on the total number of Housing Units in the Housing Development. In determining the number of Accessible Units required, any fractions of units shall be rounded up to the next whole number. Required Accessible Units shall, to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout projects and sites, and shall be available in a sufficient range of sizes and amenities so that a qualified individual with a disability has a choice of living arrangements that is, as a whole, comparable to that of other persons eligible for housing assistance under the same program.
- j. While additional Accessible Housing Units may be provided, *i.e.*, up to twenty percent (20%), no more than fifteen percent (15%) of the Housing Units in any Housing Development may be counted toward the target number of Accessible Housing Units that the City must provide pursuant to the Voluntary Compliance Agreement (VCA) with HUD (specifically, no more than eleven percent (11%) of the Housing Units in any Housing Development with Mobility Features and no more than four percent (4%) Housing Units in any Housing Development with Hearing/Vision Features) unless HUD provides specific written authorization.
- k. The Accessible Units shall be affordable for households pursuant to the terms of the Loan Agreement and Regulatory Agreement, including any and all amendments, revisions, or modifications.
- l. The Project shall comply with the City's Accessibility Regulations Matrix & Overview, Accessible Design/Construction Compliance Requirements, and the Accessibility Report Requirements, which may be amended from time-to-time.
- m. The Borrower shall adopt and comply with the City's Fair Housing Policy Related to Disability, as amended.
- n. The Borrower and property managers (including resident managers and on-site managers) of the Housing Development shall attend the City's Fair Housing for People with Disabilities workshops.
- o. The Borrower shall register the Housing Development on the City's Affordable and Accessible Housing Registry ("AAHR"), located at <http://lahousing.lacity.org>, and utilize the AAHR to provide and update required information about the Housing Development and the Accessible Units, allow people with disabilities to apply for the Accessible Units when



they become available and to place themselves on the waiting list for the Accessible Units, and comply with all other requirements of the AAHR.

- p. Following reasonable notice to the Borrower, Borrower shall allow the City to conduct periodic on-site inspections of the Housing Development in order to verify compliance with the Accessibility Standards and the City's Fair Housing Policy Related to Disability.
- q. The Housing Development as a whole and all Housing Units shall meet the requirements of the Accessibility Standards as defined in Section 1, above, and any requirements of the City, provided such requirements minimally meet and do not diminish the requirements of the Accessibility Standards.
- r. The Borrower shall provide a list to the City of all Accessible Units with unit number, bedroom size and type of Accessible Unit ("Housing Unit with Hearing/Vision Features" or "Housing Unit with Mobility Features").

**Section 3. Occupancy of Accessible Housing Units.** The Borrower shall follow the requirements of Section 504 and its implementing regulations at 24 C.F.R. Part 8, as well as the City's Fair Housing Policy Related to Disability to assure that information regarding the availability of Accessible Units reaches eligible individuals with disabilities. The Borrower will take reasonable, nondiscriminatory steps to maximize the utilization of such units by eligible individuals who require the accessibility features of the particular unit. To this end, the Borrower will take the following steps when an Accessible Unit becomes vacant:

- a. First, the Borrower will offer the Accessible Unit to a current occupant of the Housing Development who needs the features of an Accessible Unit;
- b. Second, the Borrower will offer the Accessible Unit to a current occupant of a Housing Development under common control who needs the features of an Accessible Unit;
- c. Third, the Borrower will offer the Accessible Unit to an eligible, qualified applicant on the waiting list for Accessible Housing Units who needs the features of an Accessible Unit;
- d. Fourth, the Borrower will offer the Accessible Unit to a current tenant of a Covered Housing Development who needs the accessible features of the Accessible Unit and are registered with the AAHR; and
- e. Fifth, Borrower will offer the unit to qualified applicants who need the accessible features of the Accessible Unit and are registered with the AAHR.
- f. If there are no eligible current tenants or applicants in need of Accessible features, then the Borrower must conduct targeted outreach and marketing to advertise the unit to qualified individuals who need the accessible features, including listing it as available to individuals who need the

accessible features at <http://www.lahousing.lacity.org>, distributing the information about the accessible vacancy in accord with the Borrower's City approved Property Management Plan, distributing it to the most recent list from the City of organizations that serve people with disabilities, and sending an e-blast to parties on the <http://lahousing.lacity.org> website Outreach List. All such communications shall take appropriate steps to ensure effective communication with individuals with disabilities by utilizing appropriate auxiliary aids and services, such as the use of accessible websites and emails. Outreach efforts to the disability community shall include, but not be limited to, notices and other communications describing the availability of such Accessible Units, specific information regarding the features of Accessible Units, eligibility criteria, and application procedures. These, and additional procedures, are incorporated into the City's Fair Housing Policy Related to Disability, as amended.

In the event more than one household has requested an Accessible Unit, the Borrower shall offer the Accessible Unit to households in order on the appropriate waiting list within each category.

If, after using the process identified above, there are no households who need the features of that Accessible Unit, then the Borrower may offer the Accessible Unit to the next household on the conventional waiting list. Should that household choose not to occupy the Accessible Unit, they will remain at the same position on the conventional waiting list. If the household chooses to occupy the Accessible Unit, the tenant must sign a lease addendum in the form approved by the City. The lease addendum requires the household to move to the next available, comparable, conventional unit, when given appropriate notice by the Housing Development that there is an eligible applicant or existing resident with a disability who requires the accessibility features of that Accessible Unit.

For individuals who are required to vacate an Accessible Unit because it is needed by an individual with a disability, the Borrower will pay the costs of the transfer to a comparable conventional unit, including new utility deposit(s), if required, and reasonable moving expenses.

**Section 4. Rental Policies.** The Borrower shall adopt the City's rental policies that meet the requirements of Section 504, the ADA, the FHA, FEHA, and other federal and state laws and regulations as applicable, and of the Fair Housing Policy Related to Disability of the City, as amended. The Borrower shall develop and utilize a Property Management Plan ("PMP"), approved by the City, which describes affirmative marketing, tenanting, and other procedures to ensure that the Housing Development meets all of the civil rights requirements for individuals with disabilities.

Rental applications will include a section to be filled out by applicants to identify whether they are requesting an Accessible Unit or a Reasonable Accommodation. Applicants will not be required to disclose a disability under any circumstances, and the Borrower shall seek information to be disclosed limited to only what is necessary to establish the disability-related need for the requested accommodation. If both the disability and disability-related need for the requested

accommodation are obvious or already known, no additional information may be sought by the Borrower. Applicants and residents may request a Reasonable Accommodation at any time.

**Section 5. Residential Rental Property.** The Borrower hereby represents, covenants, warrants and agrees as follows:

- a. All of the Housing Units in the Housing Development will be similarly constructed units, and each income restricted unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities, equipped with a cooking range and oven, a sink and a refrigerator. Each of the Accessible Units shall also comply with these requirements. Notwithstanding the foregoing, a unit shall not fail to be treated as a residential unit merely because such unit is a single room occupancy unit within the meaning of Section 42(i)(3)(B)(iv) of the Code even though such housing may provide eating, cooking and sanitation facilities on a shared basis.
- b. All of the Housing Units (which shall not include any manager units) will be available for rental on a continuous basis to members of the general public, and the Borrower will not give preference to any particular class or group in renting the housing units in the Project, except to the extent that: (1) Accessible Housing Units shall be made available on a priority basis to persons who need the accessible features, as described in Section 3 above; (2) any Housing Units are required to be leased or rented to low income tenants, (3) the requirements of any regulatory agreement executed between the Borrower and HUD or between the Borrower and a subordinate lender (including the City), (4) the requirements of any Section 8 Housing Assistance Payments Contract with respect to the Project, and (5) any preference the Borrower may legally provide pursuant to applicable federal and state law.

**Section 6. Monitoring Requirements.** The City will monitor the initial production and ongoing occupancy of the Accessible Units and the Housing Development to ensure full compliance with the Accessibility Standards, the Fair Housing Policy Related to Disability and the policies in Sections 1 - 4, above. In order to determine compliance with the Accessibility Standards, the Borrower shall submit and the City shall review and approve a CASp Inspection Report of the Housing Development that identifies the necessary and required design elements to make the Housing Units and site accessible for individuals with disabilities. The City shall inspect the construction and/or rehabilitation to verify that the legally required number of Accessible Units have been produced and that the necessary and required design elements have been constructed to make the Housing Units and site accessible for individuals with disabilities and supported by an independent CASp consultant's report.

The City will utilize the Housing Development's City approved PMP and Fair Housing Policy Related to Disability to monitor ongoing occupancy compliance of the Accessible Units and nondiscrimination of individuals with disabilities. Compliance with the policies shall include,

but not be limited to, target marketing, establishing and monitoring a waiting list specific to the Accessible Units, appropriately responding to Reasonable Accommodation requests, implementation of the assistance animal policies, implementation of the policies for re-leasing vacant Accessible Units, and all elements contained in the Fair Housing Policy Related to Disability, as amended.

**Section 7. Maintenance of Records.** With respect to the Covenants, the Borrower agrees to keep and maintain books, accounts, reports, files, records, and other documents pursuant to the terms of the Bond Documents and Regulatory Agreement, including any and all amendments, revisions, or modifications.

**Section 8. Notices, Demands, Payments and Communication.** Formal notices, demands, payments and communications between the City and the Borrower shall be sufficiently given and shall not be given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally pursuant to the Notice provisions in the Indenture.

**Section 9. Term of the Covenants.** The Covenants shall be recorded with the Regulatory Agreement upon its execution and shall terminate in accordance with the most restrictive provisions of the Bond Documents and Regulatory Agreement, including any and all amendments, revisions, or modifications, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bond.

**Section 10. Covenant to Run with the Land.** The Borrower hereby subjects the Project to the covenants, reservations, and restrictions set forth in the Covenants. The City and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title to the Project. Each and every contract, deed, or other instrument hereafter executed covering or conveying the Project 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 instruments. In particular, this Covenant is subject to the requirements of HUD's Section 504 regulation at 24 C.F.R. § 8.50(c).

**Section 11. Default; Enforcement.** As part of ensuring compliance with the Accessibility Covenants, the Accessibility Standards, and the Fair Housing Policy Related to Disability, the City or its agent, will conduct periodic on-site visits inspecting the Housing Development, which inspections may include inspecting the Housing Units and common areas, tenant files, logs and other records. Should the Borrower fail to comply, the City will first issue an Order to Comply ("Order") stating the element of the Housing Development that is out of compliance, and providing a date by which the Borrower must comply. The Order shall give the Borrower not more than 30 days to correct the violation, or such additional time as the City may grant if the Borrower is taking steps to correct the violation ("Compliance Date"), and diligently pursues such action until the default is corrected, which extension is in the City's sole discretion. The City shall re-inspect the Housing Development within 10 days of the Compliance Date specified in the Order or any extension, however failure to inspect or re-inspect within the time frame does not remove the obligation of the Borrower to comply with the Order.

If the Order is issued and the violation continues to exist after the Compliance Date, then the City shall declare an “Event of Default” and may take any one or more of the following steps:

- a. **Inspection Fee for Non-Compliance.** In the event the Borrower fails to comply with the Order within the Compliance Date, the Borrower shall be liable for subsequent inspection fees in the amount approved by City Council until compliance has been achieved. Failure to pay the assessed inspection fee within 30 days of the date of invoice, will result in a late charge equal to or two times the fees and a collection fee equal to 50 percent of the original fee shall be imposed if any fee imposed is not paid within 30 days of service of notice of the imposition of the fee.

The late fee may be imposed without a hearing but may be appealed to the General Manager of HCIDLA. The appeal shall be made in writing, and shall specify the grounds for the appeal. The appeal shall be filed with HCIDLA within ten calendar days of the issuance of the imposition of the late fees and costs. The General Manager or his designee shall issue a decision within ten calendar days of the filing of the appeal. A copy of the decision shall be served on the person or entity subject to the Order or fee by first class United States mail, postage prepaid, or in person. The City shall have the right to bring legal action in any court to enforce the Order and collect the amount of outstanding fees and penalties. City may waive the penalty imposed pursuant to this section if City determines that good causes exist for the Borrower’s failure to pay in a timely manner.

- b. By mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the City hereunder;
- c. Filing of a complaint or referral to HUD or other appropriate agencies for further enforcement actions;
- d. Have access to and inspect, examine and make copies of all or a portion of the books and records of the Borrower pertaining to the Project, in order to ensure compliance with all provisions of the Covenants, including records relating to the accessibility of the Accessible Units; and
- e. Take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder.

**Section 12. Compliance with Accessibility Requirements.** The Borrower hereby certifies that it and its property manager and any agent, contractor and subcontractor will comply with the Accessibility Standards as defined, and the policies described in Sections 2-5. The Borrower and any contractor and subcontractor will provide Reasonable Accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services,



and activities in accordance with each of the applicable and stricter of the requirements of the ADA, the 2010 ADA Standards for Accessible Design, the ADAAG, Section 504, UFAS, the FHA, the Fair Housing Act Design and Construction Requirements, federal regulations implementing the ADA, Section 504, and the FHA, California Government Code 11135 *et seq.*, the California Building Code Chapters 11A and 11B, and all subsequent amendments to those laws. The Borrower and any contractor and subcontractor will not discriminate against persons with disabilities or against persons due to their relationship or association with a person with a disability. Any contract and subcontract entered into by the Borrower, relating to the Covenants and the Project, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

**Section 13. Governing Law.** The Covenants shall be governed by the laws of the State of California.

**Section 14. Parties Bound.** The provisions of the Covenants shall be binding upon and inure to the benefit of the City and the Borrower and their respective successors and assigns.

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

**Section 16. Waiver.** Any waiver by the City of any obligation in the Covenants shall be in writing; however, the City cannot waive the requirement to comply with federal and state law. No waiver will be implied from any delay or failure by the City to take action on any breach or default of the Borrower or to pursue any remedy allowed under the Covenants or applicable law. Any extension of time granted to the Borrower to perform any obligation under the Covenants shall not operate as a waiver or release from any of its obligations under the Covenants. Consent by the City to any act or omission by the Borrower shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for the City's written consent to future waivers.

**Section 17. Modifications.** There shall be no amendment or modification of the Covenants without the prior written approval of the City. Any amendment or modification of the Covenants shall be by a written instrument executed by the City and the parties to the Covenants and the Regulatory Agreement or their successors in title, and duly recorded in the real property records of the County of Los Angeles, California. Modifications or amendments to the Covenants may occur by operation of law or other agreements binding the City and the parties to the Covenants and the Regulatory Agreement.

**Section 18. Conflicts.** If the provisions of the Covenants are inconsistent with the provisions of the Regulatory Agreement, the Bond Documents, or any other documents which affect the Project, the more restrictive covenants or restrictions shall control.

**Section 19. Recording and Filing.** The Borrower shall cause the Covenants to be recorded and filed in the real property records of the County of Los Angeles and in such other places as the City may reasonably request. However, failure to record the Covenants by the Borrower shall not relieve Borrower of any of the obligations specified herein.

**EXHIBIT J**

**FORM OF CERTIFICATE OF QUALIFIED PROJECT PERIOD**

Project Name: NoHo 5050

*(If project name has changed since the award of allocation please note the original project name as well as the new project name and request a change in the CDLAC Resolution.)*

CDLAC Application No.: 21-532

Name of Bond Issuer: City of Los Angeles

Name of Borrower: NoHo 5050 L.P.

*(If Borrower has changed since the award please note the original Borrower as well as the new Borrower and request a change in the CDLAC Resolution.)*

Project meets the general federal rule for a Qualified Project Period

Yes \_\_\_\_\_ No

(a) 10% of the dwelling units in the project financed in part from the proceeds of the captioned Bond were first occupied on \_\_\_\_\_, 20\_\_; and

(b) 50% of the dwelling units in the project financed in part from the proceeds of the captioned Bond were first occupied on \_\_\_\_\_, 20\_\_.

Project meets the special federal rule for a Qualified Project Period.

Yes \_\_\_\_\_ No

*(Project qualifies if it is an acquisition/rehabilitation where more than 90% of the units were not available for occupancy within 60 days of the earlier of the project acquisition or the Bond Issuance Date.)*

(a) Bond was issued on \_\_\_\_\_, 20

(b) Date 12 months after the Bond Issuance date \_\_\_\_\_, 20

Signature of Officer

\_\_\_\_\_  
Printed Name of Officer

\_\_\_\_\_  
Title of Officer

\_\_\_\_\_  
Phone Number



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BOND PURCHASE AGREEMENT

by and among

CITY OF LOS ANGELES,

NOHO 5050, L.P.,  
a California limited partnership

and

KEYBANK NATIONAL ASSOCIATION,  
a national banking association

Dated \_\_\_\_\_, 2021

Relating to:

\$11,250,000  
City of Los Angeles  
Multifamily Housing Revenue Bond  
(NoHo 5050)  
Series 2021U

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## **BOND PURCHASE AGREEMENT**

**KEYBANK NATIONAL ASSOCIATION**, a national banking association, solely in its capacity as purchaser of the Bonds described herein (together with its designees, successors and assigns, the “Purchaser”), hereby offers to enter into the following agreement with **CITY OF LOS ANGELES**, a charter city and municipal corporation in the State of California (together with its successors and assigns, the “Issuer”), and **NOHO 5050, L.P.**, a California limited partnership (together with its permitted successors and assigns, the “Borrower”). Upon your acceptance of this offer and your execution and delivery of this Bond Purchase Agreement (this “Bond Purchase Agreement”), this Bond Purchase Agreement will be binding upon each of you and the Purchaser. This offer is made subject to your acceptance, evidenced by your execution and delivery of this Bond Purchase Agreement to the Purchaser, at or prior to 8:00 a.m. Pacific Time on \_\_\_\_\_, 2021, and will expire if not so accepted at or prior to such time (or such later time as the Purchaser may agree in writing).

### Section 1. Introduction.

1.1 The Issuer believes it is authorized to issue the \$11,250,000 City of Los Angeles Multifamily Housing Revenue Bond (NoHo 5050) Series 2021U (the “Bonds”) pursuant to Section 248 of the City Charter of the Issuer and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended, and in accordance with Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California, as amended (the “Act”), and pursuant to that certain resolution adopted by the Issuer on \_\_\_\_\_, 2021 (the “Resolution”). The Bonds shall be described in and shall be issued pursuant to a Trust Indenture, dated as of \_\_\_\_\_ 1, 2021 (the “Indenture”), by and between the Issuer and [Trustee], as trustee (the “Trustee”).

1.2 Simultaneously with the initial issuance of the Bonds, there will be executed and delivered a Loan Agreement, dated as of \_\_\_\_\_ 1, 2021, among the Issuer, the Trustee and the Borrower, pursuant to which the Issuer will use the proceeds of the Bonds to make a loan to the Borrower (the “Bond Loan”) to finance a portion of the acquisition, construction and equipping of an approximately 40-unit (including one management unit) multifamily rental housing project in the City of Los Angeles, California, to be known as NoHo 5050 (the “Project”). The Bond Loan will be secured as described in further detail in the Indenture, the Loan Agreement and the Continuing Loan and Permanent Loan Agreement, dated as of \_\_\_\_\_ 1, 2021, between the Borrower and the Purchaser.

1.3 Capitalized terms used in this Bond Purchase Agreement and not defined herein shall have the meanings assigned to them in the Indenture or the Loan Agreement.

### Section 2. Purchase and Sale.

2.1 Subject to the terms and conditions set forth in this Bond Purchase Agreement, the Purchaser hereby agrees to purchase, or to cause its designee to purchase all (but not less than all) of the Bonds from the Issuer and the Issuer hereby agrees to sell to the Purchaser or to the Purchaser’s designee, when, as and if issued, all (but not less than all) of the Bonds identified in the Indenture for a total purchase price of \$11,250,000, which is equal to the principal amount of the Bonds set forth in the Indenture. The Bonds shall be purchased on a draw-down basis, as set forth in the Indenture.

2.2 The Bonds will (i) be issued in accordance with the Act, the Resolution and the Indenture and (ii) have the payment-related terms (that is, the dated date, Maturity Date, interest rate, interest payment dates, aggregate principal amount and redemption provisions) set forth in the Indenture, and will otherwise correspond to the description thereof contained in the Indenture.

Section 3.      Closing. The closing of the Bonds (the “Closing”) will take place at 8:00 a.m. Pacific Time on \_\_\_\_\_, 2021, or at such other time or on such other date as may be mutually agreed upon by the parties hereto. At or prior to the Closing, the Issuer will direct the Trustee to deliver the Bonds to or upon the order of the Purchaser or its designee, in definitive form, duly executed and authenticated by the Trustee. If the Purchaser receives the Bonds in advance of the Closing, the Purchaser will hold the Bonds in escrow pending Closing. If Closing does not occur, the Purchaser will return the Bonds to the Trustee. Subject to the terms and conditions hereof, the Issuer will deliver or cause to be delivered at the offices of Kutak Rock LLP, 1650 Farnam Street, Omaha, NE 68102 (the “Place of Closing”), the other documents and instruments to be delivered pursuant to this Bond Purchase Agreement (the “Closing Documents”) and the Purchaser will accept delivery of the Bonds and Closing Documents and pay the purchase price for the Bonds as set forth in Section 2.1 hereof by wire transfer, to the Trustee, in immediately available federal funds, for the account of the Issuer or as the Issuer directs. The Bonds will be made available to the Purchaser at least one (1) Business Day before the Closing for purposes of inspection. The Bonds will be prepared and delivered as fully registered Bonds without coupons in the denominations set forth in the Indenture.

Section 4.      Representations and Warranties of Issuer.

4.1      The Issuer hereby makes the following representations and warranties to the Purchaser and the Borrower (all of which will continue in effect until the expiration of this Bond Purchase Agreement). To the best of its knowledge and belief:

(a)      The Issuer is a charter city and municipal corporation in the State of California (the “State”) and is authorized to execute and deliver this Bond Purchase Agreement, the Indenture, the Loan Agreement, the Tax Certificate and the Regulatory Agreement (collectively, the “Issuer Documents”) and to issue, sell and deliver the Bonds pursuant to the laws of the State, including particularly the Act.

(b)      The Issuer has, and as of the Closing Date will have, all necessary power and authority to (i) execute and deliver a certified copy of the Resolution and the Issuer Documents, (ii) issue the Bonds in the manner contemplated by the Resolution, this Bond Purchase Agreement and the Indenture, and (iii) otherwise consummate the transactions contemplated by the Issuer Documents.

(c)      The Issuer has all necessary power and authority to issue the Bonds and the Bonds will be issued in accordance with the Act and all applicable procedural and substantive requirements.

(d)      The Issuer has duly adopted the Resolution at a meeting duly called and held in accordance with applicable law and procedures of the Issuer, and since that time the Resolution has not been rescinded, amended or modified.

(e)      By official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized the (i) execution and delivery of the Bonds and the Issuer Documents, (ii) performance by the Issuer of its respective obligations contained in the Bonds and in the Issuer Documents, and (iii) consummation by the Issuer of all of the transactions contemplated by the Issuer Documents.

(f)      Assuming the valid authorization, execution and delivery of this Bond Purchase Agreement and the Issuer Documents by the other parties thereto and the authentication of the Bonds by the Trustee, this Bond Purchase Agreement is, and the Bonds and the other Issuer

Documents will be, the legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity, and will be entitled to the benefit and security of the Resolution and the Indenture.

(g) All consents, approvals, orders or authorizations of, notices to, or filings, registrations or declarations with any court or governmental authority, board, agency, commission or body having jurisdiction which are required by or on behalf of the Issuer for the execution and delivery by the Issuer of the Issuer Documents or the Bonds, or the consummation by the Issuer of the transactions on its part contemplated hereby or thereby, have been obtained or will be obtained prior to Closing, except for the filing of the Report of Private Activity Bond Issuance with the Kansas Secretary of Commerce and the IRS Form 8038 (which will be timely filed after Closing).

(h) The execution and delivery by the Issuer of the Bonds and the Issuer Documents, and the consummation by the Issuer of the transactions on its part contemplated thereby are not prohibited by, do not violate any provision of, and will not result in the breach of or default under (i) the Act or any applicable laws of the State, (ii) any organizational documents of the Issuer, (iii) any applicable law, rule, regulation, judgment, decree, order or other requirement applicable to the Issuer, or (iv) any contract, indenture, agreement, mortgage, lease, note, commitment or other obligation or instrument to which the Issuer is a party or by which the Issuer or its properties is bound.

(i) To the best knowledge of the Issuer, there is no legal action, suit, proceeding, investigation or inquiry at law or in equity, before or by any court, agency, arbitrator, public board or body or other entity or person, pending or, to the best knowledge of the Issuer, threatened against or affecting the Issuer or its officials, in their respective capacities as such, or, to the best knowledge of the Issuer, any basis therefor, (i) which would restrain or enjoin the issuance or delivery of the Bonds or the collection of revenues pledged under the Indenture, (ii) which would in any way contest or affect the organization or existence of the Issuer or the entitlement of any officers of the Issuer to their respective offices or (iii) which may reasonably be expected to contest or have a material and adverse effect upon (A) the due performance by the Issuer of this Bond Purchase Agreement or the Issuer Documents or the transactions contemplated hereby or thereby, (B) the validity or enforceability of the Bonds, the Resolution, this Bond Purchase Agreement, the other Issuer Documents or any other agreement or instrument to which the Issuer is a party and that is used or contemplated for use in the consummation of the transactions contemplated hereby and thereby, (C) the exclusion from gross income for federal income tax purposes of the interest on the Bonds or (D) the use of the proceeds of the Bonds to make the Loan. The Issuer is not subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that would have such an effect.

(j) When delivered to the Purchaser against payment therefor in accordance with the provisions of this Bond Purchase Agreement, the Bonds will be duly authorized, executed, issued, and delivered and will constitute the Issuer's valid and binding special, limited obligations, enforceable in accordance with their terms (except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity), and will be entitled to the benefit and security of the Resolution and the Indenture. The Bonds will not pledge the full faith and credit of the State or any political subdivision thereof, including the Issuer, nor shall they be secured by a lien against any of their respective properties. The Bonds shall be limited obligations of the Issuer payable solely from the Trust Estate and other funds and moneys and

security pledged and assigned under the Indenture, and the Bonds shall not constitute an indebtedness or multiple fiscal-year financial obligation within the meaning of any constitutional or statutory limitation.

(k) Other than the Issuer Documents, the Issuer has not entered into any contract or arrangement that might give rise to any lien or encumbrance on the revenues or other assets, properties, funds or interests pledged pursuant to the Indenture. The Issuer, when acting as a conduit issuer, issues bonds and notes as special, limited obligations payable solely from the revenues derived from the facilities financed by such issues. Some bonds issued by the Issuer may have been in default, but the facilities financed and the revenues derived from such facilities pursuant to any defaulted bond issues are separate and distinct from the transactions contemplated by the Issuer Documents.

(l) The Issuer has not taken or omitted to take on or prior to the date hereof any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(m) On the Closing Date, each of the representations and warranties of the Issuer contained herein and in the Issuer Documents and all other documents executed by the Issuer in connection with the Bonds shall be true, correct and complete.

4.2 Each of the representations and warranties set forth in this section will survive until the Maturity Date of the Bonds.

4.3 Any certificate signed by any official of the Issuer and delivered to the Borrower or the Purchaser in connection with the delivery of the Bonds will be deemed to be a representation and warranty by the Issuer to the Borrower or the Purchaser, as appropriate, as to the statements made therein.

#### Section 5. Representations and Warranties of Borrower.

5.1 The Borrower makes the following representations and warranties to the Issuer and the Purchaser as of the date hereof, all of which will continue in effect until the expiration of this Bond Purchase Agreement:

(a) The Borrower is, and at all times will be, a limited partnership, duly organized, validly existing and in good standing under the laws of the State and duly qualified, authorized and licensed under the laws of the State to transact business as a limited partnership company for the purpose of owning and operating a housing facility in the State. Decro NoHo 5050, LLC, a California limited liability company (the “Managing General Partner”), is, and at all times will be organized and existing under the laws of the State.

(b) The Borrower has, and on the Closing Date will have, full legal right, power and authority (i) to execute and deliver this Bond Purchase Agreement, the Loan Agreement, the Regulatory Agreement, and the Tax Certificate (collectively, the “Borrower Documents”) and (ii) to consummate the transactions contemplated by this Bond Purchase Agreement and the other Borrower Documents. The Managing General Partner has, and on the Closing Date will have, full legal right, power and authority to execute and deliver this Bond Purchase Agreement and the other Borrower Documents on behalf of the Borrower.

(c) Prior to the acceptance hereof, the Borrower has duly authorized the execution and delivery of this Bond Purchase Agreement and the performance by the Borrower of the obligations

contained herein and prior to the Closing Date the Borrower will have duly authorized the (i) execution and delivery of the Borrower Documents, (ii) performance by the Borrower of the obligations contained in the Borrower Documents, and (iii) consummation by the Borrower of all transactions contemplated by the Borrower Documents.

(d) All consents, approvals, authorizations or orders of, notices to, or filings, registrations or declarations with, any court or governmental authority, board, agency, commission or body having jurisdiction which are required on behalf of the Borrower or for the execution and delivery by the Borrower of this Bond Purchase Agreement and the other Borrower Documents or the consummation by the Borrower of the transactions contemplated hereby or thereby have been obtained or will be obtained prior to the Closing Date.

(e) The Borrower has (i) not taken or (ii) omitted to take, on or prior to the date hereof, any action that would adversely affect the exclusion from gross income of the holders of the Bonds for federal income tax purposes of the interest on the Bonds.

(f) As of the date hereof, there is no legal action, suit, proceeding, or to the Borrower's knowledge inquiry or investigation, at law or in equity (before or by any court, agency, arbitrator, public board or body or other entity or person) pending or to the Borrower's knowledge threatened against or affecting the Borrower or the Managing General Partner or, to the knowledge of the Borrower, any basis therefor (i) in any way affecting the organization and existence of the Borrower, (ii) contesting or materially affecting the validity or enforceability of this Bond Purchase Agreement or the other Borrower Documents, (iii) contesting the powers of the Borrower or its authority with respect to the Borrower Documents, (iv) contesting the authority of the Managing General Partner to act on behalf of the Borrower, (v) wherein an unfavorable decision, ruling or finding would have a material adverse effect on (A) the operations of the Borrower, (B) the due performance by the Borrower of the Borrower Documents as of the Closing Date, (C) the validity or enforceability of any of the Borrower Documents, or (D) the transactions contemplated hereby or by any Borrower Document or (vi) in any way contesting the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(g) This Bond Purchase Agreement is, and, when executed and delivered by the Borrower and the other parties thereto, the Borrower Documents will be, the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(h) The execution and delivery by the Borrower of this Bond Purchase Agreement and the Borrower Documents and the consummation by the Borrower of the transactions contemplated hereby and thereby are not prohibited by, do not violate any provision of, and will not result in a breach of or default under (i) the Operating Agreement of the Borrower, (ii) any applicable law, rule, regulation, order, writ, injunction, judgment or decree of any court or governmental body or other requirement to which the Borrower is subject, or (iii) any contract, indenture, agreement, mortgage, lease, note, commitment or other obligation or instrument to which the Borrower is a party or by which the Borrower or its properties is bound.

5.2 Each of the representations and warranties set forth in this Section will survive until the Maturity Date of the Bonds or the earlier redemption in full thereof.



5.3 Any certificate signed by the Borrower or the Managing General Partner and delivered to the Purchaser and/or the Issuer shall be deemed a representation and warranty by the Borrower to the Purchaser and/or the Issuer as to the statements made therein.

Section 6. Covenants.

6.1 The Issuer hereby makes the following covenants with the Purchaser as of the date hereof all of which will continue in effect until the expiration of this Bond Purchase Agreement:

(a) The Issuer will not amend, terminate or rescind, and will not agree to any such amendment, termination or rescission of the Resolution or the Issuer Documents, without prior written notice to the Purchaser and the Borrower.

(b) The Issuer will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interests which will be pledged pursuant to the Indenture and the other Issuer Documents.

(c) The Issuer will cause the Bonds to be delivered by the Trustee to the address and at the time specified by the Purchaser in conjunction with the Closing.

(d) The Issuer will not intentionally take or omit to take any action which it knows will in any way cause the proceeds of the Bonds to be applied in a manner other than as provided in the Indenture or which would cause the interest on the Bonds to be includable in the gross income of the holders thereof for federal income tax purposes.

(e) Prior to the Closing, the Issuer will endeavor to obtain all governmental consents, approvals, orders or authorizations of any governmental authority or agency that would constitute a condition precedent to the performance by it of obligations under the Resolution, this Bond Purchase Agreement, the other Issuer Documents and the Bonds.

6.2 The Borrower hereby makes the following covenants with the Issuer and the Purchaser as of the date hereof all of which will continue in effect until the expiration of this Bond Purchase Agreement:

(a) The Borrower will not take or omit to take any action which will in any way cause the proceeds of the Bonds to be applied in a manner other than as provided in the Indenture or which would cause the interest on the Bonds to be includable in the gross income of the holders thereof for federal income tax purposes.

(b) Prior to the Closing, the Borrower will obtain all governmental consents, approvals, orders or authorizations of any governmental authority or agency that would constitute a condition precedent to the performance by it of its obligations under the Borrower Documents. After the Closing, the Borrower will use its best efforts to obtain all governmental consents, approvals, orders or authorizations of any governmental authority or agency would constitute a condition precedent to the performance by it of its obligations under the Borrower Documents.

(c) The Borrower will not voluntarily undertake any course of action inconsistent with the requirements applicable to it, as set forth in the Borrower Documents.

Section 7.      Conditions of Closing.

7.1      The Purchaser has entered into this Bond Purchase Agreement in reliance upon representations, covenants and agreements of the Issuer and the Borrower contained herein, in reliance upon the representations, covenants and agreements to be contained in the documents and instruments to be delivered at Closing and upon the performance by the Issuer and the Borrower of their obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Purchaser's obligations under this Bond Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds will be subject to the performance by the Issuer and the Borrower of their respective obligations to be performed by them hereunder at or prior to the Closing, and to the accuracy in all material respects of the representations, covenants and agreements of the Issuer and of the Borrower contained herein as of the date hereof and as of the Closing as if made on the Closing Date, and will also be subject to the following additional conditions:

(a)      The Purchaser shall not have discovered any material error, misstatement or omission in the representations and warranties made by either of the Issuer or the Borrower in this Bond Purchase Agreement, which representations and warranties will be deemed to have been made again at and as of the time of the Closing and will then be true in all material respects.

(b)      The Borrower and the Issuer shall have each performed and complied with all agreements and conditions required by this Bond Purchase Agreement to be performed or complied with by them at or prior to Closing.

(c)      This Bond Purchase Agreement, the other Issuer Documents and the Borrower Documents each shall have been executed and delivered by each of the parties thereto, shall be in full force and effect on and as of the Closing Date and shall be in form and substance satisfactory to the Purchaser and no event of default shall exist under any such documents.

7.2      In addition to the conditions set forth in Section 7.1, the obligations of the Purchaser to consummate at Closing the transactions contemplated hereby are subject to receipt by the Purchaser of the following items:

(a)      An approving opinion of Bond Counsel, dated the Closing Date and addressed to or with a reliance letter to the Purchaser, substantially in the form set forth in *Exhibit A* hereto;

(b)      A certificate of the Issuer, satisfactory in form and substance to the Purchaser, dated the Closing Date and covering the points identified in *Exhibit B* hereto;

(c)      An opinion or opinions of Counsel to the Borrower, the Managing General Partner and the Guarantor, addressed to the Issuer and the Purchaser dated the Closing Date and in a form that is acceptable to the Issuer and the Purchaser in their reasonable discretion;

(d)      A federal tax exemption certificate of the Borrower, dated the Closing Date, in form and substance satisfactory to the Purchaser and Bond Counsel, respecting certain tax matters as may be reasonably required by Bond Counsel to enable it to give its opinion;

(e)      A Trustee's certificate addressed to the Purchaser, covering the points identified in *Exhibit C* hereto;

(f)      A properly completed and executed IRS Form 8038;

(g) A certified copy of the Resolution and an executed original of each of the Issuer Documents and the Borrower Documents; and

(h) Such additional financing statements, legal opinions, certificates and other documents as the Purchaser or Bond Counsel may reasonably deem necessary to evidence the truth and accuracy as of the Closing Date of the respective representations and warranties herein contained and to evidence compliance by the Issuer and the Borrower with this Bond Purchase Agreement and all applicable legal requirements, and the due performance and satisfaction by either of you at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by you.

7.3 If any of the conditions set forth in Sections 7.1 or 7.2 have not been met on the Closing Date, the Purchaser may, at its sole option, terminate this Bond Purchase Agreement or proceed to Closing upon waiving any rights under this Bond Purchase Agreement with respect to any such condition. If this Bond Purchase Agreement is terminated pursuant to this Section, no party will have any rights or obligations hereunder to any other party, except as provided in Section 10 hereof.

Section 8. Actions and Events at Closing. The following events will take place at Closing:

(a) The Issuer will direct the Trustee to authenticate and deliver the Bonds to the Purchaser or its designee, to the address and at the time specified by the Purchaser. The Bonds so delivered will be in the form required by the Indenture, duly executed on behalf of the Issuer and authenticated by the Trustee, and will be fully registered in the names requested by the Purchaser or its designee.

(b) The Issuer and/or the Borrower, as applicable, will deliver or cause to be delivered to the Purchaser at the Place of Closing, or at such other place or places as the parties hereto may mutually agree upon, the materials described in Section 7.2.

(c) The Purchaser or its designee will deliver to the Trustee, for the account of the Issuer or as the Issuer directs, an amount equal to the purchase price of the initial advance of the Bonds as set forth in the Indenture by wire transfer to the Trustee, in immediately available federal funds.

Section 9. Termination of Agreement. The Purchaser may terminate this Bond Purchase Agreement, without liability therefor, by notifying you at any time prior to the Closing if:

(a) Any legislation is introduced in, or enacted by, the United States Congress, or shall have been reported out of committee or be pending in committee, or any decision is rendered by any court of competent jurisdiction, or any ruling or regulation, temporary regulation, release or announcement shall have been issued or proposed by the Treasury Department of the United States, the Internal Revenue Service, or any other agency of the government of the United States that, in the reasonable judgment of the Purchaser, has the purpose or effect of subjecting interest on the Bonds to inclusion in gross income for purposes of federal income taxation; or

(b) Any legislation is introduced in, or enacted by the United States Congress or any action is taken by, or on behalf of, the Securities and Exchange Commission, that, in the opinion of Counsel to the Purchaser has the effect of requiring (i) the contemplated purchase of the Bonds, or the Indenture or the Loan Agreement to be registered under the Securities Act of 1933, as amended (the “1933 Act”) or the Indenture to be qualified under the Trust Indenture Act of 1939, as amended (the “1939 Act”), or (ii) any governmental consents, approvals, orders or authorizations

for the consummation of the transactions contemplated by this Bond Purchase Agreement, the Issuer Documents or the Borrower Documents which cannot, without undue expense, be obtained prior to the Closing Date; or

(c) In the judgment of the Purchaser it becomes impracticable to purchase the Bonds because (A) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; (B) a general banking moratorium shall have been established by federal, New York, California or State authorities; or (C) a war involving the United States of America shall have been declared, or any other national or international calamity shall have occurred, or any conflict involving the armed forces of the United States of America shall have escalated to such a magnitude as to materially affect the ability of the Purchaser to purchase the Bonds; or

(d) Any litigation shall be instituted, pending or threatened in writing to restrain or enjoin the issuance or sale of the Bonds or in any way contesting any authority or security for or the validity of the Bonds, or the existence or powers of the Issuer; or

(e) Legislation shall have been introduced in or enacted by the legislature of the State that would, in the reasonable judgment of the Purchaser, adversely affect the security for the Bonds; or

(f) There shall have occurred any change that, in the reasonable judgment of the Purchaser, makes unreasonable or unreliable any of the assumptions upon which (i) the yield on the Bonds for purposes of compliance with the Code, (ii) payment of debt service on the Bonds, or (iii) the basis for the exclusion from gross income for federal income tax purposes of interest on the Bonds, is predicated; or

(g) There shall have occurred any outbreak or material escalation of hostilities or other calamity or crisis, the effect of which on the financial markets of the United States is such as to make it, in the reasonable opinion of the Purchaser, impractical to enforce commitments for the purchase of the Bonds; or

(h) The Issuer shall fail to execute and deliver or to obtain one or more filings, consents, approvals, authorizations, registrations or other action requested by the Purchaser to be obtained or taken by the Issuer and such failure is based upon the Issuer's conclusion that such action is unduly burdensome and the Purchaser shall reasonably conclude that, as a result of the Issuer's failure to so execute and deliver or to obtain what has been requested by the Purchaser, the purchase of the Bonds will be materially adversely affected.

Section 10. Fees and Expenses; Costs of Issuance. All costs, fees and expenses incident to the performance of the Issuer's, the Purchaser's, the Trustee's and the Borrower's obligations in connection with the issuance and purchase of the Bonds, including the reasonable expenses of counsel, shall be paid by the Borrower to the Trustee or to Commonwealth Land Title Company by wire transfer of immediately available funds on the Closing Date. The Borrower's obligation to remit fees and expenses described in this Section 10 shall survive termination of this Bond Purchase Agreement pursuant to Section 7.3 hereof.

Section 11. Indemnification by Borrower.

(a) The Borrower agrees to pay, defend, protect, indemnify, save and hold harmless the Issuer, the Purchaser and each affiliate, member, officer, director, official, employee and agent of the Issuer and the Purchaser and each person, if any, who controls any of the foregoing within

the meaning of Section 15 of the 1933 Act or Section 20 of the Securities Exchange Act of 1934, as amended (the “1934 Act”), (referred to herein as an “Indemnified Party” and collectively as the “Indemnified Parties”), against any and all liabilities, losses, damages, costs, expenses (including reasonable attorneys’ fees), causes of action (whether in contract, tort or otherwise), suits, claims, demands and judgments of any kind, character and nature (collectively referred to herein as the “Liabilities”) caused by or directly or indirectly arising from or in any way relating to the Borrower Documents or any transaction or agreement, written or oral, pertaining to the foregoing; provided, however, that the Borrower shall not be required to indemnify, save or hold harmless an Indemnified Party for losses caused by the gross negligence or the willful misconduct of the Indemnified Party.

(b) The Borrower also agrees to pay, defend, protect, indemnify, save and hold harmless the Purchaser and each affiliate, member, officer, director, official, employee and agent of the Purchaser from and against the Liabilities directly or indirectly arising from or relating to (i) any material errors or omissions of any nature whatsoever contained in any legal proceedings or other official representation or inducement made by the Issuer pertaining to the Bonds and (ii) any fraud or misrepresentations or omissions contained in the proceedings of the Issuer pertaining to the financial condition of the Borrower.

(c) The Indemnified Party shall, in the event of any claim, suit, action or proceeding against it with respect to which indemnity may be sought on account of any indemnity agreement by the Borrower contained herein, promptly give written notice thereof to the Borrower. When such notice is given, the Borrower shall be entitled to participate, at its own expense, in the defense of, or if it so elects, to assume the defense of, such claim, suit, action or proceeding, in which event such defense shall be conducted by counsel chosen by the Borrower, provided that each Indemnified Party shall have the right to review and approve or disapprove any compromise or settlement which approval shall not be unreasonably withheld. If the Borrower shall elect not to assume such defense, it shall assume the payment of all expenses related thereto. Notwithstanding the above, each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and to participate in the investigation and defense thereof. Each and every Indemnified Party shall have the right to compromise, settle or conclude any claim, action or proceeding against it with the written consent of the Borrower, which consent shall not be unreasonably withheld. The foregoing notwithstanding, in the event that the Borrower shall assume such defense and any Indemnified Party or Parties shall be advised by independent legal counsel that counsel selected by the Borrower is not fully and adequately protecting such party or parties and representing the interests of such party or parties and the Borrower has been given written notice thereof and a reasonable opportunity to cure or find other counsel acceptable to the Indemnified Parties, any such Indemnified Party or Parties shall have the right to conduct its own defense against any such claim, suit, action or proceeding in addition to or in lieu of any defense conducted by the Borrower, and the Indemnifying Party shall indemnify and hold harmless such Indemnified Party or Parties against and from any and all suits, claims, damages, liabilities or expenses whatsoever, including reasonable fees and expenses of counsel selected by such Indemnified Party or Parties incurred by and arising out of or in connection with any such claim, suit, action or proceeding.

(d) In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in paragraph (a) or (b) of this Section 11 is for any reason held to be unavailable, the Borrower and the Indemnified Party shall contribute proportionately to the aggregate Liabilities to which the Borrower and the Indemnified Party may be subject, so that the Indemnified Party is responsible for that portion represented by the percentage that the fees paid by the Borrower to the Indemnified Party in connection with the issuance and administration of the

Bonds bear to the aggregate offering price of the Bonds, with the Borrower responsible for the balance; provided, however, that in no case shall the Indemnified Party be responsible for any amount in excess of the fees paid by the Borrower to the Indemnified Party in connection with the issuance and administration of the Bonds.

(e) The Indemnified Parties, other than the Issuer and the Purchaser, shall be considered to be third-party beneficiaries of this Bond Purchase Agreement for purposes of this Section 11. The provisions of this Section 11 will be in addition to all liability which the Borrower may otherwise have and shall survive any termination of this Bond Purchase Agreement, the offering and sale of the Bonds and the payment or provisions for payment of the Bonds.

(f) The indemnification hereunder shall be in addition to, and shall not limit, any indemnity granted by the Borrower pursuant to the Loan Agreement or any other document.

Section 12. Miscellaneous.

12.1 All notices, demands and formal actions hereunder will be writing and mailed, telecopied or delivered to the following address or such other address as any of the parties shall specify:

If to the Purchaser: KeyBank National Association  
1211 SW 5th Avenue, Suite 500  
Portland, OR 97204  
Attention: Brett Sheehan  
Telephone: (503) 790-7632  
Email: brett\_sheehan@keybank.com

With a copy to: Tiber Hudson LLC  
1900 M Street, NW, Third Floor  
Washington, DC 20036  
Attention: Kent S. Neumann, Esq.  
Telephone: (202) 973-0107  
Email: kent@tiberhudson.com

If to the Issuer: City of Los Angeles  
Los Angeles Housing and Community  
Investment Department  
1200 West 7th Street, 8th Floor  
Los Angeles, CA 90017  
Attention: Raed Elaraj  
Telephone: (213) 808-8841  
Email: raed.elaraj@lacity.org

If to the Borrower: NoHo 5050, L.P.  
c/o Decro Corporation  
3431 Wesley Street, Suite F  
Culver City, CA 90232  
Attention: Ted Handel  
Telephone: (424) 603-4586  
Email: thandel@decro.org



12.2 This Bond Purchase Agreement will inure to the benefit of and be binding upon the parties hereto and their permitted successors and assigns and will not confer any rights upon any other person.

12.3 This Bond Purchase Agreement may not be assigned by the Issuer or the Borrower without the prior written consent of the Purchaser. This Bond Purchase Agreement may be assigned by the Purchaser upon written notice of such assignment from the Purchaser to the Issuer and the Borrower. The Purchaser may designate the entity in whose name the Bonds are to be registered at Closing by providing registration information to the Trustee and Bond Counsel on or prior to the Closing Date.

12.4 This Bond Purchase Agreement may not be amended without the prior written consent of the Issuer, the Borrower and the Purchaser.

12.5 The representations, covenants and agreements of the Issuer and the Borrower will not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of (a) any investigations made by or on behalf of the Purchaser (or statements as to the results of such investigations) concerning such representations, covenants and agreements and (b) delivery of and payment for the Bonds.

12.6 This Bond Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument.

12.7 This Bond Purchase Agreement will become effective and binding upon the respective parties hereto upon the execution and delivery hereof by the parties hereto and will be valid and enforceable as of the time of such execution and delivery.

12.8 If any provision of this Bond Purchase Agreement is held or deemed to be or is, in fact, inoperative, invalid or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision of any constitution, statute, rule of public policy, or any other reason, such circumstances will not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance or of rendering any other provision or provisions of this Bond Purchase Agreement invalid, inoperative or unenforceable to any extent whatever.

12.9 This Bond Purchase Agreement will be governed by and construed in accordance with the laws of the State applicable to agreements to be performed wholly therein.

12.10 Except as provided in Section 11 hereof, the obligations of the Purchaser and Borrower hereunder shall be without recourse to any shareholder, member, partner, trustee, officer, employee, agent or manager of the Purchaser or Borrower and no shareholder, member, partner, trustee, officer, employee, agent or manager of the Purchaser or Borrower shall be personally liable for the payment of any obligation of the Purchaser or Borrower, as applicable, hereunder. In the event any legal actions or proceedings are brought in respect of such obligations, any judgment against the Purchaser or Borrower shall be enforced only against the assets of the Purchaser or Borrower, as applicable, and not against any property of any trustee or manager of the Purchaser or Borrower.

[Remainder of page intentionally left blank]



[Purchaser's Signature Page to NoHo 5050 Bond Purchase Agreement]

If the foregoing accurately sets forth our mutual understanding concerning the subject matter hereof, kindly indicate your acceptance by executing this Bond Purchase Agreement.

**KEYBANK NATIONAL ASSOCIATION,**  
a national banking association

By: \_\_\_\_\_  
Kimberly A. Poust  
Assistant Vice President

[Signatures continue on next page]

[Issuer's Signature Page to NoHo 5050 Bond Purchase Agreement]

**CITY OF LOS ANGELES**

By: Housing and Community Investment Department

By: \_\_\_\_\_  
Daniel Huynh  
Assistant General Manager

[Signatures continue on next page]

[Borrower's Signature Page to NoHo 5050 Bond Purchase Agreement]

**NOHO 5050, L.P.,**  
a California limited partnership

By     Decro NoHo 5050, LLC,  
         a California limited liability company,  
         its Managing General Partner

By     Decro Corporation,  
         a California nonprofit public benefit corporation,  
         its Sole Member and Manager

By:     \_\_\_\_\_  
         Ted M. Handel  
         Chief Executive Officer

EXHIBIT A – FORM OF OPINION OF BOND COUNSEL

[to be provided]

EXHIBIT B – POINTS TO BE COVERED IN ISSUER CERTIFICATE

[After appropriate introductory language, the opinion or certificate shall state substantially as follows:]

To the best of its knowledge and belief:

- (1) The Issuer is a charter city and municipal corporation in the State of California.
- (2) The Resolution was duly adopted at a meeting of the governing board of the Issuer, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout. The Resolution is in full force and effect and has not been amended, modified or superseded.
- (3) The Issuer Documents have been duly executed and delivered by the Issuer and (assuming due authorization, execution and delivery by and validity against the other parties thereto) are valid and binding agreements of the Issuer.
- (4) To the best of the Issuer's knowledge, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body has been served upon the Issuer and is pending or is otherwise known to be threatened in any way affecting the existence of the Issuer, or the titles of the Issuer's officials to their respective offices, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds or the application of the proceeds thereof in accordance with the Indenture, or the collection or application of the "revenues" (as described in the Indenture) to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Issuer Documents or any action of the Issuer contemplated by any of said documents, or in any way contesting the powers of the Issuer or its authority with respect to the Issuer Documents or any action on the part of the Issuer contemplated by any of said documents, nor to the Issuer's knowledge is there any basis therefor.

EXHIBIT C – POINTS TO BE COVERED IN THE CERTIFICATE OF TRUSTEE

[After appropriate introductory language, the opinion shall state substantially as follows:]

(1) The Trustee is a banking corporation or association incorporated under the laws of the United States or one of the states thereof duly organized, validly existing and in good standing under the laws of the United States of America with trust powers.

(2) The Trustee has all requisite corporate and trust power, authority and legal right and has taken all necessary corporate action to: (i) execute and deliver the Indenture and to accept the trusts created under the Indenture and to perform its obligations thereunder, (ii) execute and deliver in its capacity as Trustee the Land Use Restriction Agreement and the Tax Compliance Agreement, as such documents are defined in the Indenture (such documents, collectively, with the Indenture, the “Trustee Documents”), and perform the duties and obligations of the Trustee thereunder.

(3) The Trustee has duly authorized, executed and delivered the Trustee Documents. Assuming the due authorization, execution and delivery thereof by the other parties thereto, the Trustee Documents are the legal, valid and binding agreements of the Trustee, enforceable in accordance with their terms against the Trustee.

(4) No authorization, approval, consent, or other order of any governmental agency or regulatory authority having jurisdiction over the Trustee that has not been obtained is required for the authorization, execution and delivery by the Trustee of the Trustee Documents.

(5) There is no litigation pending or, to our knowledge, threatened against the Trustee to restrain the Trustee’s participation in, or in any way contesting or affecting the creation, organization or existence of the Trustee or the power of the Trustee with respect to the transactions contemplated by the Trustee Documents.

(6) The execution and delivery of the Trustee Documents by the Trustee, and compliance with the provisions thereof will not contravene the articles of association or bylaws of the Trustee or any law or regulation governing the banking and trust powers of the Trustee or, to our knowledge, any indenture, mortgage, deed of trust, resolution, note agreement or other agreement or instrument to which the Trustee is a party or by which the Trustee is bound.